

Eleanor Gill
Chief Executive
The Consumer Council
116 Hollywood Road
Belfast BT4 1NY

Dear Eleanor,

Thank you for your letter of 17 February concerning household energy competition.

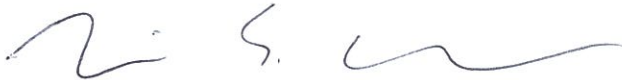
I am sorry if, in my attempt to be concise, I have referred to your position in a way that you consider to be misleading.

I have re-read the relevant paragraph of my letter of 11 February, which states that "our contacts with CCNI, and indeed directly with consumers, leave us convinced that there is a strong desire to see more competition..." I did not intend readers to infer "at any price"; on the contrary, I go on to observe that we see this general orientation as rational, which it clearly would not be were such an inference included. I can certainly confirm that we understand clearly the Council's position.

As you may know, we are preparing an overview document setting out international experience of retail competition. On the basis of the drafting I have seen so far, the evidence seems to suggest that competition is capable of delivering non-price benefits such as innovation and improved customer service, and also lower prices; but that it does not inevitably do so. Implementation is key. We will proceed carefully and through full consultation towards the goal of effective competition that delivers both price and non-price benefits.

I am copying this to Douglas McIlldoon, Mark Durkan and Jenny Pyper.

Yours sincerely,



Iain Osborne
Chief Executive