



Energy Saving Trust
Enterprise House
55-59 Adelaide Street
Belfast BT2 8FE

Tel 028 9072 6007
Fax 028 9023 9907
www.est.org.uk

Neil Bingham
Gas Manager
NIAUR
Queens House
14 Queen Street
Belfast BT1 6ED

20 September 2010

Dear Neil,

FIRMUS ENERGY 10 TOWNS RELINQUISHING SUPPLY EXCLUSIVITY – NIAUR CONSULTATION

This is the response of Energy Saving Trust to the consultation on the options for co-ordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area issued on 24 August 2010. This response should not be taken as representing the views of individual Energy Saving Trust members.

Energy Saving Trust has offices in each of the nations in the UK, and has had a dedicated office in NI since 1996. We are the UK's (and NI's) leading organisation working through partnerships towards the sustainable and efficient use of energy by households and communities. We operate a number of programmes (modified for local conditions) in NI which play a key role in delivering the UK and NI's climate change objectives. This includes the NI Energy Saving Trust advice centre (ESTac), which provides a 'First-Stop-Shop' to provide advice and support on energy efficiency, renewables and transport for householders and consumers in NI.

Question 1:

The Energy Saving Trust agrees that a staggered approach to market opening across the towns could be confusing to customers in terms of different tariffs being applicable at different times. Energy Saving Trust is happy to support NIAUR's recommendation for a single market opening date for the industrial and commercial and domestic sectors respectively. Any customer confusion arising from a staggered marketing opening of the towns could result in a slowing down of connections and gas uptake in the new gas towns; a situation which Energy Saving Trust does not believe is in the interest of the development of the gas industry.

Additionally, an extension to firmus energy's supply exclusivity would allow firmus to continue to offer their price commitment against oil by flexing their conveyance charges as necessary. This is an important factor in encouraging domestic properties to switch to natural gas as it allows customers to recover the costs of their conversion from heavy carbon fuels such as oil and coal to natural gas.

Question 2:

Under the current arrangements which advocate a staggered approach to market opening, we believe that suppliers would have difficulty advertising specific figures on gas price e.g. comparisons with other fuels. On this basis, both industrial and commercial customers and domestic premises might be less likely to convert to gas where it is difficult to make long term projections on costs. We agree with NIAUR's recommendation for single market opening dates in both sectors.

Question 3:

On the choice of network costs and associated codes; we are not fully cognisant of the significance of this issue but clearly it is in the consumers' interests to minimise the associated costs of market opening. On this basis, we would support the 'best value' options for customers in terms of the costs of market opening and the processes for firmus energy to put in place to allow competition to happen.

Question 4:

We support NIAUR's recommendation for a single date for market opening in the domestic sector. We understand that NIAUR has recommended a date of April 2015 but we are concerned that this may be a little early across all of the towns. We understand that whilst first domestic connections in Ballymena (the first of the towns) were in 2006, there were no domestic gas connections in the 'South-North' (SN) towns until 2008, following the completion of the SN pipeline. On this basis, market opening will happen less than seven years after the first connections in these towns.


As stated previously, supply exclusivity allows firmus to continue to promote their price guarantee against oil, which Energy Saving Trust considers is an important factor in encouraging more domestic homes to convert to natural gas. We are concerned that market opening happens before a critical mass of homes have been converted to gas – to do so too early may slow down conversions from oil to gas.

As outlined by DETI's case for the 'North-West' (NW) & SN pipelines, increasing gas penetration is of key strategic importance to NI in terms of its ability to increase energy efficiency, through the installation of high efficiency gas boilers and controls, and reducing domestic (and business) CO₂ emissions.

Natural Gas is an important springboard to a lower carbon economy in NI and, whilst it is important to plan to ensure competition happens in an efficient way, Energy Saving Trust supports any action which reduces customer inertia to convert to natural gas and which allows firmus energy to continue to focus on driving connections over the next few years.

We also recognise that the connection of Public sector buildings is critical in terms of increasing gas availability and helping to keep use of system charges low in the future. To that effect, we would encourage NIAUR to take a proactive role in promoting the benefits of natural gas across the Public sector and indeed the whole of the area currently covered by the gas network in NI.

Yours faithfully,



Noel Williams

Head of Energy Saving Trust (Northern Ireland)