

Response by the N.I. Housing Executive to the Utility Regulator's Consultation on the options for co-ordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area.

The Housing Executive welcomes the opportunity to comment on this document.

Question 1 – Do respondents agree that the current staggered market opening timetable presents potential difficulties and confusion for customers in understanding the different tariffs across the same sectors in different towns? What impact, if any, do respondents consider this could have on the development of competition in the ten towns area?

Agreed. The present timetable can only result in confusion for customers in understanding the different tariffs which would ultimately reflect on the gas industry through bad publicity. Confusion could also apply to potential suppliers in understanding which areas are open and which customers are available to switch which could lead to a negative impact on the development of competition.

Question 2 – Do respondents consider that under the current arrangements there is potential for confusion for customers in understanding which sectors in which towns are open to competition? If so what is the impact on the different sectors and on how suppliers advertise?

Under the current arrangements there is huge potential for confusion for customers in understanding whether their area is open to competition. Advertising by potential suppliers could lead to further confusion especially for customers in neighbouring towns unable to understand why they are on different tariffs.

Question 3 – What are the views of respondents on the choice of network codes and associated costs? What considerations are most pertinent for switching system implementation and the associated costs?

The Regulator's Document lists three potential options;

1. Develop a bespoke network code specifically for the ten towns area
2. Use the existing Gaslink code – two codes in NI and two sets of retail processes
3. Use the existing PNGL code – firmus energy would have to change retail processes and associated IT systems

The complexities of the system make it difficult to make a response but it would appear that option 2 offers the best solution especially if the Common Arrangements for Gas codes are in place, where there will be a single transmission code across the whole island. This means that the transmission codes in NI and RoI could then be harmonised and could then be employed in

the ten towns without alteration. This would simplify the whole process and offer economic benefits which could be passed on to customers.

Question 4 – Which option do respondents consider presents the best alternative, based on considerations of minimal costs, least confusion for customers and availing of effective competition at the earliest possible opportunity for customers? What arguments are there (based on cost, market clarity and competition considerations) for the alternative options? Is there an alternative option not presented in this paper or a refinement of one of the options that might be more optimal?

The Regulator's Document lists three potential options;

1. Do nothing
2. Open all large I&Cs at one time and all small I&Cs and domestics at a separate later time
3. Open the whole market at a single time (ie Large I&Cs, small I&Cs and domestics)

Option 2 would appear to be the best solution offering the lower cost option for customers. One market opening date for large I&Cs and one for small I&Cs and domestics means less confusion for customers and potential suppliers.