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Dear Sirs,

**CONSULTATION ON PRICE CONTROLS FOR
NI GAS DISTRIBUTION NETWORKS.**

The MEUC is a customer lobby group which represents the views of Industrial, Commercial, Retail and Public Sector businesses throughout the UK. We have several companies operating in Northern Ireland who are part of our Major User membership and on their behalf we would comment on your consultation.

Our comments are of a general nature as some of the concepts and arguments are quite technical in nature.

GENERAL CONSIDERATIONS

We welcome this consultation document and the Regulator's proposals contained within as it places downward pressure on gas transportation prices at a time when industrial recovery is at best shaky. In this current economic uncertainty it is very important that additional costs to customers are constrained as much as possible. After all, Government looks to the business sector to lead the UK out of recession.

We applaud the Regulator's offices for the thoroughness of this consultation document. Clearly, a lot of research and benchmarking effort has gone into the publication, in arriving at a proposal for the next three year period.



SPECIFIC ISSUES

We note that many of the worked examples in the report relating to savings are directed at the domestic market. We would expect that similar percentage reductions would also apply for Industrial and Commercial customers.

We further note that the price control is for a period of only three years. We understand the reasons why this should be so and are pleased that GD17 will return to a five year price control. In GB recent price controls are scheduled for an eight year period and we suggest that longer price control periods should not be ruled out. By 2017 there should be better evidence from GB markets on how longer price control periods are working or not working.

We have some concerns on the timescales associated with this Consultation. Should Firmus and Phoenix challenge these recommendations we could be into another referral to the Competitions Commission. With all the delay and uncertainty produced in the ongoing electricity transportation, a similar situation in gas could be highly frustrating for our members. We would recommend that if possible a more timely process be developed for GD17 to allow for such possibilities.

CONCLUSION

We support the Regulator's proposals contained in this document and complement them on a professional piece of work.

Yours faithfully

Don McGarrigle
MEUC (NI) Manager