

23th December 2013

Lesley Robinson
Utility Regulator
Queen's House
14 Queen Street
Belfast BT1 6ER

Dear Lesley,

Re: Consultation on Gas (Individual Standards of Performance) Regulations (Northern Ireland) 2014

Thank-you for providing firmus energy with this opportunity to respond to the above consultation.

Since 2005, firmus energy has brought the benefits of natural gas to over 21,000 homes and businesses in our network area (which runs from Londonderry to Warrenpoint/Armagh via Antrim), and we also now supply 45,000 customers in Greater Belfast and Larne with natural gas. We have done this by:

- Currently providing consumers with one of the lowest gas prices¹ in the United Kingdom;
- Maintaining the highest level of customer service of any regulated energy company in Northern Ireland²;
- Developing a safe and robust gas distribution network. We have never received a road authority fine during the construction of our network which currently spans over 830 km; and
- Maximising the development of our network, whilst seeking additional regulatory permission to extend our network to areas and customers that were not included

¹ Utility Regulator's, Q3 2013 Quarterly Transparency Report, November 2013.

² Enquires and Complaints Report 2012-13, July 2013, Consumer Council.

within our original business plan assumptions. Therefore, in addition to our original licence area we have negotiated with the Utility Regulator eight additional extensions (Portstewart, Ballyclare, Warrenpoint, Craigdoo, Coleraine Quarries, Bushmills, Bessbrook and the Glenavy and Crumlin area) over and above our original “Ten Towns” business plan.

firmus energy has always been committed to working with the Utility Regulator, DETI, the Consumer Council and other stakeholders in order to maximise the benefits of natural gas to as many consumers as possible and bring the benefits of cheaper energy to the local economy in Northern Ireland - in a socially responsible and consumer focused manner. To that end, we welcome the opportunity to respond to this consultation.

Our commitment to customers and doing the right thing has been shown as we were the first natural gas company to sign up to the Consumer Council’s voluntary “*Marketing Code of Conduct for Natural Gas and Electricity Suppliers in Northern Ireland*” firmus energy are unique in Northern Ireland by having both a distribution and supply business. We were therefore the first energy company to gain approval from the Utility Regulator and the Consumer Council for the following IME3 codes of practice:

Distribution:

- Marketing Code of Practice;
- Complaints Handling Code of Practice;
- Information Code of Practice;

Supply:

- Efficient Use of Energy Code of Practice;
- Payment of Bills – Code of Practice (Gas);
- Payment of Bills – Code of Practice (Electricity);
- Services for Pay as You Go Customers – Code of Practice;
- Complaints Handling – Code of Practice; and
- Provision of Services for Persons who are of Pensionable Age of Disabled or Chronically Sick.

firmus energy is providing comments on the drafting of the eleven standards of performance and will respond to the consultation on the overall standards of performance when this is published.

It is worth noting that during our eight years of operation firmus energy have only had 2 Consumer Council complaints showing that we take our interaction with customers seriously and base our response on our integral brand values clarity, integrity empathy and teamwork.

Taking the issues within the consultation in order:-

1. Meter disputes (No.3)

Distribution companies must provide customers an explanation on the probable cause of any meter accuracy issues within 15 working days. If an appointment is necessary, the company must offer this within seven working days to investigate. Where a customer informs their supplier of an issue, the supplier must report this to the distribution company within one working day

From a distribution perspective firmus energy would like clarification from the Utility Regulator on the information that will be required within the explanation to customers and the level of detail that is needed as a probable cause. We would also ask for clarification as to whether this explanation should be in the form of a letter, verbal or electronic notice.

firmus energy would also like further clarification on when an appointment is deemed necessary; as if a gas company is to be liable for paying penalty fees there needs to be clear guidelines with no ambiguity as to what instances are deemed necessary for an appointment.

In the draft regulations (Para 2) the timescales are not clear as to when appointments need to occur and we request further clarification from the Utility Regulator on this. firmus energy's current understanding of this is if the probable cause cannot be determined on the phone an appointment needs to be offered within 7 days and firmus energy need to provide an explanation within 15 days from the initial date of customer contact. If this is indeed the case firmus energy have concerns in being able to meet this standard, due to the fact we may need to use third party experts to test meter, and therefore we would request that an explanation is provided within 20 days from the initial date of customer contact.

From a supply perspective firmus energy do not have an issue with the supplier reporting a meter accuracy issue within one working day.

2. Meter mix-ups (No.4)

Distribution companies must ensure that customers are not billed erroneously due to a wrongly assigned meter

From a distribution viewpoint firmus energy would like further clarification from the Utility Regulator on the precise parameters of this standard.

In cases where the meter mix-up has not yet been identified firmus energy (Distribution) would like Standard 4 clarified to state "*Once identified distribution companies must ensure that customers are not billed erroneously due to a wrongly assigned meter*".

The main problem we have in this regard is downstream installers attaching the downstream pipework to the wrong meter and therefore we would ask the Utility Regulator to precisely clarify the distribution company's responsibility in this regard.

From a supply perspective firmus energy would like this parameter to explicitly state the relevant timescales for the distribution company to send the supply company correct meter reading details from the time when the error was detected so that the supply company can credit and re-bill the customers correctly.

3. Prepayment meters (No.5)

Distribution companies must deal with reports of problems with prepayment meters within four working hours. Where a customer informs their supplier of a problem with a prepayment meter, the supplier must notify the distribution company of any report of the problem within four working hours.

For absolute clarity, firmus energy would request that the Utility Regulator clearly identifies what prepayment meter problems are the responsibility of the distribution company and what prepayment meter problems are the responsibility of the supply company in this regard.

In terms of responsibilities for distribution companies we would request clarity from the Utility Regulator as to where these costs are allocated within the GD14 Determination, especially in relation to the 4 working hours response time.

firmus energy take our responsibilities in regards to customers very seriously and we have measures in place to educate pre-pay customers including sending out welcome packs which contain a pre-pay booklet this booklet contains information on: how to top up the meter; how to check how much gas is on the meter; how to release emergency credit; what to do when the emergency credit runs out; a list of paypoint outlets; and other useful tips. When a prepay meter is fitted within the firmus energy network area, the customer not only receives the welcome pack, but the installer also physically shows the customer how to use their pre-pay meter correctly.

As a supplier in the firmus energy network area when a customer moves into a property that already has firmus energy natural gas installed they will also receive a welcome pack which includes the pre-pay information (as set out above). When a customer rings the supply company with an issue on their prepay meter firmus energy staff go through the steps of releasing credit/ re-opening the valve.

As a supplier in the Greater Belfast area when a customer switches to firmus energy they will also receive a tailored welcome pack which includes pre-pay information (as discussed above) plus information on which paypoint outlet to go to collect their switching message. In addition when a customer rings firmus energy with an issue on their prepay meter staff go through the steps of releasing credit/ re-opening the valve,

firmus energy also send an annual mail/e-mail shot detailing pre pay reminder advice on how to use the meter and includes tips for dealing with the winter.

The Utility Regulator has stated in the "*Final proposals of guaranteed service standards in gas*" that "*the operator will not be expected to make a payment if the pre-payment meter was found to be operating in the manner it was designed*" unfortunately this in no way recompenses the distribution company for the cost of an emergency job/site visit that will be needed. If the standard is confirmed firmus energy would request an appropriate adjustment for this in the distribution price control, to take account of these additional costs.

In instances where pre-pay meters are faulty but there is still gas on the meter i.e. the customer is still able to use gas firmus energy go through the self-test on the telephone, this entails the customer turning off all their appliances to see if the meter is still turning. If this is the case firmus energy (Supply) raises a Site Works Request to the distribution company and this should be able to be undertaken within 4 working hours.

firmus energy have an out-of-hour service to help customers diagnose and resolve meter issues on the phone 24 hours a day however we can only process Site Work Requests during working hours.

From a distribution perspective firmus energy is concerned that it will not be able to meet this standard outside normal working hours without incurring extra cost which has not been reflected within GD14. firmus energy office hours are 08:15-17:00 Monday to Friday, and outside these hours we only operate on-call emergency engineers alongside an out of hours call centre service. We would therefore request that the Utility Regulator takes account of our office hours or provides an additional allowance within GD14 to reflect these additional costs.

4. Appointments (No.6)

Distribution companies must offer and keep an appointment within a maximum two hour time band, or if acceptable to the customer an appointment within the time bands 8.30-13.00 or 12.00-17.00

From a distribution perspective firmus energy agree with PNGD's comment that distribution companies in NI are *"at a technological disadvantage to GB, having to issue all works by paper rather than being able to utilise hand held devices which would allow a mobile workforce to receive their work electronically from the office"* and the *"restrictive nature of the service as it may exclude both the operator and the customer reaching a mutually acceptable appointment time outside of the prescribed time bands"*. In the event of an emergency, resources may have to be re-directed and customers will be contacted by phone to make alternative arrangements, firmus energy (Distribution) are therefore concerned that the lack of manpower/resources may lead to penalties on the company.

Regulation 6 (2) states *" the gas conveyor or gas supplier fails within a reasonable period from the applicable date to offer a timed appointment, the gas conveyor or gas supplier shall, except in any of the circumstances described in paragraph (5), pay to the customer the prescribed sum"*.

firmus energy would like further clarification from the Utility Regulator on what is precisely deemed as reasonable.

The standard states that the distribution company must offer and keep an appointment within a maximum 2 hour band however the regulations currently state this from both a distribution and supply perspective.

5. Supply restoration (No.7)

Distribution companies must restore supply within 24 hours to a customer whose gas supply has been discontinued as a result of a failure of, fault in or damage to the pipeline system operated by the relevant gas conveyor

From a distribution perspective firmus energy is concerned about our ability to achieve this standard where third party damage occurs on our network. When this happens, firmus energy (Distribution) will strive to connect supply within 24 hours but due to emergency circumstances outside our control and the nature of the problem this may not always be possible.

The likelihood of losing supply is extremely low, but in the event of an incident firmus energy (Distribution) will do the utmost to control and restore supply as soon as possible. Depending on where the issue is on the network it is not guaranteed that re-connection will occur within 24 hours, and we would ask that the Utility Regulator is cognisant that the priorities in an emergency situation are:

1. Safeguard life;
2. Safeguard property;
3. Find and repair; and
4. Restore supply.

firmus energy (Distribution) follow policies and procedures that are in place to deal with restoration of supply which are audited as part of our HSENI safety case.

We therefore agree with PNGD that the proposed standard should read “*restore supply where practicable*”

firmus energy would like further clarification from the Utility Regulator if an issue occurs on the transmission network for which firmus energy (Distribution) have no control that we will not be penalised for any gas supply issues outside our control.

Regulation 7 (3) (c) states in relation to an exception to payment “*that the relevant event resulted in the discontinuance of conveyance of gas to more than 30,000 premises of customers (whether domestic or non-domestic) of the relevant gas conveyor.*” As the firmus energy network has a substantially lower number of connections than the PNGD network we feel 30,000 customers is unproportionate in magnitude to the number of customers on our network c.21, 000. Therefore, we believe that the figure included within this regulation should be proportional to the network company’s customer base and we would suggest that this number should be around 4,000 customers for firmus energy, or 20% of a company’s customer base.

In addition firmus energy would like further clarification from the Utility Regulator on when additional payments are due.

6. Reinstatement of customer’s premises (No.8)

Distribution companies must reinstate customer premises within 5 working days following work to a service pipe and any associated work to a distribution main where the pipe or main lies under or within the premises of a customer.

firmus energy agree this standard is reasonable.

7. Connections (No.9)

Distribution companies are required to provide customers with a cost estimate for a new gas supply within 10 working days for standard jobs and 28 days for non-standard work.

firmus energy agree this standard is reasonable.

8. Notification of planned interruption (No.10)

Distribution companies must give at least three days notice to customers whose supply will be interrupted by planned maintenance or replacement work to the pipe-line system operated by the relevant gas conveyor.

firmus energy agree this standard is reasonable

9. Responding to complaints (No.11)

Supply companies must provide a substantive response to written or verbal complaints within 10 working days

The standard states that supply companies must provide a substantive response whereas the regulations refer to gas supplier and gas conveyor. firmus energy should be able to meet this standard, however we agree with PSL that *“it is not always possible to make a substantive response to a complaint within 10 working days and customers would prefer a full investigation and response to any issues rather than what they see as an arbitrary deadline of 10 working days”*. firmus energy would like clarification from the Utility Regulator on precisely what detail is required under a substantive response.

The regulations state substantive responses to complaints *“where the relevant gas supplier or gas conveyor is reasonably satisfied that it is unable to provide a substantive response to the complaint received under paragraph (1) without visiting the customer’s premises or making enquiries of persons other than officers, employees or agents of the relevant gas supplier or gas conveyor”* should be received within 20 days, firmus energy feel that this is not long enough for a full detailed response especially if a third party such as DRD Road Service or HSENI are involved.

We would ask for further clarification from the Utility Regulator as to whether this explanation should be in the form of a letter/verbal or electronic notice.

firmus energy would also like further clarification from the Utility Regulator when additional payments are due.

10. Charges and Payments (No.12)

Supply companies must deal with customer queries about their bill or standard payments, or change in payment method within five working days

From a supply perspective firmus energy find this standard reasonable, whilst noting in the event that a customer requests a change of payment method via a change of meter as per firmus energy code of practice on services for prepayment customers *“The removal or resetting of your prepayment meter will take up to 2 weeks to complete from the date we confirm the sitework’s request with you.”*

firmus energy require clarification from the Utility Regulator on what constitutes a substantive response and whether this can this be done verbally at the first point of contact as all calls are recorded.

firmus energy would wish to highlight that under Regulation 12 2 (c) the prescribed period is not defined in schedule 1 part 1 and we would request further clarity from the Utility Regulator on this point.

firmus energy would also like further clarification from the Utility Regulator on the statement “*the supplier to make payment by cash, cheque, bank transfer or postal order*”. If a customer receives payment by cheque does the prescribed period relate to receiving the cheque rather than receiving the money from the cheque. firmus energy requests that this regulation is clarified and refers to actually receiving a cheque.

firmus energy believe Regulation 12 (2) (c) should refer to 1 (b) as a whole and not specifically to 1 (b)(i).

For the Utility Regulator’s information firmus energy (Supply) are currently implementing a new payment method of cash vouchers whereby a voucher is sent to the customer via post and once it is received the customer has the flexibility to cash it any paypoint terminal. firmus energy would ask that innovations like this new payment method are also reflected in the regulations.

11. Payments (No 14.)

Distribution or supply companies which fail to provide entitled customers with their standards payments within 20 working days must make an additional payment.

firmus energy require further clarification from the Utility Regulator on the “*applicable date*”. Our understanding of this regulation is, if firmus energy fail to meet any of the associated regulations the applicable date in relation to Regulation 14, is the non-compliance date of the associated regulation.

firmus energy would also like further clarification around Regulation 14 (6) on whether crediting a customer’s account is a sufficient method of payment.

Standard 14 states payment must be made within 20 days whereas Regulation 14 6(b) and (c) have prescribed periods of 10 days, and therefore firmus energy would like further clarification around these points.

In summary firmus energy are willing to work with the Utility Regulator to develop standards of service however as mentioned above we have some concerns around the practicality and cost implications of meeting several of the standards, and we would request a meeting with the Utility Regulator to discuss this further.

In conclusion, we would wish to highlight that firmus energy have adhered to and published standards of performance since our licence was awarded in 2005.

Yours sincerely

A handwritten signature in black ink that reads "John". The script is cursive and fluid.

John French

Head of Regulation and Pricing