



**Consultation: Notice to extend the Conveyance Licence Area and
Modification of the Conveyance Licence of Phoenix Natural Gas Limited –
East Down**

Date: 13 November 2015

Contact: Mark Crawford

Our Reference: 2389 PD20010

Introduction

The Consumer Council welcomes the opportunity to respond to this consultation.

The General Consumer Council for Northern Ireland (the Consumer Council) is an independent consumer organisation, working to bring about change to benefit Northern Ireland (NI) consumers. Our aim is to 'make the consumer voice heard and make it count'.

The Consumer Council's Opinion

The Consumer Council strongly advocates for consumer choice. We welcome and support this extension of the natural gas network as it provides consumers in East Down with more choice in their source of fuel.

The Consumer Council recognises the benefits of natural gas as a heating source.

We note that this extension of the natural gas network into East Down will make gas available to around 25k domestic properties and around 2k small industrial and commercial businesses. The proposed extension into East Down will therefore offer both domestic and business consumers an alternative from their current dependence on home heating oil as their primary source of household heating.

Whilst the opportunity to connect to the gas network by this extension is welcome, availability in itself does not guarantee connection to the natural gas network.

Notwithstanding the many benefits of natural gas, the upfront cost of converting a heating system from home heating oil to natural gas can be a barrier for many consumers, particularly those on a low income.

The Consumer Council would encourage the following in order to stimulate consumer interest and maximise connections:

- An increase in the availability of grants to provide financial support for consumers who choose to switch to natural gas;
- A targeted number of domestic and commercial connections to natural gas within a designated period of time; and
- Targeting of multiple tenancy properties such as Northern Ireland Housing Executive schemes, nursing homes, retail units etc.

The Consumer Council's firm position is that the delivery of the natural gas network to East Down must be delivered at the lowest possible cost to all NI consumers. Naturally in order to deliver this objective a significant focus on maximising connections is required, both in East Down and the Gas to the West project. In addition any money which is allowed for the project must be reflective of the actual cost and consumers should pay no more than is necessary.

The Consumer Council would advocate for an incentivised and targeted action plan in order to maximise the potential for connection to the natural gas network. The postalised transmission tariff offers a consistent approach across all gas distribution zones, however there is still a requirement to maximise customer load to benefit all NI gas users.

We note the consideration of a "sensitivity analysis" and that the downside scenarios remain within Department for Enterprise Trade and Investment

parameters. The parameters used would add between £0.67 and £2.17 per year to the typical domestic gas bill in Greater Belfast¹. We believe that this is acceptable to bring the benefits of natural gas to consumers in East Down. Nevertheless, a determined focus must be applied to successfully connect customers to the natural gas network and achieve the lowest possible retail tariffs.

The Consumer Council welcomes the proposal to ensure Phoenix Natural Gas Limited delivers against its commitment if the extension is granted by considering it as part of the GD17 price control.

Finally, the Consumer Council encourages the Utility Regulator and all gas companies to extend and infill the gas network across Northern Ireland, where it is financially viable to do so, in order to increase consumer choice.

If you would like further information or to discuss any issues in this paper, please contact Mark Crawford on 028 9025 1640 or mark.crawford@consumercouncil.org.uk.

¹ Based on SSE Airtricity Home Energy Tariff using 12500 kwh per year



Making the consumer voice heard and making it count

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