Utility Regulator
ELECTRICITY GAS WATER

# RETAIL MARKET MONITORING

## Annual Transparency Report

## For calendar year 2016

**Published 20th November 2017**

# Abstract

This paper is the latest of a series of Utility Regulator (UR) reports (the Quarterly Transparency Reports (QTRs) and Annual Transparency Report (ATRs), which provide a range of information about the retail energy market in Northern Ireland (NI).

The data relates mainly to market shares, market activity and domestic prices in the electricity and gas retail markets. The data also includes information on non-domestic, or industrial and commercial (I&C), electricity prices.

We collect and monitor market information through the Retail Energy Market Monitoring (REMM) framework.

The information shown in this report comes from network companies, suppliers and Eurostat. Some figures have been calculated internally.

The QTR reports are released at the end of the second month after each calendar quarter (in Feb, May, Aug and Nov).

The ATR report is the summation of the four quarters of the relevant calendar year.

# Audience

Electricity and gas industry, associations of consumers, regulators, statistical bodies, suppliers, potential new market entrants, consultants, researchers and journalists.

# Consumer impact

The information used to produce these reports allows us to monitor the retail market, flag potential concerns and to inform regulatory decisions. All of this directly impacts on consumers. This set of reports increases transparency for consumers on matters of their direct interest, such as the active suppliers in each energy market sector, and NI prices compared against other jurisdictions.

# Contents

# 1 Summary of key market indicators

**Table 1 Summary of retail market**

| 2016 (Jan – Dec) | Electricity | | Gas – Greater Belfast | | Gas – Ten Towns | |
|---|---|---|---|---|---|---|
| | Domestic | I&C | Domestic and Small I&C[1] | Medium and Large I&C[2] | Domestic and Small I&C1 | Medium and Large I&C2 |
| Number of active suppliers in this year | 6 | 8 | 5[3] | 6 | 4[4] | 4 |
| Connections at end of year | 793,797 | 71,407 | 192,283 | 3,154 | 31,075 | 1,160 |
| Market shares of largest suppliers (by connections) | Power NI 61.5%<br>SSE Airtricity 25.3%<br>Budget Energy 7.8% | Power NI 47.5%<br>SSE Airtricity 20.7%<br>Go Power 16.5% | SSE Airtricity 73.5%<br>firmus energy 25.7%<br>Go Power 0.4% | SSE Airtricity 38.9%<br>Go Power 22.4%<br>Flogas 21.1% | firmus energy 98.9%<br>Flogas 0.7%<br>SSE Airtricity 0.2% | firmus energy 46.9%<br>Flogas 32.6%<br>SSE Airtricity 15.0% |
| Market shares of largest suppliers (by consumption) | Power NI 60.5%<br>SSE Airtricity 28.3%<br>Budget Energy 8.0% | Go Power 32.0%<br>SSE Airtricity 20.6%<br>Power NI 17.4% | SSE Airtricity 70.3%<br>firmus energy 28.2%<br>Go Power 0.8% | SSE Airtricity 39.2%<br>firmus energy 35.7%<br>Go Power 13.1% | firmus energy 97.7%<br>Flogas 1.6%<br>SSE Airtricity 0.4% | firmus energy 75.2%<br>SSE Airtricity 16.4%<br>Flogas 6.3% |
| Annual switching rate | 15.6% | 10.6% | Domestic 0.4% | All I&C 13.2% | Domestic 0% | All I&C 28.4% |

[1] The domestic and small I&C sector relates to any customers using less than 73,200 kWh per annum.
[2] The medium and large I&C sector relates to any customers with annual consumption that is greater than or equal to 73,200 kWh per annum.
[3] Of these five active suppliers in the domestic and small I&C sector in the Greater Belfast area, only two are active in the domestic market.
[4] Of these four active suppliers in the domestic and small I&C sector in the Ten Towns area, only one is active in the domestic market.

## 1.1 Key developments during 2016

| |
|---|
| **1.** As per the QTRs the electricity pricing data is sourced from Eurostat and individual supplier's submissions. As is evident in section 3.4 of this report, Semester 2 2016 saw a significant change in euro exchange rates from the previous semester and the resultant deterioration of the pound, together with cost/price movements, impacted the comparison of the NI tariffs with the rest of the EU:<br>• NI domestic electricity prices were amongst the lowest in Europe at 13.9 p/kWh and considerably lower than the Republic of Ireland (20.1 p/kWh), the EU median (17.3 p/kWh) and the UK (15.7 p/kWh).<br>• NI I&C electricity prices for the Very Small connections (which represent 66% of I&C connections) were one of the lowest in Europe. The NI price at 11.8 p/kWh was lower than the UK (12.6 p/kWh), the EU median (15.7 p/kWh) and Republic of Ireland (16.9 p/kWh).<br>• NI I&C prices in all other customer sized categories improved their ranking during the year, as the fluctuation in the exchange rate effectively improved the NI prices in comparison to the rest of the EU15.<br>• As is evident in the I&C pricing graphs, the majority of I&C customers in NI (99.9%) had prices lower than the RoI and lower than the UK as at end of 2016. |
| **2.** In the gas markets the regulated tariffs for SSE Airtricity and firmus energy (the incumbent price controlled gas suppliers) decreased during 2016. The tariff reviews indicated the following:<br>• 10.2% decrease to the SSE Airtricity regulated tariff in the Greater Belfast area, taking effect from 1st April 2016.<br>• 7.7% decrease to the firmus energy regulated tariff in the Ten Towns area, taking effect from 1st April 2016. |
| **3.** Market activity in the electricity domestic and I&C sectors continues to illustrate a change in the market dynamics. Based on total connections Power NI (the incumbent price controlled electricity supplier) retain their dominant position with 61.5% of the domestic market. Electric Ireland and Click Energy made considerable domestic gains during 2016 with a market share of 30,413 (3.5%) and 14,826 (1.7%) connections respectively as at the end of the year. |
| **4.** Domestic customers continue to actively engage in the electricity market with over 124,000 switches completed during 2016, indicating 15.6% of the market participating. This is also a significant increase compared to 2015 when 87,803 domestic switches were completed in comparison to 124,005 during 2016. There were over 7,500 I&C electricity switches during 2016 which is a decrease from over 8,000 during 2015. |
| **5.** In the gas sector, there was a decrease in switching activity in the Greater Belfast area in 2016 with over 1,440 switches compared to 1,602 in 2015. I&C switching in the Ten Towns increased during the year with 679 in 2016 compared to 239 in 2015. |

# 2 Introduction

## 2.1 Purpose, methodology and data sources

The purpose of this report is to deliver transparency for stakeholders and consumers, providing readers with readily accessible information on the evolution and performance of Northern Ireland (NI) electricity and natural gas retail sectors.

The Quarterly Transparency Reports (QTR) and Annual Transparency Reports (ATRs) serve as the primary platform we use to communicate some of the main indicators we monitor in the retail energy markets. We protect consumers by promoting effective competition wherever appropriate, and by monitoring the markets. Therefore, monitoring the retail markets is key when complying with our statutory duties.

The framework in which this annual report lies is the Retail Energy Market Monitoring (REMM) which was introduced in July 2015. The ultimate objective of introducing this enhanced framework was to develop the current monitoring of retail indicators, and to provide increased transparency in the retail energy markets in NI. As a result of this new framework, there have been a number of changes made to the format of this publication and how some of the indicators are presented. We will continue to make changes as appropriate to represent the new indicators that we are monitoring under REMM.

The main data sources for this ATR are as follows:

- Connections and consumption, market shares and market activity information is provided by the network companies:
  - Northern Ireland Electricity Networks (NIEN) for electricity data; and
  - Phoenix Natural Gas Limited (PNGL) and firmus energy (Distribution) Limited (feDL).
- EU domestic and I&C electricity prices are from Eurostat. NI domestic and I&C electricity prices are derived directly from data submitted by suppliers.
- EU domestic gas prices are from Eurostat. Domestic gas prices for Great Britain (GB) and the Republic of Ireland (ROI) are derived from tariffs published by relevant suppliers. NI domestic gas prices are derived from the tariffs published by NI suppliers.

The ATR merges the relevant quarterly information for the calendar year from the Quarterly Transparency Reports (QTRs) and is therefore the summation of Quarter 1 (Q1) through to Quarter 4 (Q4) for 2016. We will continue to make ongoing additions to this annual report based on the data collected through the REMM project and will engage with industry on how these metrics will be published during 2018.

As always, we welcome any comments and views in terms of how the current monitoring reports might be improved.

Comments in this respect can be sent to:

Seán Murphy
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED
sean.murphy@uregni.gov.uk

**Table 2 Suppliers in the Retail Market**

2016

| Supplier | Electricity | | Gas Greater Belfast | | Gas Ten Towns | |
|---|---|---|---|---|---|---|
| | **Dom** | **I&C** | **Dom** | **I&C** | **Dom** | **I&C** |
| Budget Energy | 💡 | 💡 | | | | |
| Click Energy | 💡 | 💡 | | | | |
| Electric Ireland | 💡 | 💡 | | 🔥 | | |
| Energia | | 💡 | | | | |
| firmus energy | | | 🔥 | 🔥 | 🔥 | 🔥 |
| Flogas | | | | 🔥 | | 🔥 |
| Go Power | | 💡 | | 🔥 | | 🔥 |
| Open Electric | 💡 | | | | | |
| Power NI | 💡 | 💡 | | | | |
| SSE Airtricity | 💡 | 💡 | 🔥 | 🔥 | | 🔥 |
| Vayu | | 💡 | | 🔥 | | |
| | | | | | | |
| **Suppliers** | **6** | **8** | **2** | **6** | **1** | **4** |

Source: UR

## 2.2 Energy suppliers in NI energy market

The electricity and gas (in the Greater Belfast area) markets have been open to competition to domestic customers since 2007. However, there were no competing suppliers in the domestic market until 2010.

The Ten Towns area opened to gas competition for large I&C customers (those consuming over 732,000 kWh per annum) in October 2012, and to domestic and small I&C customers in April 2015.

The first gas connection to the West was a large I&C user during Q1 2017.

In summary there were **nine** active suppliers in the electricity market during 2016. Open Electric exited the domestic electricity market on 18th December 2016 and supplied electricity for the majority of the last quarter. For the purposes of reporting Open Electric is included in the 2016 annual figures. There were **eight** active suppliers. In the gas markets there were **six** active suppliers during 2016 although not all of these suppliers are certified to operate in all sectors. The detail of the dates of entry for the suppliers in each of the retail market segments is available in Annex A.

For more information about the retail energy market in NI, please visit: [http://www.uregni.gov.uk/retail/](http://www.uregni.gov.uk/retail/).

## 2.3 Wholesale market monitoring data

Readers should also be aware of the Electricity Wholesale Market Monitoring Report which provides an overview of the SEM and sets out recent trends in the market in relation to pricing, demand, scheduling and contract prices. It focuses in particular on the wholesale element of electricity prices, which makes up roughly 60% of customers' bills. These reports are prepared by the Market Monitoring Unit (MMU) within the UR in joint collaboration with the Commission for Regulation of Utilities (CRU).

# 3 Electricity

## 3.1 NI connections and total consumption

The table below shows electricity customer numbers[5] at end December 2016 and consumption from January to December 2016.

**Table 3 Electricity connections and consumption per market segment**

2016

| Customer groups | Number of connections | % share of connections in market sector | Consumption (GWh) | % share of consumption in market sector |
|---|---|---|---|---|
| Domestic prepayment | 344,215 | 43.4% | 1,153.4 | 40.5% |
| Domestic credit | 449,582 | 56.6% | 1,694.0 | 59.5% |
| **Total Domestic** | ***793,797*** | ***100%*** | ***2,847.4*** | ***100%*** |
| | | | | |
| I&C < 20 MWh | 47,306 | 66.3% | 331.5 | 6.7% |
| I&C 20 – 49 MWh | 13,066 | 18.3% | 412.8 | 8.3% |
| I&C 50 – 499 MWh | 9,920 | 13.9% | 1,302.8 | 26.3% |
| I&C 500 – 1,999 MWh | 830 | 1.2% | 803.7 | 16.2% |
| I&C 2,000 – 19,999 MWh | 267 | 0.4% | 1,358.4 | 27.5% |
| I&C ≥ 20,000 MWh | 18 | 0.025% | 737.2 | 14.9% |
| **Total I&C** | ***71,407*** | ***100%*** | ***4,946.5*** | ***100%*** |
| | | | | |
| **Total** | **865,204** | | **7,793.9** | |

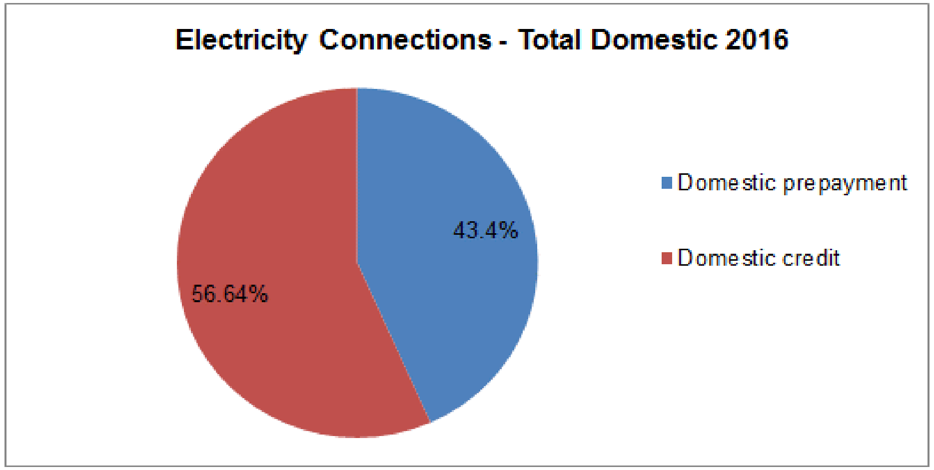
*Source: NIEN*

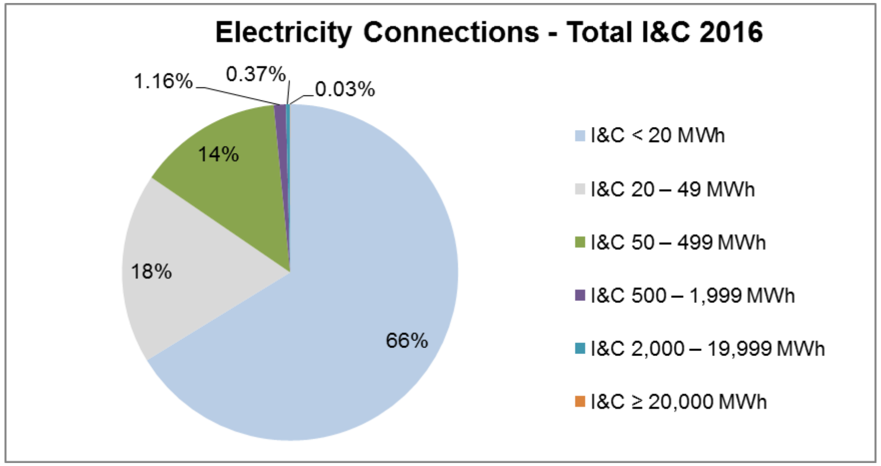
Of the total customers in Northern Ireland, 91.7% belong to the domestic sector, while the remaining 8.3% are I&C customers. During 2016, this share translates into 36.5% and 63.5% respectively in terms of consumption.

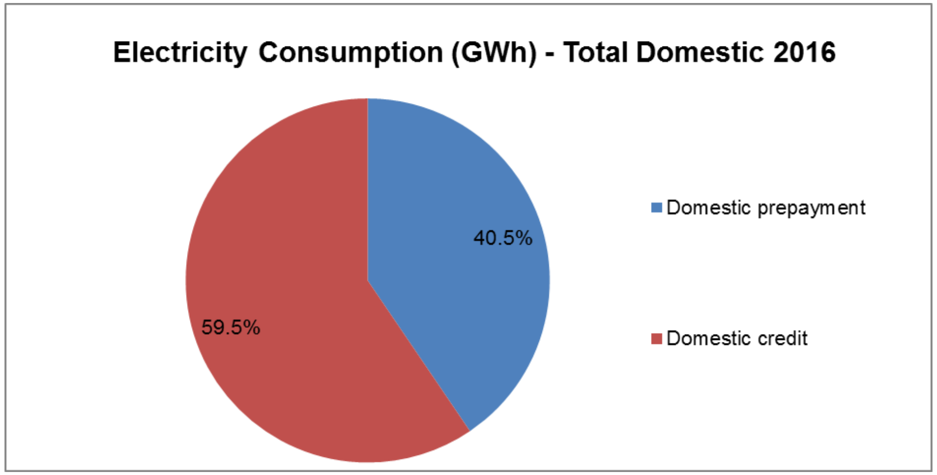
Within the domestic sector, 43.4% of the market use prepayment meters and 56.6% pay by credit.

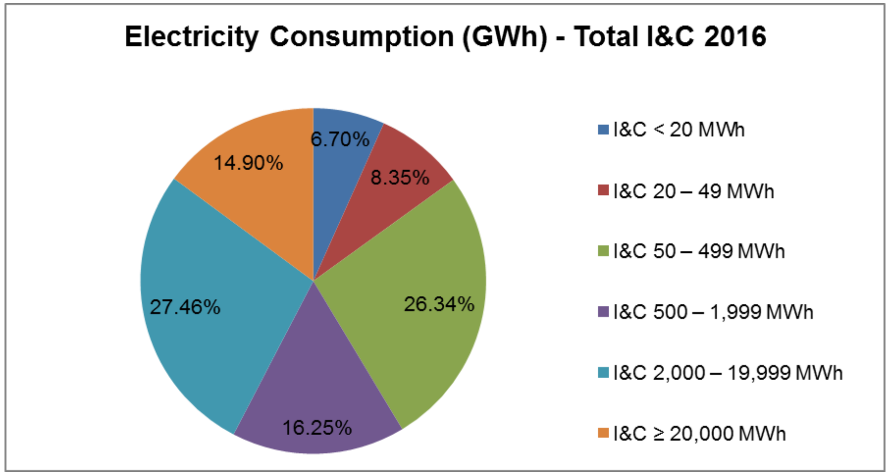
Within the I&C sector, more than 99.9% of the customers are small and medium enterprises (consuming less than 19,999 MWh), with 85.1% of the I&C consumption. The remaining are Large Energy Users (LEU) connections, that represent 9.5% of the total NI volume for the year, and 14.9% of the I&C consumption.

[5] Note that long term vacant sites are not included in connection numbers, and that combined premises are included in the <20MWh category


Electricity Connections - Total Domestic 2016
43.4%
56.64%
Domestic prepayment
Domestic credit


Electricity Connections - Total I&C 2016
1.16%
0.37%
0.03%
14%
18%
66%
I&C < 20 MWh
I&C 20 – 49 MWh
I&C 50 – 499 MWh
I&C 500 – 1,999 MWh
I&C 2,000 – 19,999 MWh
I&C ≥ 20,000 MWh


Electricity Consumption (GWh) - Total Domestic 2016
40.5%
59.5%
Domestic prepayment
Domestic credit


Electricity Consumption (GWh) - Total I&C 2016
6.70%
8.35%
14.90%
26.34%
27.46%
16.25%
I&C < 20 MWh
I&C 20 – 49 MWh
I&C 50 – 499 MWh
I&C 500 – 1,999 MWh
I&C 2,000 – 19,999 MWh
I&C ≥ 20,000 MWh

## 3.2 Electricity Market shares

**Electricity shares by connections[6]**

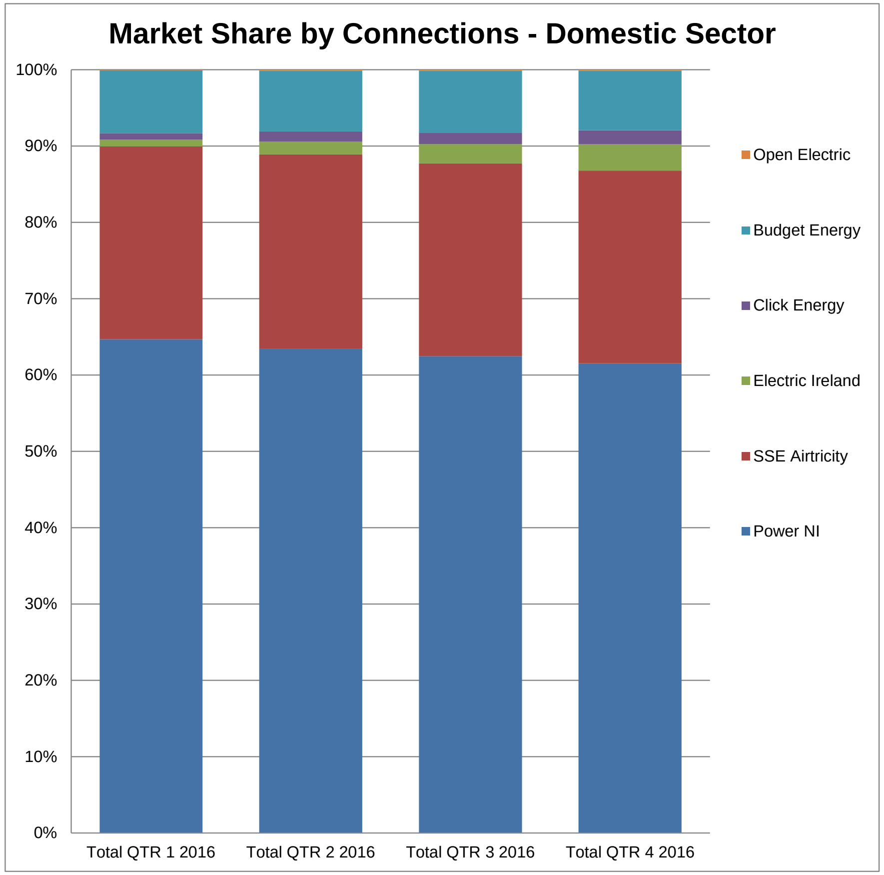
During 2016 there were six domestic electricity suppliers in NI, and eight active suppliers in the I&C electricity market. The total number of domestic customers at the end of 2016 was 793,797. As is evident from the table below a significant number of domestic customers (61.5%) remain with the previously incumbent supplier Power NI. The introduction of a number of new suppliers and the associated increase in competition indicates that the dynamic of the domestic market is gradually changing for example market shares for Electric Ireland and Click Energy continue to increase.

**Table 4 Domestic market shares by connections**

End of Q4 2016

| Domestic Suppliers | Domestic Prepayment | | Domestic Credit | | Domestic Total | |
|---|---|---|---|---|---|---|
| Power NI | 165,087 | 48.0% | 323,319 | 71.9% | 488,406 | 61.5% |
| SSE Airtricity | 95,593 | 27.8% | 104,946 | 23.3% | 200,539 | 25.3% |
| Electric Ireland | 13,053 | 3.8% | 14,206 | 3.2% | 27,259 | 3.4% |
| Click Energy | 13,275 | 3.9% | 1,501 | 0.3% | 14,776 | 1.9% |
| Budget Energy | 56,759 | 16.5% | 4,935 | 1.1% | 61,694 | 7.8% |
| Open Electric[7] | 448 | 0.1% | 675 | 0.1% | 1,123 | 0.1% |
| | | | | | | |
| **Dom Market** | **344,215** | **100%** | **449,582** | **100%** | **793,797** | **100%** |

*Source: NIEN*



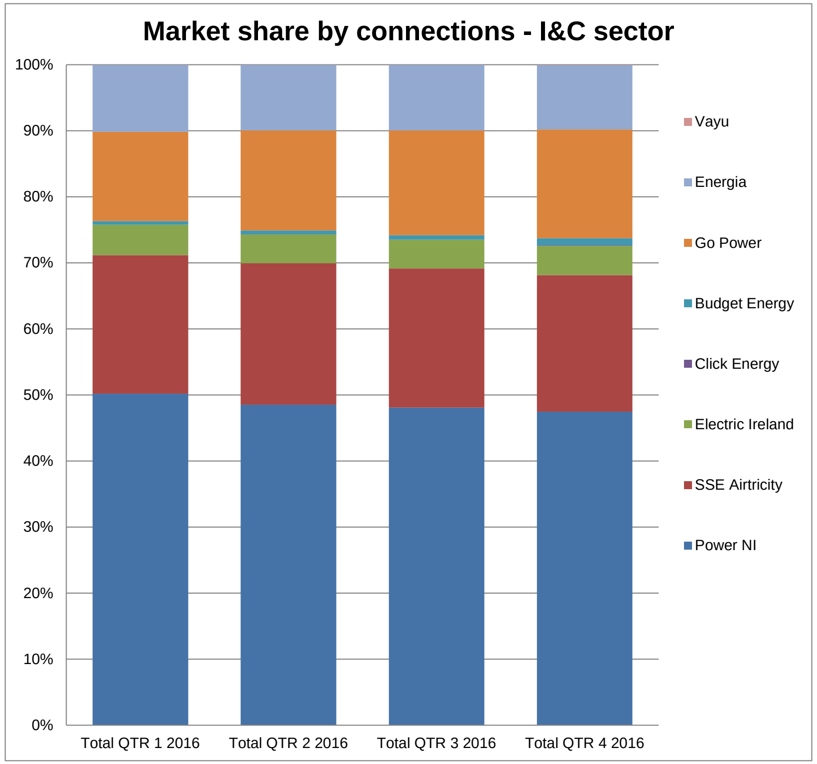

The market shares for 2016 illustrate a decrease for Power NI. For Q4 2016 Power NI supplied 48% of the domestic prepayment and 71.9% of the domestic credit market. This shows a decrease from 2015 when Power NI held 53.5% of the domestic prepayment and 75.4% of the domestic credit connections. The continued growth of the new entrants in the domestic market is clear, given that the non-incumbents now represent over 38.5% of total domestic connections in NI.

[6] Market shares figures do not include de-energised nor Long Term Vacant sites.
[7] Note that the Open Electric Electricity Supply Licence was revoked on the 18th December 2016, with all Open Electric customers transferred to Power NI under the agreed SoLR process.

## Table 5 I&C market shares by connections

End of Q4 2016

| I&C Suppliers | I&C < 20 MWh | | I&C 20 – 49 MWh | | I&C 50 – 499 MWh | | I&C 500 – 1,999 MWh | | I&C 2,000 – 19,999 MWh | | I&C ≥ 20,000 MWh | | I&C Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Power NI | 26,340 | 55.7% | 4,640 | 35.5% | 2,774 | 27.9% | 109 | 13.1% | 19 | 7.1% | 0 | 0% | 33,882 | 47.5% |
| SSE Airtricity | 9,052 | 19.2% | 3,427 | 26.2% | 2,118 | 21.4% | 142 | 17.1% | 38 | 14.2% | 4 | 22.2% | 14,781 | 20.7% |
| Go Power | 6,632 | 14.0% | 2,387 | 18.3% | 2,342 | 23.6% | 289 | 34.8% | 97 | 36.3% | 9 | 50.0% | 11,756 | 16.5% |
| Electric Ireland | 1,388 | 2.9% | 623 | 4.8% | 970 | 9.8% | 122 | 14.7% | 47 | 17.6% | 4 | 22.2% | 3,154 | 4.4% |
| Energia | 3,317 | 7.0% | 1,811 | 13.9% | 1,605 | 16.2% | 164 | 19.8% | 63 | 23.6% | 1 | 5.6% | 6,961 | 9.6% |
| Budget Energy | 511 | 1.1% | 170 | 1.3% | 100 | 1.0% | 0 | 0% | 0 | 0% | 0 | 0% | 781 | 1.1% |
| Vayu | 30 | 0.06% | 0 | 0.00% | 5 | 0.05% | 4 | 0.5% | 3 | 1.1% | 0 | 0% | 42 | 0.06% |
| Click Energy | 36 | 0.08% | 8 | 0.06% | 6 | 0.06% | 0 | 0% | 0 | 0% | 0 | 0% | 50 | 0.07% |
| | | | | | | | | | | | | | | |
| **I&C Market** | **47,306** | **100%** | **13,066** | **100%** | **9,920** | **100%** | **830** | **100%** | **267** | **100%** | **18** | **100%** | **71,407** | **100%** |




*Source: NIEN*

The graph shows the trends in market shares (by customer numbers) for each active I&C supplier in NI by market segment, for the year 2016. Competition in the I&C market is more developed than the domestic sector, and consequently market shares are much more dispersed. Out of the eight active suppliers at the end of 2016, based on customer numbers, three of these suppliers had shares in excess of 10% in the largest consumption categories.

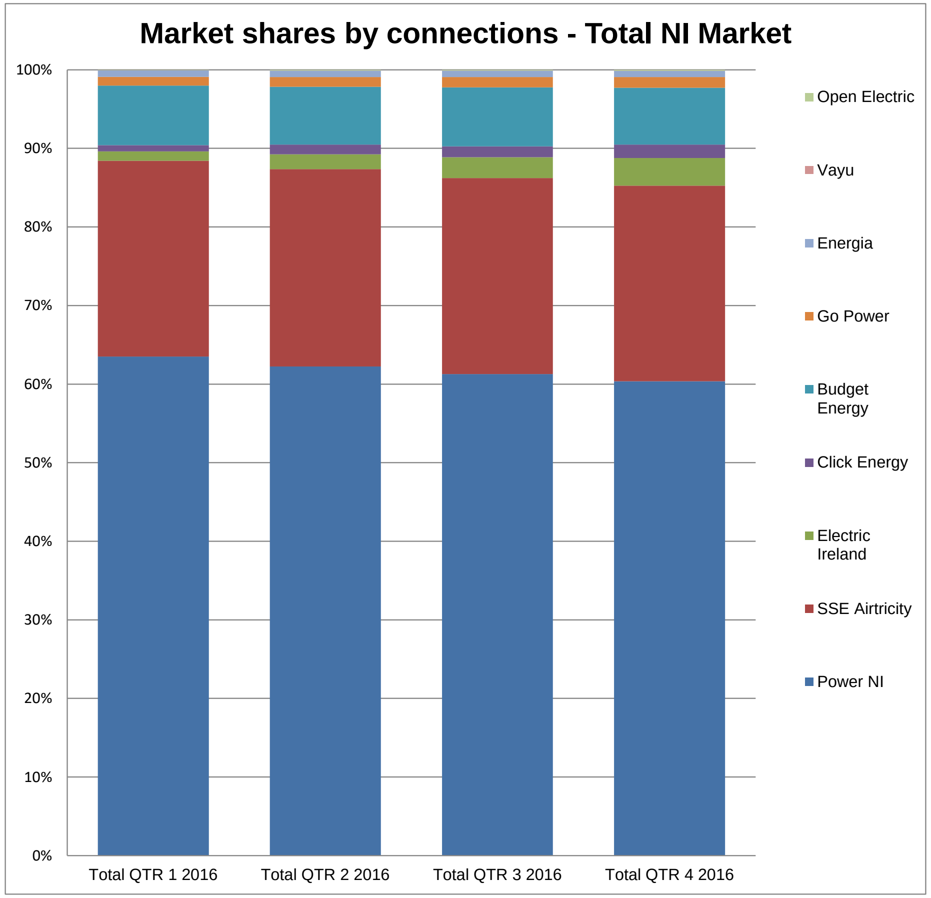
The graph to the left shows the trends in I&C market shares (by customer numbers) for each active supplier in NI for the year.

### Table 6 Total NI market shares by connections

End of Q4 2016

| Suppliers | Total | |
|---|---|---|
| Power NI | 522,288 | 60.4% |
| SSE Airtricity | 215,320 | 24.9% |
| Go Power | 11,756 | 1.4% |
| Electric Ireland | 30,413 | 3.5% |
| Energia | 6,961 | 0.8% |
| Click Energy | 14,826 | 1.7% |
| Budget Energy | 62,475 | 7.2% |
| Vayu | 42 | 0.005% |
| Open Electric | 1,123 | 0.13% |
| | | |
| **Total Market** | **865,204** | **100%** |

*Source: NIEN*




When looking at the electricity retail market as a whole (domestic and I&C customers) Power NI's leading position as the incumbent supplier remains at 60.37%, although this has decreased when compared to their 64.9% total market share at the end of 2015. This is attributable to the growth of market activity of the non incumbent suppliers including further growth by the new entrants to the market.

The graph to the right shows the trends in market shares (by customer numbers) for each active domestic and I&C supplier in NI for the previous year.

## Electricity shares by consumption (GWh)

### Table 7 Domestic market shares by consumption

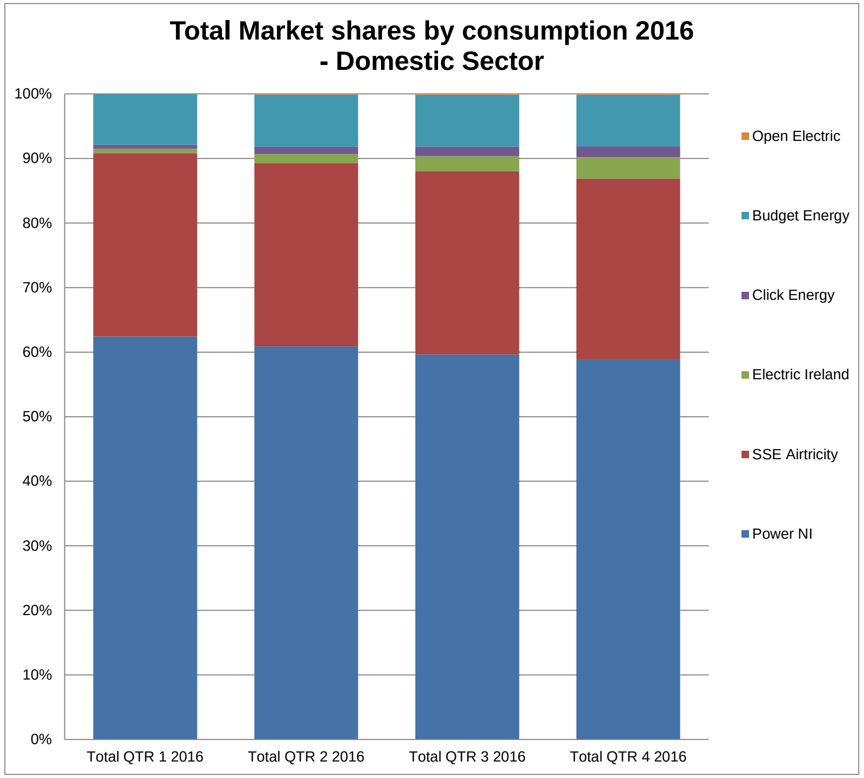
Total Consumption 2016

| Domestic Suppliers | Domestic Prepayment | | Domestic credit | | Domestic Total | |
|---|---|---|---|---|---|---|
| | GWh | % | GWh | % | GWh | % |
| Power NI | 553.3 | 48.0% | 1,169.0 | 69.0% | 1,722.3 | 60.5% |
| SSE Airtricity | 338.5 | 29.3% | 466.8 | 27.6% | 805.2 | 28.3% |
| Electric Ireland | 21.2 | 1.8% | 33.9 | 2.0% | 55.1 | 1.9% |
| Click Energy | 30.5 | 2.6% | 4.2 | 0.2% | 34.8 | 1.2% |
| Budget Energy | 209.1 | 18.1% | 18.1 | 1.1% | 227.2 | 8.0% |
| Open Electric | 0.9 | 0.08% | 2.0 | 0.1% | 2.9 | 0.1% |
| | | | | | | |
| **Dom Market** | **1,153.4** | **100%** | **1,694.0** | **100%** | **2,847.4** | **100%** |

*Source NIEN*

In 2016, Power NI's share of the market by consumption was 48.0% for domestic prepayment and 69.0% for domestic credit, this shows a decrease when compared to 2015 when Power NI's domestic prepayment market share was 54.7% and domestic credit was 72.0%.

The graph to the right shows the trends in market shares (by consumption) for each active domestic supplier in NI for 2016.



## Table 8 I&C market shares by consumption

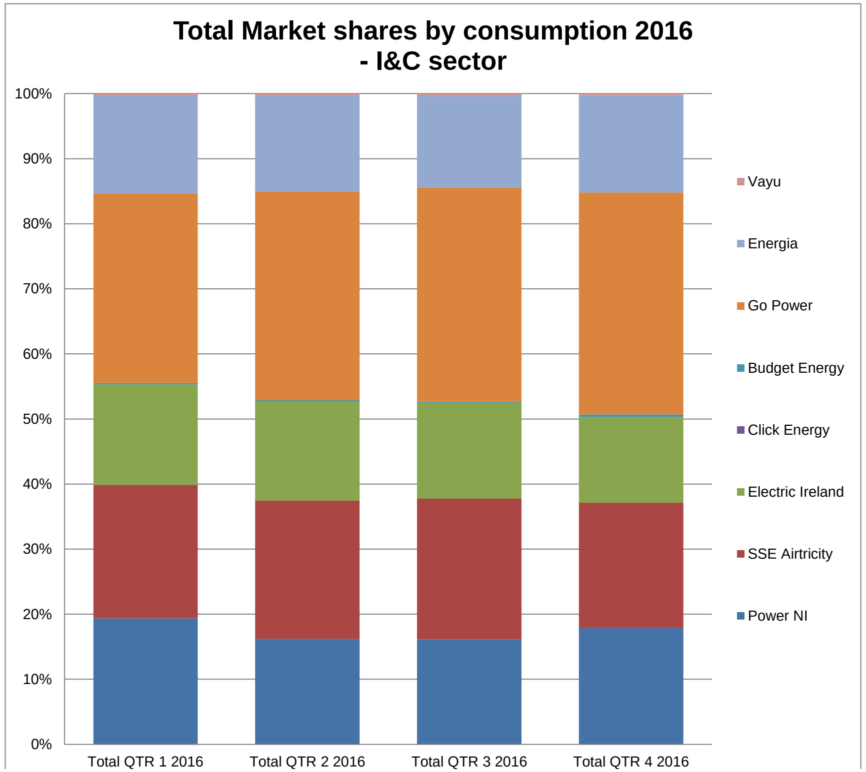
Total Consumption 2016

| I&C Suppliers | I&C < 20 MWh | | I&C < 20 – 49 MWh | | I&C 50 – 499 MWh | | I&C 500 – 1,999 MWh | | I&C 2,000 – 19,999 MWh | | I&C ≥ 20,000 MWh | | I&C Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GWh | % | GWh | % | GWh | % | GWh | % | GWh | % | GWh | % | GWh | % |
| Power NI | 165.9 | 50.0% | 156.5 | 37.9% | 322.1 | 24.7% | 100.2 | 12.5% | 118.4 | 8.7% | 0.0 | 0.0% | 863.1 | 17.4% |
| SSE Airtricity | 69.3 | 20.9% | 105.6 | 25.6% | 287.5 | 22.1% | 131.0 | 16.3% | 194.7 | 14.3% | 232.5 | 31.5% | 1,020.6 | 20.6% |
| Go Power | 51.2 | 15.5% | 67.8 | 16.4% | 302.2 | 23.2% | 279.7 | 34.8% | 522.0 | 38.4% | 361.2 | 49.0% | 1,584.1 | 32.0% |
| Electric Ireland | 13.0 | 3.9% | 20.3 | 4.9% | 162.7 | 12.5% | 130.7 | 16.3% | 287.3 | 21.1% | 110.2 | 15.0% | 724.2 | 14.6% |
| Energia | 30.0 | 9.0% | 58.8 | 14.2% | 221.6 | 17.0% | 155.2 | 19.3% | 228.0 | 16.8% | 33.3 | 4.5% | 727.0 | 14.7% |
| Budget Energy | 1.95 | 0.6% | 3.65 | 0.9% | 5.7 | 0.4% | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | 11.3 | 0.2% |
| Vayu | 0.05 | 0.016% | 0.02 | 0.004% | 0.8 | 0.06% | 6.9 | 0.8% | 8.12 | 0.6% | 0.0 | 0.0% | 15.9 | 0.3% |
| Click Energy | 0.09 | 0.06% | 0.04 | 0.01% | 0.1 | 0.007% | 0.0 | 0% | 0.0 | 0.% | 0.0 | 0.0% | 0.2 | 0.005% |
| | | | | | | | | | | | | | | |
| **I&C Market** | **331.5** | **100%** | **412.8** | **100%** | **1,302.8** | **100%** | **803.7** | **100%** | **1,358.4** | **100%** | **737.2** | **100%** | **4,946.5** | 100.0% |

*Source: NIEN*

The main suppliers by consumption in the I&C sector in 2016 were Go Power (32.0%), SSE Airtricity (20.6%), Power NI (17.4%), Energia (14.7%) and Electric Ireland (14.6%).

The graph to the right shows the trends in market shares (by consumption) for each active I&C supplier in NI during 2016.

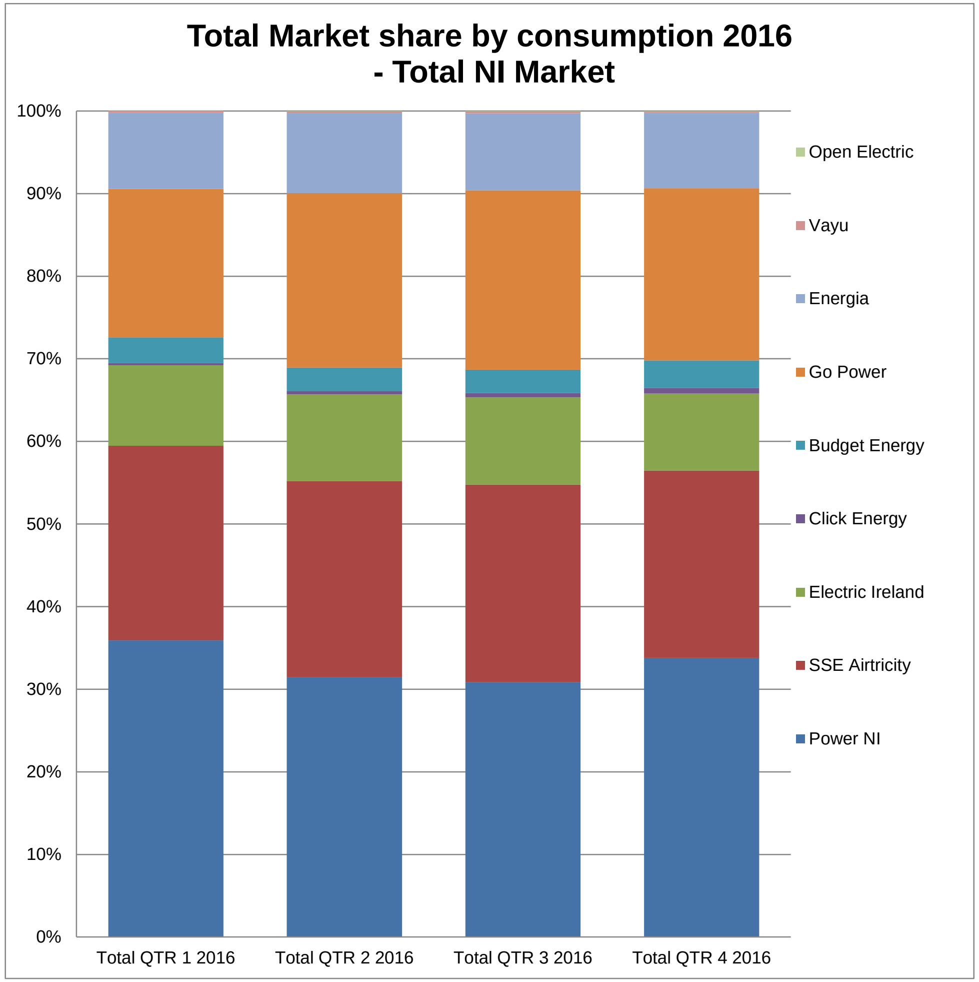


## Table 9 Total NI market shares by consumption

Total Consumption 2016

| Total Market | Total | |
|---|---|---|
| | GWh | % |
| Power NI | 2,585.4 | 33.2% |
| SSE Airtricity | 1,825.9 | 23.4% |
| Go Power | 1,584.1 | 20.3% |
| Electric Ireland | 779.4 | 10.0% |
| Energia | 726.9 | 9.3% |
| Click Energy | 35.0 | 0.4% |
| Budget Energy | 238.5 | 3.1% |
| Vayu | 15.9 | 0.2% |
| Open Electric | 2.8 | 0.04% |
| | | |
| **Total Market** | **7,793.9** | **100%** |

*Source: NIEN*

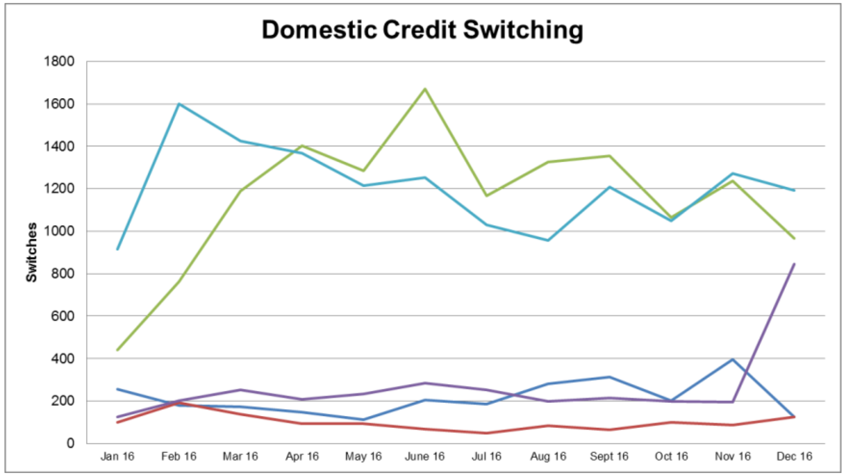


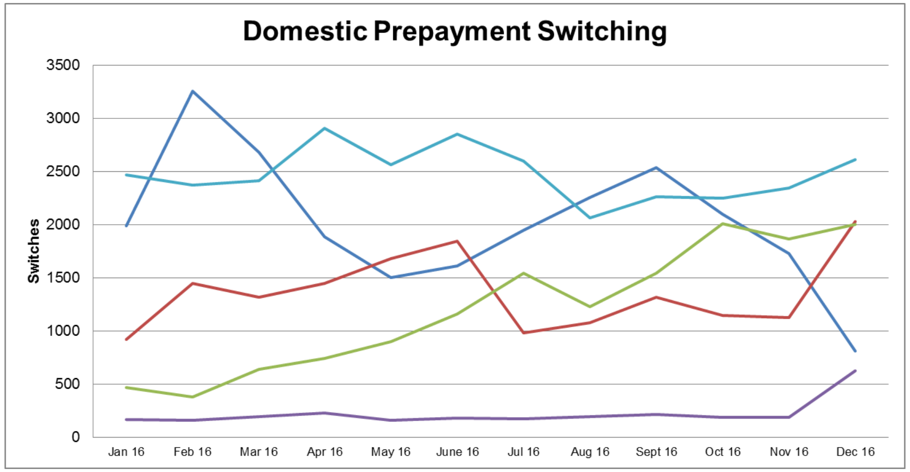

Electricity consumption in NI retail market for 2016 was over 7,790 GWh, which indicates a minimal year on year decrease when compared to 7,819.4 GWh consumed in 2015.

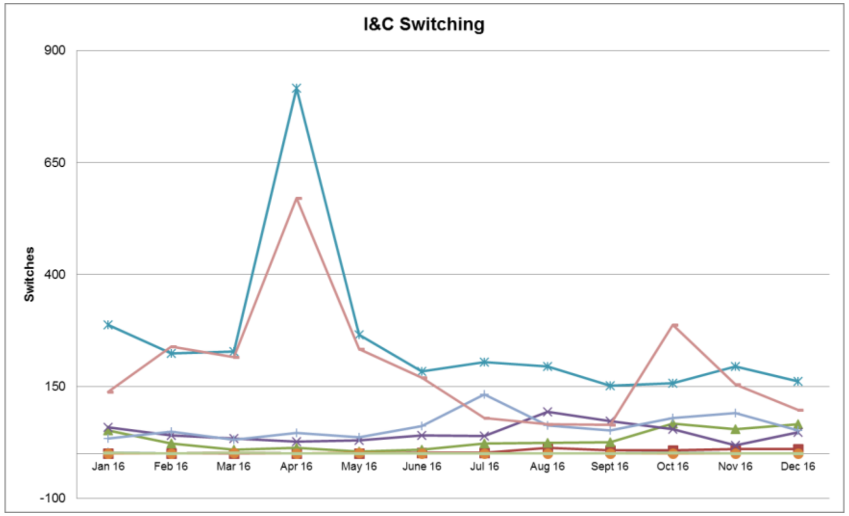
The graph to the right reflects the trends in market shares (by total consumption) for each active domestic and I&C supplier in NI during 2016.

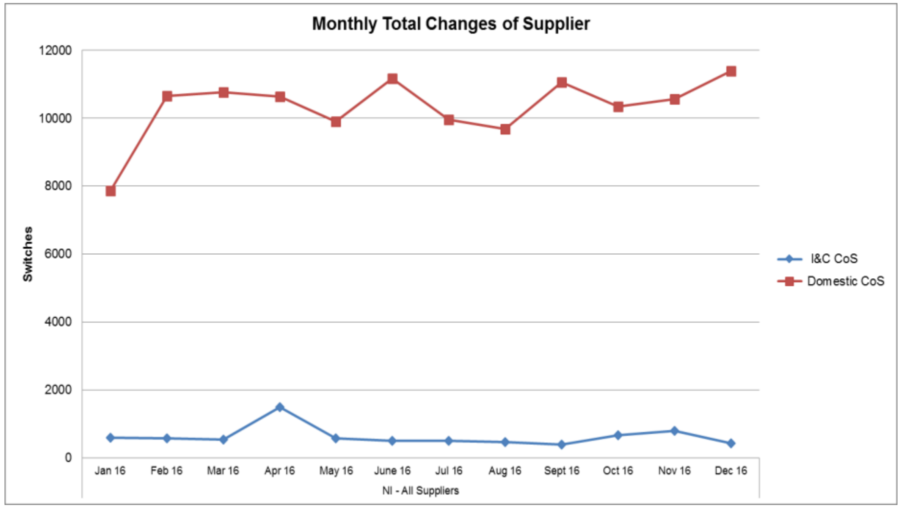
## 3.3 Electricity market activity

The line charts below reflect the change of customer numbers (gains per supplier), per market segment and anonymised supplier.



The table below shows market activity through changes of supplier (CoSs) on a quarterly basis in the whole NI market split by domestic and I&C. These percentages are calculated using the number of quarterly switches divided by the number of customers at the end of the quarter in the relevant market.

### Table 10 Electricity market activity

Total 2016

| Period | Domestic Switching | | I&C Switching | | Total Switching | |
|---|---|---|---|---|---|---|
| 2016 Q1 | 29,307 | 3.7% | 1,724 | 2.5% | 31,031 | 3.6% |
| 2016 Q2 | 31,709 | 4.0% | 2,566 | 3.6% | 34,275 | 4.0% |
| 2016 Q3 | 30,694 | 4.0% | 1,372 | 1.9% | 32,066 | 3.9% |
| 2016 Q4 | 32,295 | 4.1% | 1,911 | 2.7% | 34,206 | 3.9% |

*Source: NIEN*

The number of domestic switches which took place in 2016 has increased significantly year on year, with an average of c10,000 switches per month compared to c7,250 switches per month in 2015. The percentage of domestic switching was 15.6% compared with 11.2% for 2015.

The I&C sector market activity has decreased marginally when comparing year on year, with a switching rate of 10.6% (from 12.8% in 2015).

## 3.4 Electricity prices

For the electricity prices section, we follow Eurostat's format and methodology. As a result the average prices for NI are comparable with prices in other EU countries (those published in BEIS's Quarterly Energy Prices reports[8] and Eurostat data base[9]) once these figures have been converted to GBP.

The base figures are all submitted on a quarterly basis by suppliers, split by domestic and non domestic (I&C). The UR performs a high level reasonableness check of the base figures, but the suppliers are responsible for the accuracy of the information that is provided to the UR. The base figures are as follows:

- **Volume** of electricity sold to consumers.
- The **value**, or revenue gained from the sale, split into three categories: excluding all taxes, excluding VAT, and including all taxes.
- The **number** of customers supplied in that particular size category.

The volume and value are used to calculate a NI quarterly average value per size band. This value per unit (per size band) is what we refer to in this paper as "price". For clarity we do not receive from suppliers the actual price paid by their customers. Instead we calculate the average value or revenue collected per unit in that particular size category, as per the Eurostat methodology.

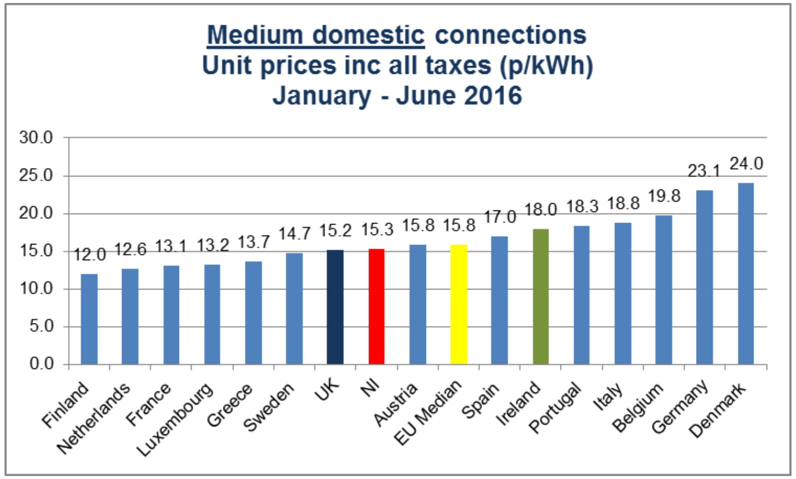
As the Eurostat figures are published on a semester basis (semester 1 (S1) January to June and semester 2 (S2) July to December) we therefore average the two relevant quarters to obtain the comparable six-month period for NI.

[8] https://www.gov.uk/government/collections/quarterly-energy-prices

[9] http://ec.europa.eu/eurostat/web/energy/data/database

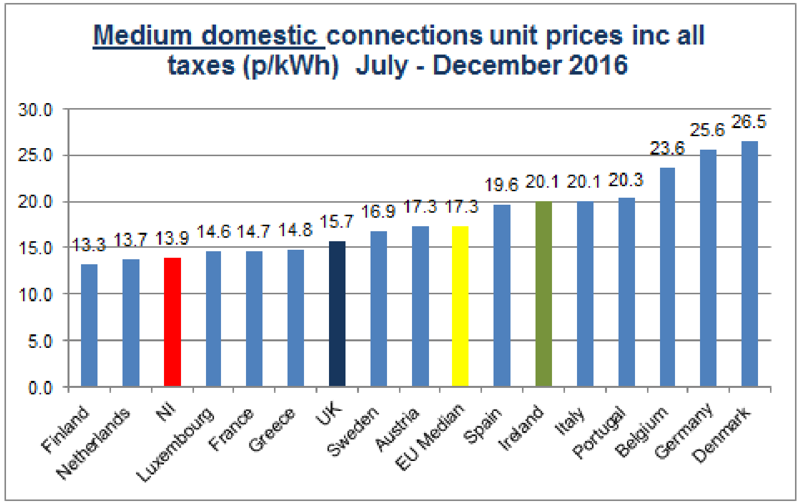
**It should be noted that the comparability of the derived NI prices to the other Member States can be greatly affected by fluctuations in the Euro GBP exchange rate**. For the purposes of tariff comparisons we convert the EU tariff data from Euro to GBP using the monthly average exchange rate applicable for the semester (published by Eurostat). Therefore tariff movements and comparisons between NI and other Member States can be impacted by both an increase and decrease in a tariff and/or also by any variation in exchange rates. The exchange rate effect was particularly prevalent in semester 2 (July – December) of 2016 due to the weakening of the pound.

The pricing data detailed in this ATR provides a comparison for the period January to June 2016 (semester 1) and July to December 2016 (semester 2).




## Domestic price comparison with EU

In the domestic graph shown to the right, we use unit prices which include Climate Change Levy (CCL) and include VAT as this reflects the final prices paid by domestic Customers. The medium sized domestic customers (annual consumption of between 2,500 and 4,999 kWh) have been selected for the purpose of analysis, as this consumption category reflects the majority of domestic customers in NI.




In S2 2016 the NI price was significantly below the EU median, and now ranks among the cheapest in Europe. The NI domestic price is also considerably less than that of GB and RoI. This is largely attributable to exchange rate fluctuations between the two semesters as well as movements in the tariffs.

## I&C price comparison with EU

The following graphs show I&C electricity prices in the 15 EU countries (converted to GBP) and in NI, per consumption size bands (following standard EU categorisation). The I&C graphs use unit prices which include Climate Change Levy (CCL) but exclude VAT, as VAT is a refundable expense for many businesses. This therefore reflects the final prices paid by I&C customers. We amalgamate the two largest categories of annual consumption (large and very large connections) to avoid any confidentiality issues in sectors where there are a small number of customers and suppliers involved.

For the Very Small I&C Category the NI prices are now listed as one of the most reasonable in the EU and also significantly lower than RoI (two thirds of I&C connections in NI are in this size category). Medium I&C connections are now enjoying lower prices than RoI. For the larger I&C customers, prices are marginally above those in RoI but are lower than in the UK overall. The following table shows the percentage of connections and consumption for the period end detailed in the I&C graphs (S1 and S2 2016).

### Table 11 Electricity market % by I&C consumption band

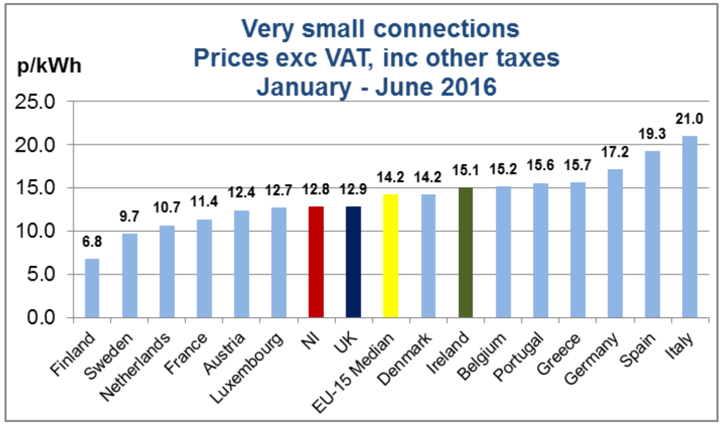
End of Q2 2016 (June 2016)

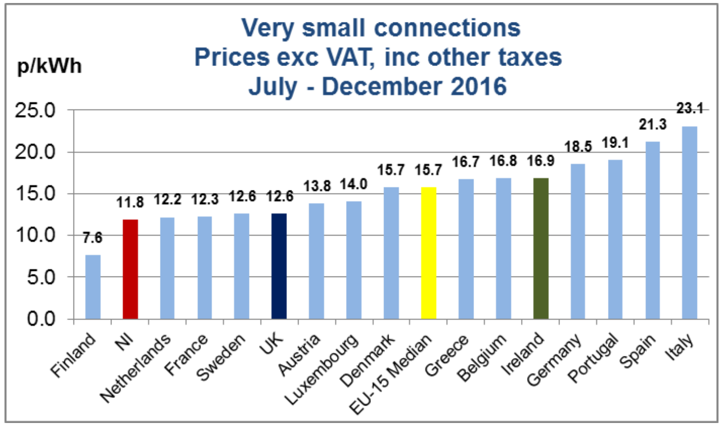
| Size of customer | Annual consumption bands (MWh) | % of I&C connections[10] | % of I&C consumption | I&C connection numbers |
|---|---|---|---|---|
| Very small | < 20 | 66.0% | 6.2% | 46,766 |
| Small | 20 – 499 | 32.4% | 33.4% | 22,933 |
| Small / Medium | 500 – 1,999 | 1.20% | 16.5% | 832 |
| Medium | 2,000 – 19,999 | 0.4% | 28.4% | 268 |
| Large & Very Large | >20,000 | 0.03% | 15.5% | 19 |

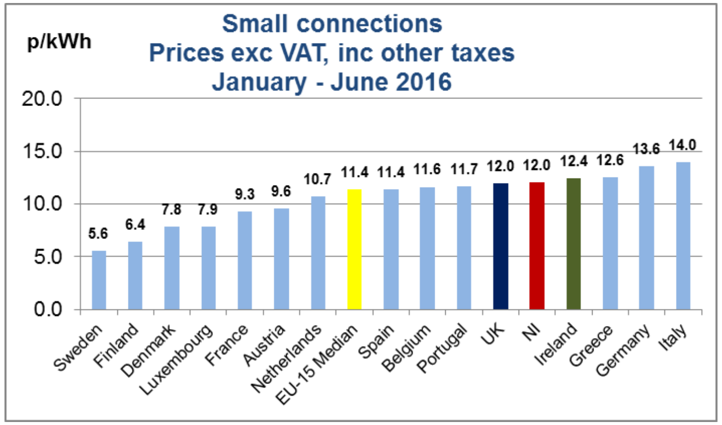
End of Q4 2016 (December 2016)

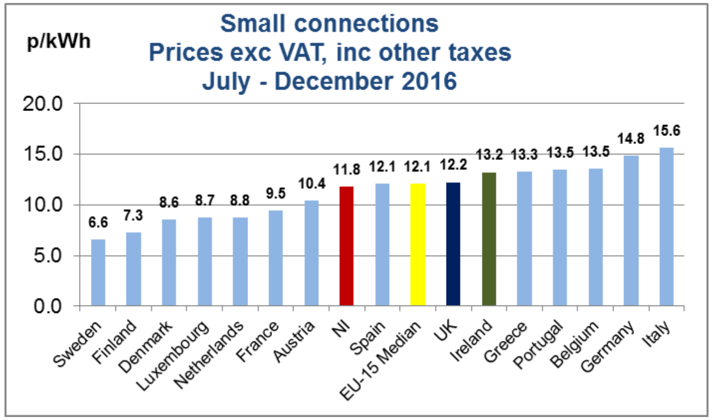
| Size of customer | Annual consumption bands (MWh) | % of I&C connections[11] | % of I&C consumption | I&C connection numbers |
|---|---|---|---|---|
| Very small | < 20 | 66.3% | 7.1% | 47,306 |
| Small | 20 – 499 | 32.2% | 35.6% | 22,986 |
| Small / Medium | 500 – 1,999 | 1.1% | 15.9% | 830 |
| Medium | 2,000 – 19,999 | 0.4% | 27.2% | 267 |
| Large & Very Large | >20,000 | 0.03% | 14.2% | 18 |

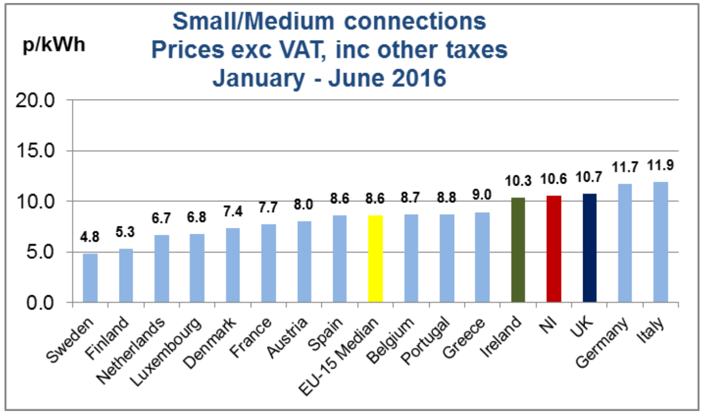
*Source: NIEN*

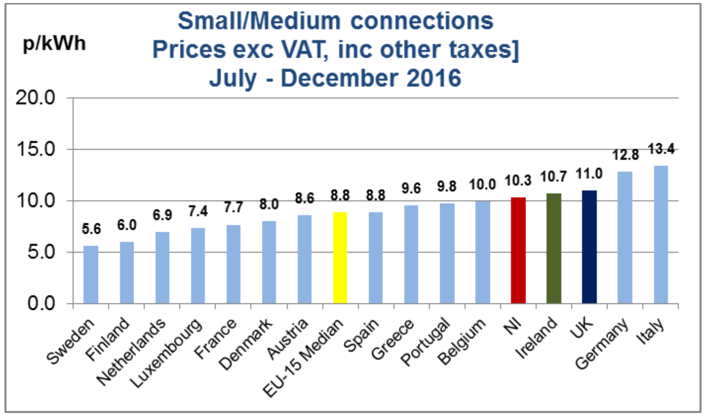

Very small connections
Prices exc VAT, inc other taxes
January - June 2016
p/kWh
25.0
20.0
15.0
10.0
5.0
0.0
Finland 6.8
Sweden 9.7
Netherlands 10.7
France 11.4
Austria 12.4
Luxembourg 12.7
NI 12.8
UK 12.9
EU-15 Median 14.2
Denmark 14.2
Ireland 15.1
Belgium 15.2
Portugal 15.6
Greece 15.7
Germany 17.2
Spain 19.3
Italy 21.0

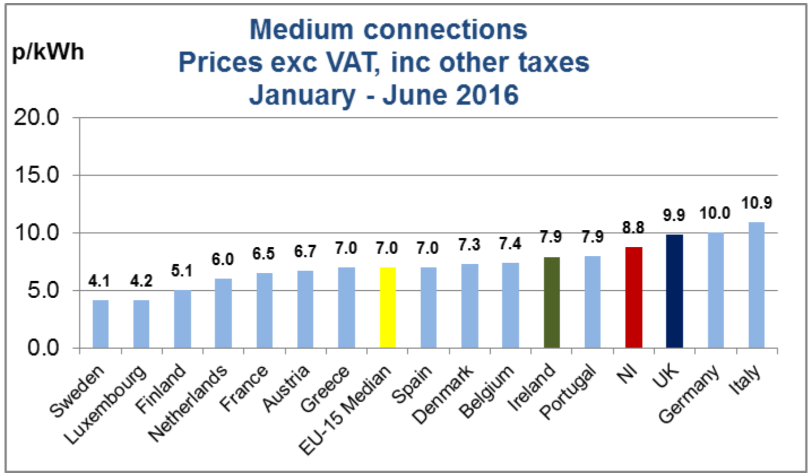

Very small connections
Prices exc VAT, inc other taxes
July - December 2016
p/kWh
25.0
20.0
15.0
10.0
5.0
0.0
Finland 7.6
NI 11.8
Netherlands 12.2
France 12.3
Sweden 12.6
UK 12.6
Austria 13.8
Luxembourg 14.0
Denmark 15.7
EU-15 Median 15.7
Greece 16.7
Belgium 16.8
Ireland 16.9
Germany 18.5
Portugal 19.1
Spain 21.3
Italy 23.1

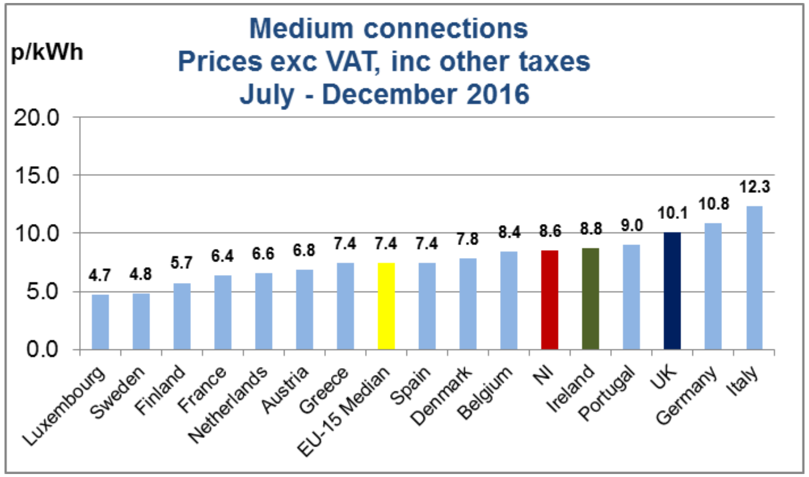

Small connections
Prices exc VAT, inc other taxes
January - June 2016
p/kWh
20.0
15.0
10.0
5.0
0.0
Sweden 5.6
Finland 6.4
Denmark 7.8
Luxembourg 7.9
France 9.3
Austria 9.6
Netherlands 10.7
EU-15 Median 11.4
Spain 11.4
Belgium 11.6
Portugal 11.7
UK 12.0
NI 12.0
Ireland 12.4
Greece 12.6
Germany 13.6
Italy 14.0

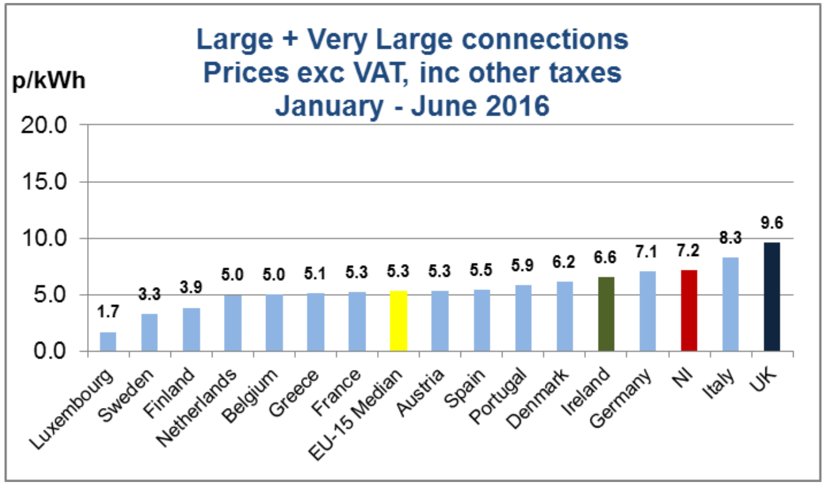

Small connections
Prices exc VAT, inc other taxes
July - December 2016
p/kWh
20.0
15.0
10.0
5.0
0.0
Sweden 6.6
Finland 7.3
Denmark 8.6
Luxembourg 8.7
Netherlands 8.8
France 9.5
Austria 10.4
NI 11.8
Spain 12.1
EU-15 Median 12.1
UK 12.2
Ireland 13.2
Greece 13.3
Portugal 13.5
Belgium 13.5
Germany 14.8
Italy 15.6

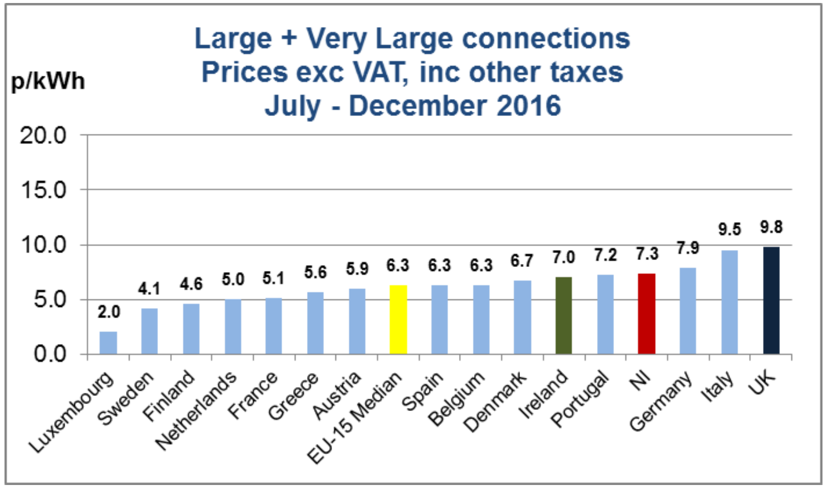

Small/Medium connections
Prices exc VAT, inc other taxes
January - June 2016
p/kWh
20.0
15.0
10.0
5.0
0.0
Sweden 4.8
Finland 5.3
Netherlands 6.7
Luxembourg 6.8
Denmark 7.4
France 7.7
Austria 8.0
Spain 8.6
EU-15 Median 8.6
Belgium 8.7
Portugal 8.8
Greece 9.0
Ireland 10.3
NI 10.6
UK 10.7
Germany 11.7
Italy 11.9


Small/Medium connections
Prices exc VAT, inc other taxes]
July - December 2016
p/kWh
20.0
15.0
10.0
5.0
0.0
Sweden 5.6
Finland 6.0
Netherlands 6.9
Luxembourg 7.4
France 7.7
Denmark 8.0
Austria 8.6
EU-15 Median 8.8
Spain 8.8
Greece 9.6
Portugal 9.8
Belgium 10.0
NI 10.3
Ireland 10.7
UK 11.0
Germany 12.8
Italy 13.4




*Source: NI electricity suppliers, Eurostat and UR internal calculations*

# 4 Gas in the Greater Belfast area

## 4.1 Connections and consumption in the Greater Belfast area

The table below shows gas connection numbers in the Greater Belfast area at the end of December 2016 and the consumption in this area during January to December 2016.

**Table 12 Gas connections and consumption per market segment in the Greater Belfast area**

Connections as of end of Q4 2016
Total Consumption 2016

| Market sector | Number of connections | % share of connections in sector | Consumption (MWh)[12] | % share of consumption in sector |
|---|---|---|---|---|
| Domestic prepayment | 119,519 | 62.2% | 1,052,312 | 47.1% |
| Domestic credit | 65,003 | 33.8% | 1,179,869 | 52.9% |
| I&C < 73,200 kWh | 7,761 | 4.0% | | |
| **Total Domestic and Small I&C[13]** | **192,283** | **100%** | **2,232,181** | **100%** |
| | | | | |
| I&C 73,200 to 732,000 kWh | 2,767 | 87.7% | 585,565 | 30.4% |
| I&C 732,001 to 2,196,000 kWh | 280 | 8.9% | 316,214 | 16.4% |
| I&C > 2,196,000 kWh | 107 | 3.4% | 1,026,392 | 53.2% |
| **Medium & Large I&C[14]** | **3,154** | **100%** | **1,928,170** | **100%** |
| | | | | |
| **Total** | **195,437** | | **4,160,351** | |

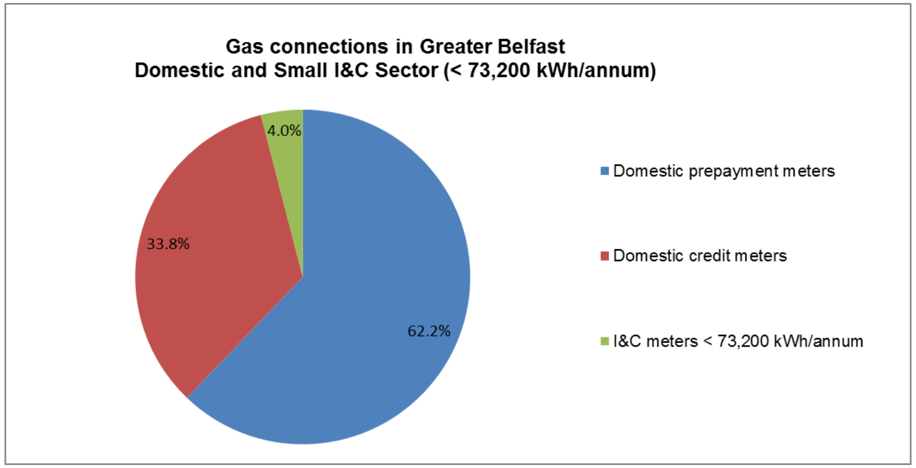
*Source: PNGL*

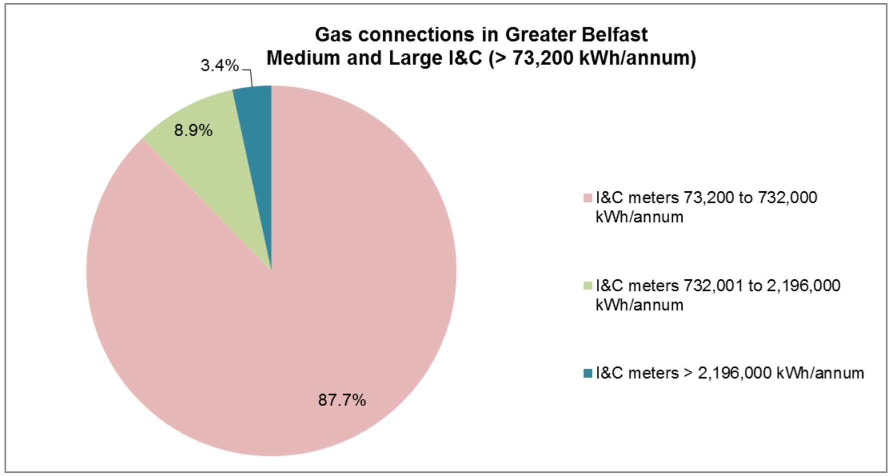
At the end of 2016 the domestic and small I&C connections represent 98.4% of the total connections and 53.7% by consumption. The remaining 1.6% of connections are medium and large I&C which represent 46.3% of consumption.

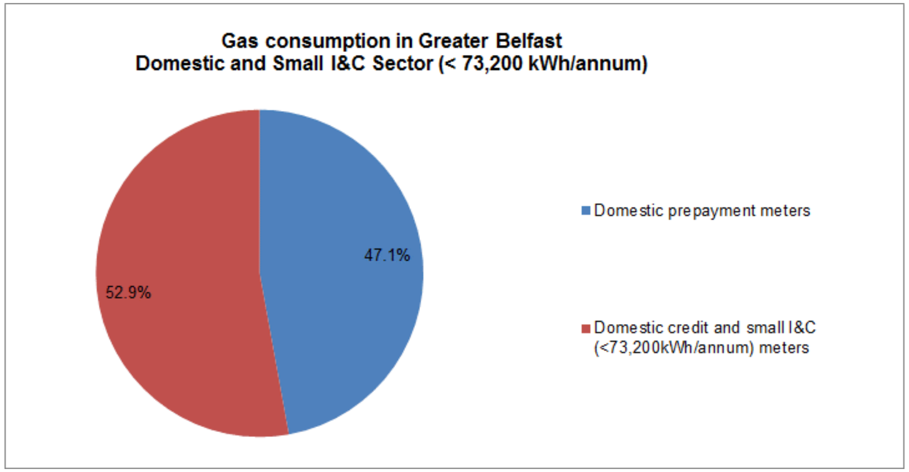
Within the domestic sector, 64.8% of the connections use prepayment meters and 35.2% use credit meters to pay for their gas.

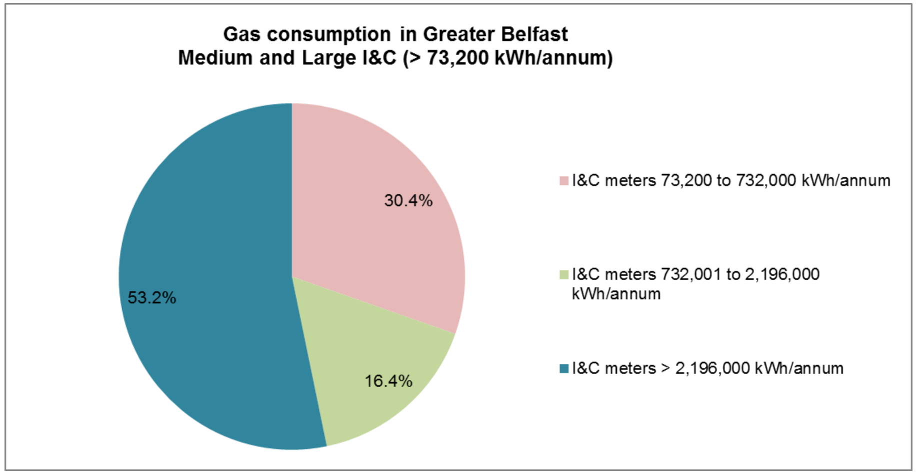
[12] Gas consumption is presented in MWh (previously up to 2015 gas consumption was presented in Therms in the ATRs).
[13] The domestic and small I&C sector relates to any customers using less than 73,200 kWh per annum. The consumption information for domestic credit and small I&C are combined as this information is not available separately.
[14] The medium and large I&C sector relates to any customers with annual consumption that is greater than or equal to 73,200 kWh per annum.

The charts below show the numbers of gas connections in the Greater Belfast area at the end of December 2016 and the consumption in this area during January to December 2016.



## 4.2 Gas market shares in the Greater Belfast area

This section provides information on the connection numbers and consumption, by supplier, in the Greater Belfast area. The market shares in terms of connections are as at the end of December 2016 and the market shares in terms of consumption are for the period January to December 2016. There are five suppliers in the domestic and small I&C sector, although only two of these suppliers are active in the domestic market. In the medium and large I&C market there are currently six active suppliers.

### Gas shares by connections numbers

The table below shows the market shares for each supplier within the domestic and small I&C sector in the Greater Belfast area. The market shares are shown as number of connections per supplier and also as a percentage share within the sector (as at the end of December 2016).

**Table 13 Domestic and small I&C[15] market shares by connections**

Connections as of end of Q4 2016

| Supplier | Domestic prepayment | | Domestic Credit | | I&C < 73,200 kWh | | Total for Domestic and Small I&C | |
|---|---|---|---|---|---|---|---|---|
| SSE Airtricity | 84,254 | 70.5% | 51,835 | 79.7% | 5,275 | 68.0% | **141,364** | **73.5%** |
| firmus energy | 35,265 | 29.5% | 13,168 | 20.3% | 965 | 12.4% | **49,398** | **25.7%** |
| Vayu | 0 | 0% | 0 | 0% | 15 | 0.2% | **15** | **0.01%** |
| Go Power | 0 | 0% | 0 | 0% | 802 | 10.3% | **802** | **0.4%** |
| Flogas | 0 | 0% | 0 | 0% | 704 | 9.1% | **704** | **0.4%** |
| | | | | | | | | |
| **Total** | **119,519** | **100%** | **65,003** | **100%** | **7,761** | **100%** | **192,283** | **100%** |

*Source: PNGL*

In terms of market shares by connections, SSE Airtricity (the incumbent supplier) retains a significant share of the domestic and small I&C market of currently 73.5%.

Flogas and Go Power market shares, in terms of connection numbers, are gradually increasing each quarter with a combined share of the domestic and small I&C market of 0.8%.

[15] The domestic and small I&C sector relates to any customers using less than 73,200 kWh per annum.

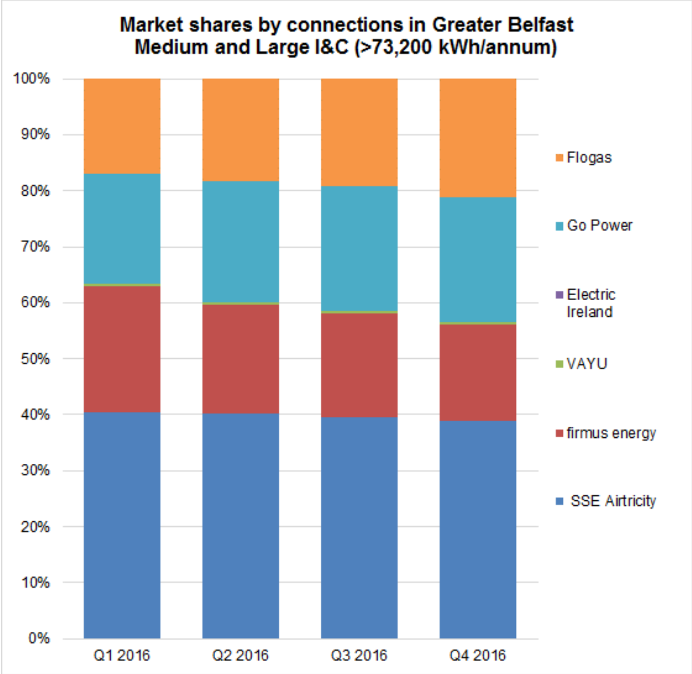
The table below shows the market shares for each supplier within the medium and large I&C sector (i.e. I&Cs with consumption over 73,200 kWh per annum) in the Greater Belfast area at the end of December 2016. The corresponding graph shows the change in market shares by supplier within the same sector during 2016.

### Table 14 Medium and large I&C[16] market shares by connections

Connections as of end of Q4 2016

| Supplier | I&C 73,200 to 732,000 kWh | | I&C 732,001 to 2,196,000 kWh | | I&C > 2,196,000 kWh | | Total for Medium and Large I&C | |
|---|---|---|---|---|---|---|---|---|
| SSE Airtricity | 1,066 | 38.5% | 114 | 40.7% | 48 | 44.9% | **1,228** | **38.9%** |
| firmus energy | 410 | 14.8% | 98 | 35.0% | 35 | 32.7% | **543** | **17.2%** |
| Vayu | 10 | 0.4% | 1 | 0.4% | 0 | 0% | **11** | **0.3%** |
| Electric Ireland | 0 | 0% | 0 | 0% | 3 | 2.8% | **3** | **0.1%** |
| Go Power | 664 | 24.0% | 28 | 10.0% | 13 | 12.1% | **705** | **22.4%** |
| Flogas | 617 | 22.3% | 39 | 13.9% | 8 | 7.5% | **664** | **21.1%** |
| | | | | | | | | |
| **Total** | **2,767** | **100%** | **280** | **100%** | **107** | **100%** | **3,154** | **100%** |

*Source: PNGL*




Competition in the medium and large I&C market is more active in the Greater Belfast area. At the end of 2016, Go Power and Flogas had 22.4% and 21.1% share of the medium and large I&C market respectively.

[16] The medium and large I&C sector relates to any customers with annual consumption that is greater than or equal to 73,200 kWh per annum.

## Gas shares by consumption[17]

This section provides information on the consumption, by supplier, in the Greater Belfast area during 2016. The table below shows the market shares for each supplier within the domestic and small I&C sector in the Greater Belfast area.

### Table 15 Domestic and small I&C[18] market shares by consumption

Total Consumption 2016

| Supplier | Total for Domestic and Small I&C Sector (MWh) | % share |
|---|---|---|
| SSE Airtricity | 1,569,210 | 70.3% |
| firmus energy | 629,648 | 28.2% |
| Vayu | 342 | 0.02% |
| Go Power | 15,166 | 0.7% |
| Flogas | 17,814 | 0.8% |
| | | |
| **Total** | **2,232,181** | **100%** |

*Source: PNGL*

SSE Airtricity has retained the majority of the domestic and small I&C market share in the Greater Belfast area during 2016. Based on consumption their percentage market share in 2016 was 70.3%.

firmus energy's market share for 2016 was 28.2%. The market share of the remaining suppliers based on consumption levels continues to be minimal as they are not active in the domestic market and supply only to a limited number of small I&C customers.

[17] Gas consumption is presented in this QTR in MWh.
[18] The domestic and small I&C sector relates to any customers using less than 73,200 kWh per annum.

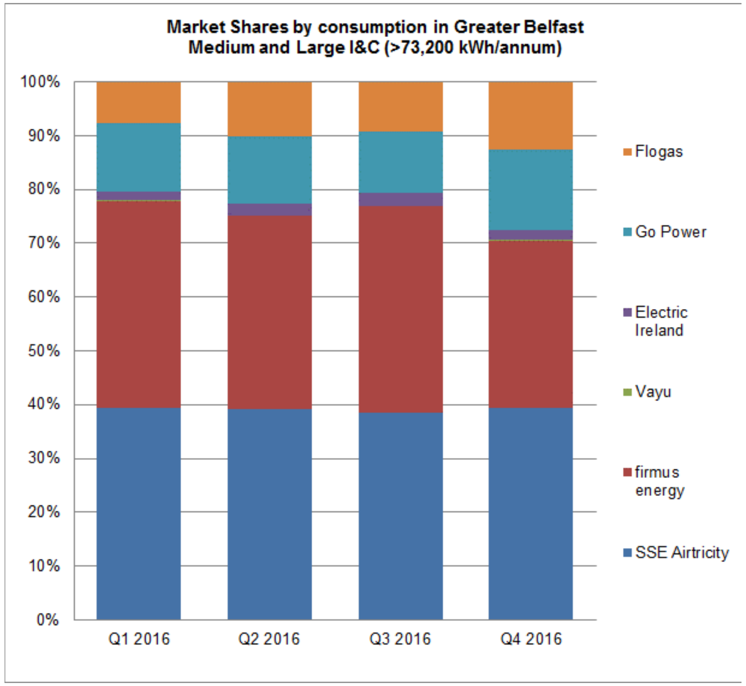
The table below shows the market shares for each supplier within the medium and large I&C sector (i.e. those using at least 73,200 kWh per annum) in the Greater Belfast area during 2016. The corresponding graph shows the change in market shares by supplier within the same sector during 2016.

### Table 16 Medium and large I&C[19] market shares by consumption

Total Consumption 2016

| Supplier | I&C 73,200 to 732,000 kWh | | I&C 732,001 to 2,196,000 kWh | | I&C > 2,196,000 kWh | | Total for Medium and Large I&C | |
|---|---|---|---|---|---|---|---|---|
| | (MWh) | % share | (MWh) | % share | (MWh) | % share | (MWh) | % share |
| SSE Airtricity | 224,478 | 38.3% | 139,497 | 44.1% | 392,178 | 38.2% | **756,152** | **39.2%** |
| firmus | 125,142 | 21.4% | 117,962 | 37.3% | 445,644 | 43.4% | **688,748** | **35.7%** |
| Vayu | 1,713 | 0.3% | 1,108 | 0.4% | 0 | 0% | **2,822** | **0.1%** |
| Electric Ireland | 0 | 0% | 0 | 0% | 37,523 | 3.7% | **37,523** | **1.9%** |
| Go Power | 113,597 | 19.4% | 28,580 | 9.0% | 110,070 | 10.7% | **252,247** | **13.1%** |
| Flogas | 120,635 | 20.6% | 29,067 | 9.2% | 40,976 | 4.0% | **190,679** | **9.9%** |
| | | | | | | | | |
| **Total** | **585,565** | **100%** | **316,214** | **100%** | **1,026,392** | **100%** | **1,928,170** | **100%** |

*Source: PNGL*



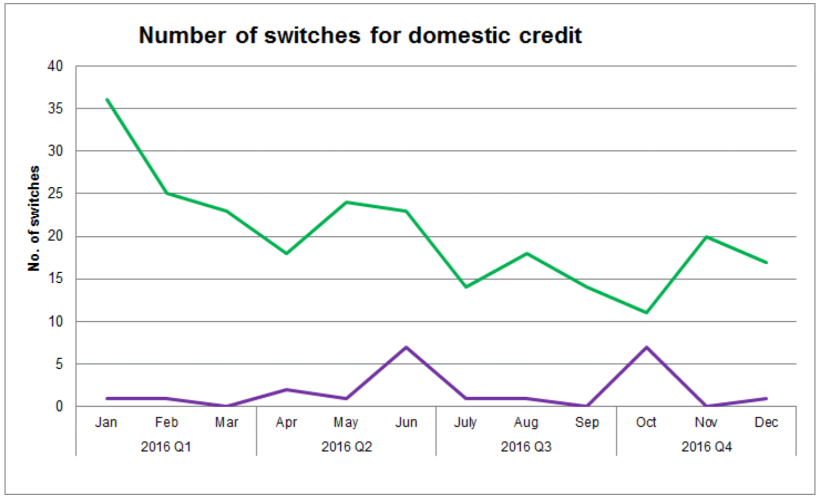

Market share by consumption fluctuates throughout the year due to the movement of customers between suppliers, and also due to the amount of gas consumed by each customer during different seasons (as gas usage can be weather dependent for many, but not all, customers).

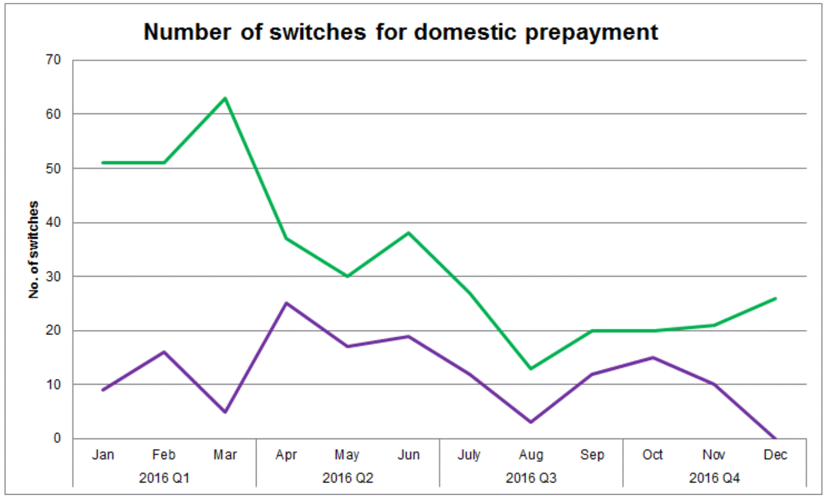
SSE Airtricity are the largest supplier in the Medium and Large I&C market with 39.2%, closely followed by firmus at 35.7%. New market entrants continue to display growth in this market segment with Go Power and Flogas market shares, by consumption, 13.1% and 9.9% respectively in 2016.

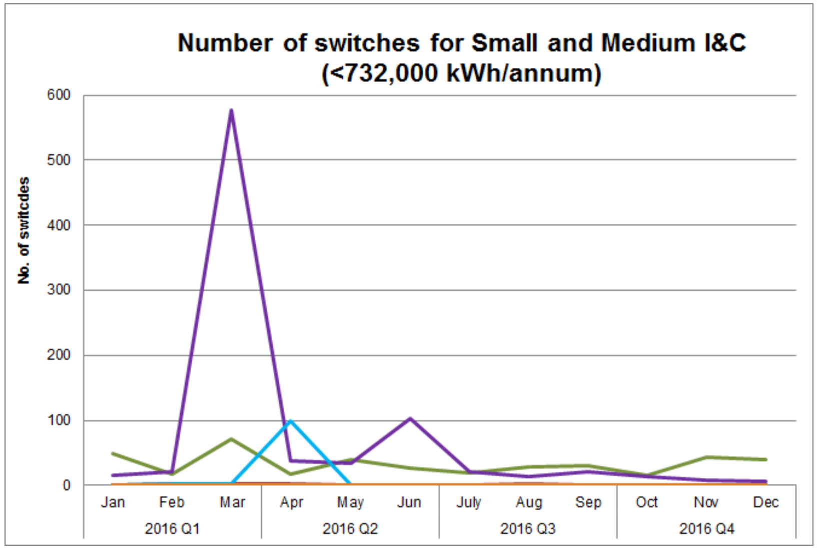
[19] The medium and large I&C sector relates to any customers with annual consumption that is greater than or equal to 73,200 kWh per annum.

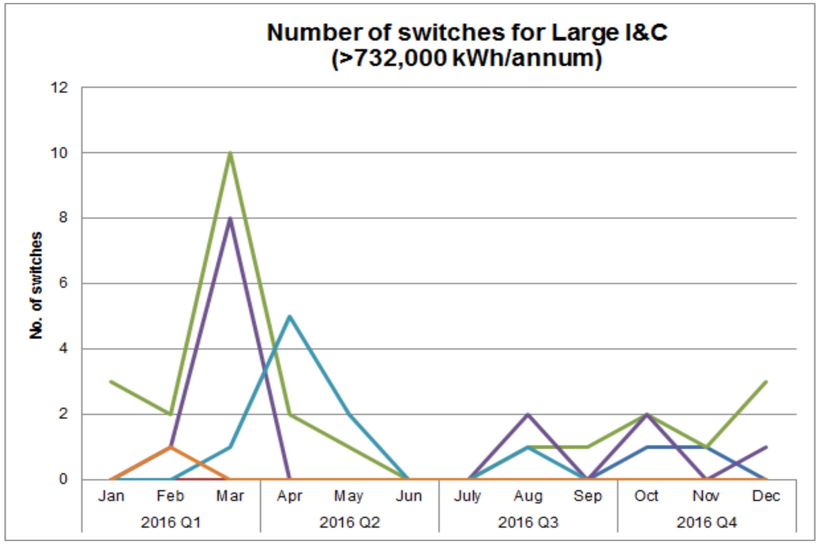
## 4.3 Market activity in the Greater Belfast area

The line charts below reflect the number of switching gains per market sector in the Greater Belfast area. The switching gains are displayed by supplier; however the supplier names have been anonymised. Note that prepayment switches, within the domestic sector, include switches back to the previous supplier in cases where the customer has not taken the required action to complete their switch.



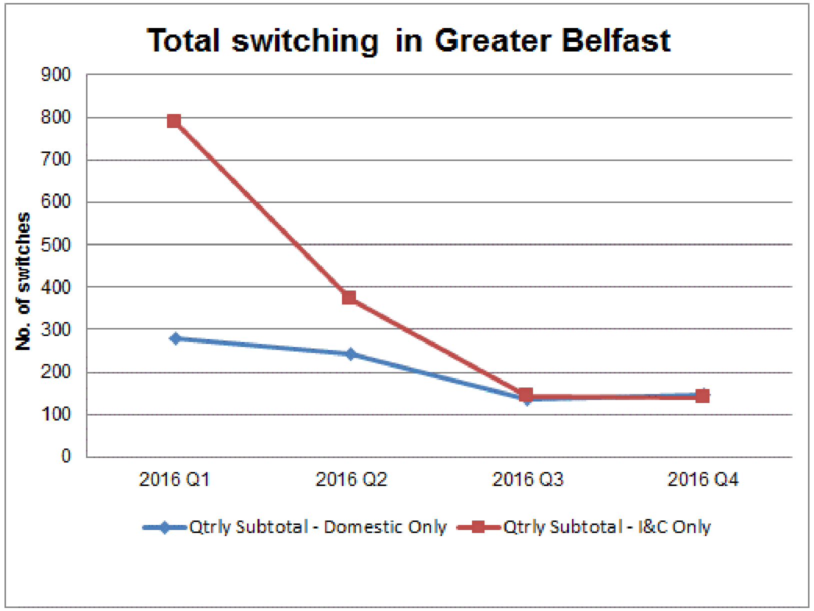
There are only two active suppliers in the domestic market and market switching has continued at a low level. The I&C graphs above represent the split between the small and medium I&C customers (i.e. customers consuming less than 732,000 kWh per annum) and large I&C consumers (i.e. consuming more than 732,000 kWh per annum). Following a spike in switching in the small and medium I&C sector (<732,000 kWh/annum) at the end of Q1 2016 the switching levels returned to lower levels for Q3 and Q4 2016.

The table below shows market activity through the number of customer switches on a quarterly basis in the Greater Belfast gas market and the associated percentage switching rate. The switching rate percentages are calculated using the number of quarterly switches divided by the number of customers at the end of the quarter in the relevant market.

### Table 17 Market activity in the Greater Belfast area

| Period | Domestic Switching | | I&C Switching | | Total Switching | |
|---|---|---|---|---|---|---|
| 2016 Q1 | 281 | 0.2% | 789 | 7.3% | 1,070 | 0.6% |
| 2016 Q2 | 241 | 0.1% | 370 | 3.4% | 611 | 0.3% |
| 2016 Q3 | 135 | 0.1% | 143 | 1.3% | 278 | 0.1% |
| 2016 Q4 | 148 | 0.1% | 140 | 1.3% | 288 | 0.1% |

*Source: PNGL*




The graph to the right represents the total number of switches completed on a monthly basis, split by the domestic and I&C markets. The graph shows that the overall level of switching peaked in both sectors in Q1 2016, with a downward trajectory for the remaining year.

# 5 Gas in the Ten Towns area

## 5.1 Connections and consumption in the Ten Towns area

The table below shows gas connection numbers in the Ten Towns area at the end of 2016 and the consumption in this area during January to December 2016

**Table 18 Gas connections and consumption per market segment in the Ten Towns area**

Connections as of end of Q4 2016
Total Consumption 2016

| Market segment | Number of connections | % share of connections in sector | Consumption (MWh)[20] | % share of consumption in sector |
|---|---|---|---|---|
| Domestic prepayment | 26,672 | 85.8% | 214,096 | 77.8% |
| Domestic credit | 3,170 | 10.2% | 61,068 | 22.2% |
| I&C < 73,200 kWh | 1,233 | 4.0% | | |
| ***Total Domestic and Small I&C[21]*** | **31,075** | **100.0%** | **275,165** | **100%** |
| | | | | |
| I&C 73,200 to 732,000 kWh | 911 | 78.5% | 240,737 | 16.1% |
| I&C 732,001 to 2,196,000 kWh | 158 | 13.6% | 179,949 | 12.0% |
| I&C > 2,196,000 kWh | 91 | 7.8% | 1,078,380 | 71.9% |
| **Medium & Large I&C[22]** | **1,160** | **100%** | **1,499,067** | **100.0%** |
| | | | | |
| **Total** | **32,235** | | **1,774,231** | |

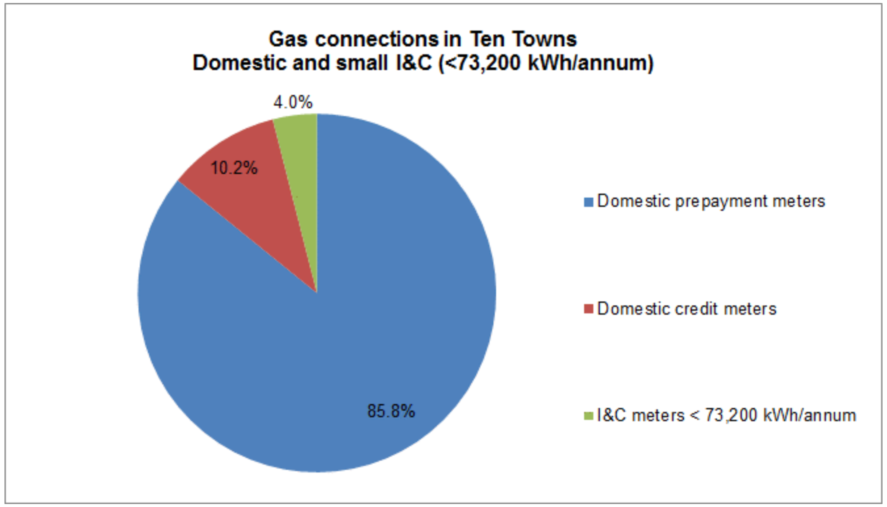
*Source: feDL*

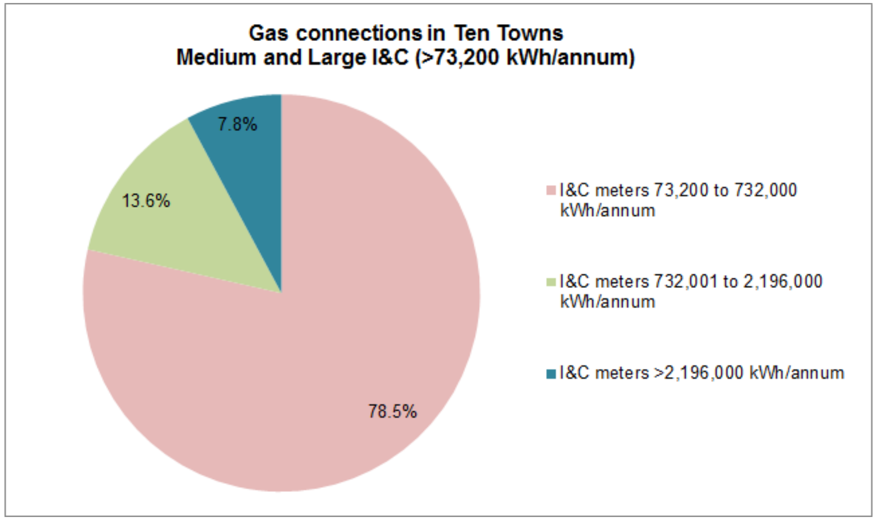
At the end of 2016, the domestic and small I&C connections represent 96.4% of the total connections and 15.5% of consumption. The remaining 3.6% are medium and large I&C connections and represent 84.5% of total consumption in this area.

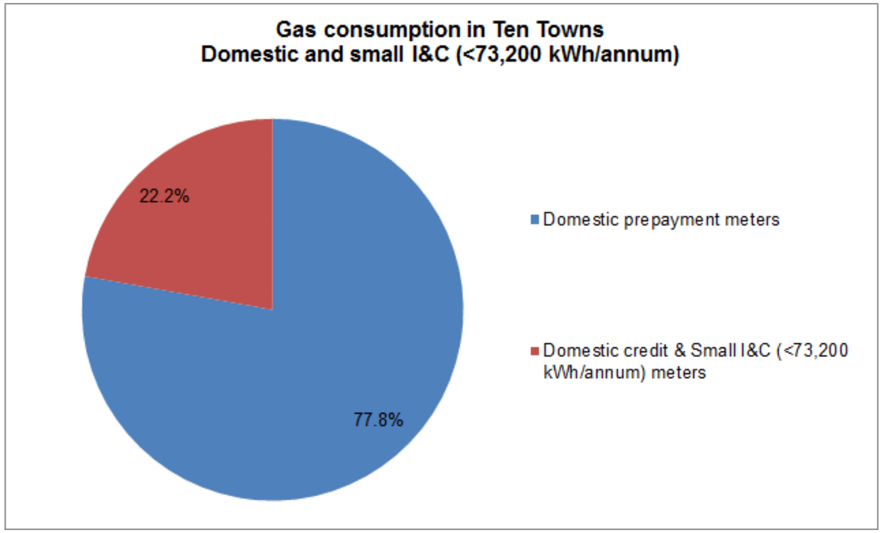
Within the domestic sector, 89.4% of the domestic connections use prepayment meters and 10.6% use credit meters to pay for their gas.

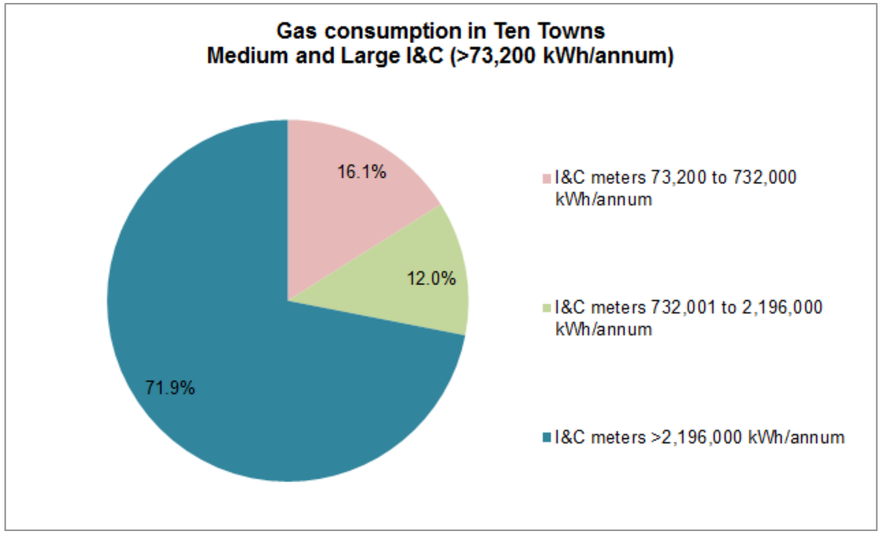
[20] Gas consumption is presented in this ATR in MWh. It is important to note that gas consumption was presented in Therms in the ATRs for 2015 and previous years.
[21] The domestic and small I&C sector relates to any customers using less than 73,200 kWh per annum. The consumption information for domestic credit and small I&C are combined as this information is not available to us with a full split.
[22] The medium and large I&C sector relates to any customers with annual consumption that is greater than or equal to 73,200 kWh per annum.

The charts below show the numbers of gas connections in the Ten Towns area at the end of 2016 and the consumption in this area during January to December 2016.



## 5.2 Gas market shares in the Ten Towns area

This section provides information on the connection numbers and consumption, by supplier, in the Ten Towns area. The market shares in terms of connections are as at the end of December 2016 and the market shares in terms of consumption are for the period January to December 2016.

Competition opened in the Ten Towns large I&C market (>732,000 kWh per annum) in October 2012. The remainder of the market opened to competition in April 2015. There were four suppliers in the domestic and small I&C sector at the end of 2016, although only one supplier was active in the domestic market (the incumbent supplier). In the medium and large I&C market there were four active suppliers.

### Gas shares by connections numbers

The table below shows the market shares for each supplier within the domestic and small I&C sector in the Ten Towns area.

**Table 19 Domestic and small I&C[23] market shares by connections**

End of Q4 2016

| Supplier | Domestic prepayment | | Domestic credit | | I&C < 73,200 kWh | | Total for Domestic and Small I&C | |
|---|---|---|---|---|---|---|---|---|
| SSE Airtricity | 0 | 0% | 0 | 0% | 52 | 4.2% | **52** | **0.2%** |
| firmus energy | 26,672 | 100% | 3,170 | 100% | 904 | 73.3% | **30,746** | **98.9%** |
| Go Power | 0 | 0% | 0 | 0% | 49 | 4.0% | **49** | **0.2%** |
| Flogas | 0 | 0% | 0 | 0% | 228 | 18.5% | **228** | **0.7%** |
| | | | | | | | | |
| **Total** | **26,672** | **100%** | **3,170** | **100%** | **1,233** | **100%** | **31,075** | **100%** |

*Source: feDL*

firmus energy, the incumbent supplier, is the only domestic supplier in the Ten Towns area. In terms of market share by connections, firmus energy retains the majority of the small I&C market with 73.3% share at the end of 2016. The competing suppliers in the small I&C market, SSE Airtricity, Go Power and Flogas have been steadily increasing their market shares since entering the I&C market. At the end of 2016, the collective market share of these three suppliers was 26.7%.

[23] The domestic and small I&C sector relates to any customers using less than 73,200 kWh per annum.

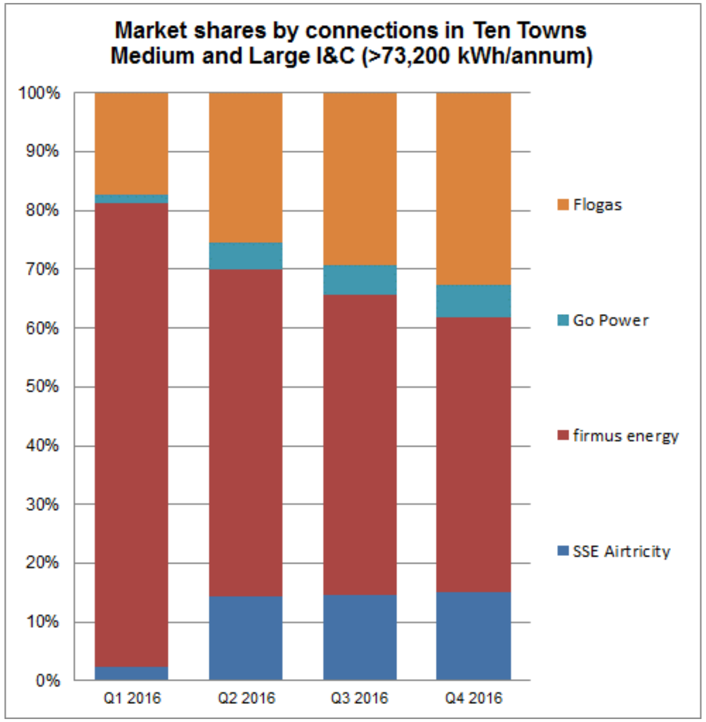
The following table shows the market shares for each supplier within the medium and large I&C sector (i.e. I&Cs with consumption over 73,200 kWh per annum) in the Ten Towns area at the end of 2016. The corresponding graph shows the change in market shares by supplier within the same sector during the year.

**Table 20 Medium and large I&C[24] market shares by connections**

End of 2016

| Supplier | I&C 73,200 to 732,000 kWh | | I&C 732,001 to 2,196,000 kWh | | I&C > 2,196,000 kWh | | Total for Medium and Large I&C | |
|---|---|---|---|---|---|---|---|---|
| SSE Airtricity | 125 | 13.7% | 28 | 17.7% | 21 | 23.1% | **174** | **15.0%** |
| firmus energy | 379 | 41.6% | 104 | 65.8% | 61 | 67.0% | **544** | **46.9%** |
| Go Power | 44 | 4.8% | 12 | 7.6% | 8 | 8.8% | **64** | **5.5%** |
| Flogas | 363 | 39.8% | 14 | 8.9% | 1 | 1.1% | **378** | **32.6%** |
| | | | | | | | | |
| **Total** | **911** | **100%** | **158** | **100%** | **91** | **100%** | **1,160** | **100%** |

*Source: feDL*




Competing suppliers are more active in the medium and large I&C market than the small I&C market in the Ten Towns area.

Overall in the medium and large sector market shares of SSE Airtricity, Go Power and Flogas were 15.0%, 5.5% and 32.6% respectively at the end of 2016. The shares of firmus energy, the incumbent supplier, stands at 46.9% over the same period.

[24] The medium and large I&C sector relates to any customers with annual consumption that is greater than or equal to 73,200 kWh per annum.

## Gas shares by consumption (MWh[25])

This section provides information on the consumption, by supplier, in the Ten Towns area. The market shares in terms of consumption are for the period from January to December 2016.

### Table 21 Domestic and small I&C[26] market shares by consumption

Total Consumption 2016

| Supplier | Total for Domestic and Small I&C Sector (MWh) | % share |
|---|---|---|
| SSE Airtricity | 1,066 | 0.4% |
| firmus energy | 268,943 | 97.7% |
| Go Power | 852 | 0.3% |
| Flogas | 4,303 | 1.6% |
| | | |
| **Total** | **275,165** | **100%** |

*Source: feDL*

As firmus energy is the only supplier in the domestic market they hold the large majority of the market share by consumption in the domestic and small I&C sector.

The other competing suppliers in the small I&C section of this market (SSE Airtricity, Go Power and Flogas) have been active since Q3 2015 and are gradually increasing their market share as they take on more customers. During 2016 their combined market share in terms of consumption in the domestic and small I&C market was 2.3%.

[25] Gas consumption is presented in this QTR in MWh. It is important to note that gas consumption was presented in Therms in the QTRs for 2015 and previous years.
[26] The domestic and small I&C sector relates to any customers using less than 73,200 kWh per annum.

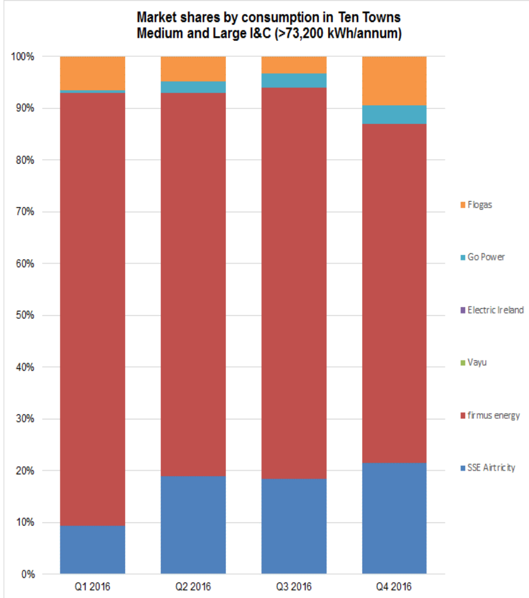
The table below shows the market shares for each supplier within the medium and large I&C sector (I&Cs using more than 73,200 kWh per annum) in the Ten Towns area during 2016.

### Table 22 Medium and large I&C[27] market shares by consumption

Total Consumption 2016

| Supplier | I&C 73,200 to 732,000 kWh (MWh) | % share | I&C 732,001 to 2,196,000 kWh (MWh) | % share | I&C > 2,196,000 kWh (MWh) | % share | Total for Medium and Large I&C (MWh) | % share |
|---|---|---|---|---|---|---|---|---|
| SSE Airtricity | 21,945 | 9.1% | 33,727 | 18.7% | 189,622 | 17.6% | **245,294** | **16.4%** |
| firmus energy | 136,151 | 56.6% | 123,406 | 68.6% | 867,792 | 80.5% | **1,127,349** | **75.2%** |
| Go Power | 7,480 | 3.1% | 9,516 | 5.3% | 14,406 | 1.3% | **31,401** | **2.1%** |
| Flogas | 75,161 | 31.2% | 13,300 | 7.4% | 6,561 | 0.6% | **95,023** | **6.3%** |
| | | | | | | | | |
| **Total** | **240,737** | **100%** | **179,949** | **100%** | **1,078,380** | **100%** | **1,499,067** | **100%** |

*Source: feDL*

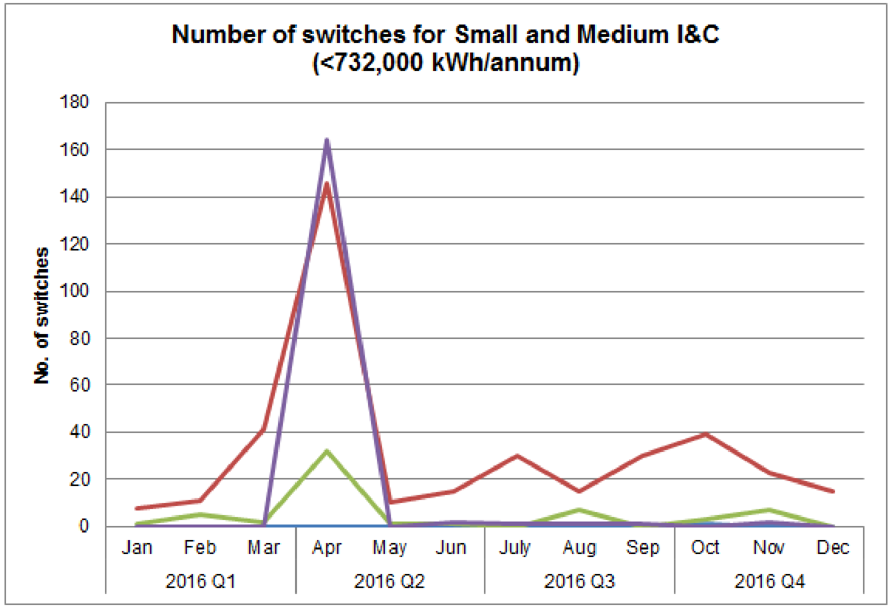



In terms of market share by consumption, firmus energy retains the largest share of the medium and large I&C sector. At the end of 2016, firmus energy has 75.2% share of this market sector. However market dynamics are changing as SSE Airtricity, Go Power and Flogas have all gained market share during the year.

[27] The medium and large I&C sector relates to any customers with annual consumption that is greater than or equal to 73,200 kWh per annum.

## 5.3 Market activity in the Ten Towns area

The line graphs below reflect the number of switching gains in the I&C market sector in the Ten Towns area. The switching gains are displayed by supplier; however the supplier names have been anonymised. There is no information is provided on domestic switching in the Ten Towns area as there are no competing suppliers in the domestic market.




These line graphs represent the split between the price-regulated and non price-regulated sectors in the Ten Towns. In both sectors there was a spike in the number of switches in April 2016 and then the switching numbers returned to lower levels.

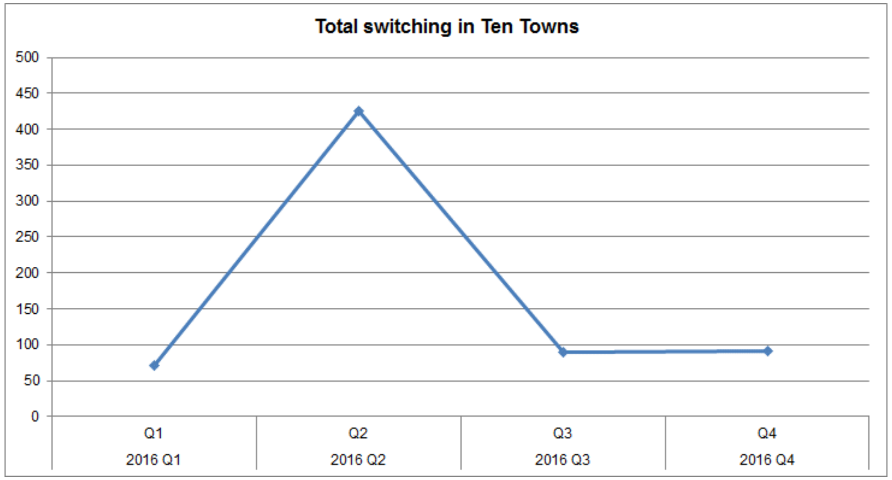
The table to the right shows market activity through the number of switches on a quarterly basis in the Ten Towns gas market and the associated percentage switching rate. The switching rate percentages are calculated using the number of quarterly switches divided by the number of customers at the end of the quarter in the relevant market.

### Table 23 Market activity in the Ten Towns area

| Period | I&C Switching | |
|---|---|---|
| 2016 Q1 | 72 | 3.1% |
| 2016 Q2 | 426 | 18.3% |
| 2016 Q3 | 89 | 3.8% |
| 2016 Q4 | 92 | 3.8% |

*Source: feDL*

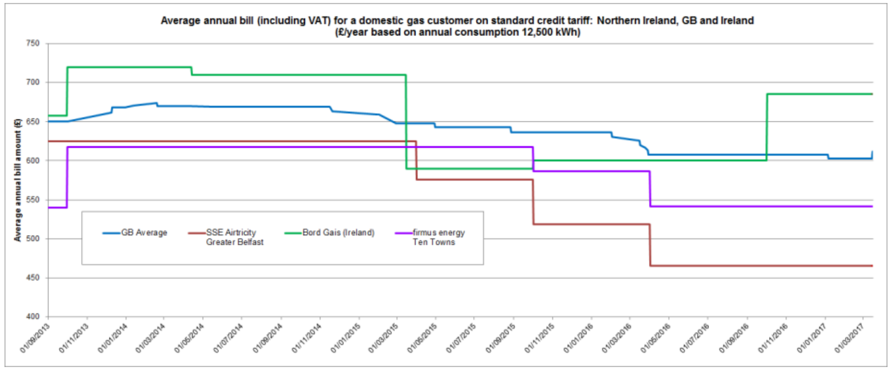
The overall level of switching has been consistently low in the Ten Towns however there was a substantial increase in switches within the I&C sector in April 2016 which is shown in the graph below.



# 6 Gas prices in the Greater Belfast & Ten Towns areas

## 6.1 Comparison against GB and RoI standard tariffs

The graph below compares gas domestic prices for standard gas tariffs. It shows a GB average which includes the 'Big Six' suppliers[28]. The annual usage estimate used is 12,500 kWh. The tariffs used for comparison purposes are the standard tariff rates for domestic credit customers excluding any discounts that might be available such as payment by direct debit, viewing bills online etc.




*Source: GB, ROI & NI published tariffs collated by UR*

Each of the Big 6 Suppliers in GB decreased their standard domestic gas tariffs during Q1 2016. These decreases ranged from 5% to 5.4% and took effect between 1st February 2016 and 29 March 2016. In the Republic of Ireland (RoI) Bord Gais announced a reduction of 2.5% off its gas tariffs from 1 October 2015 and another reduction of 2.5% from 1 October 2016. These reductions are both included in the figures used to plot the graph above but on each occasion the price change is displayed as an increase on the graph. This is because, for the purposes of tariff comparison, we convert the RoI tariff from Euro to GBP using the exchange rate applicable at the date of each tariff change. The fluctuations in the exchange rate therefore can have a material effect on the figures reflected in the graph.

In NI, SSE Airtricity decreased its domestic tariff in the Greater Belfast area by 10% from 1 October 2015. SSE Airtricity then announced a further decrease of 10.2% to its tariffs in the Greater Belfast area. This decrease took effect from 1 April 2016.

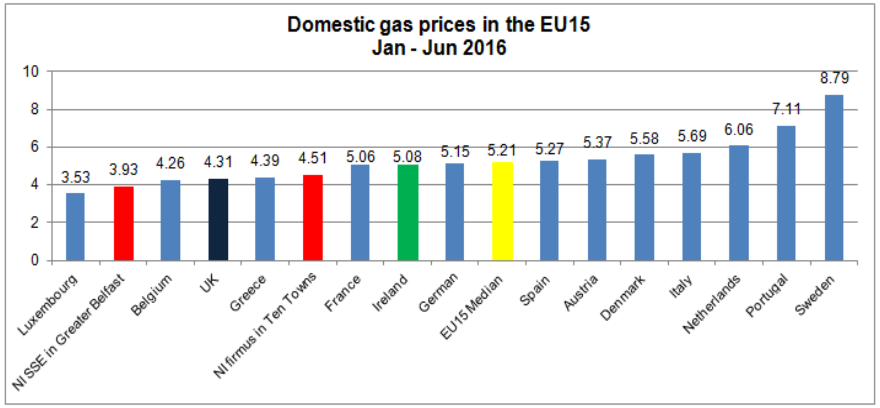
The firmus energy tariffs in the Ten Towns area were reduced by 5% from 1 October 2015. firmus energy then implemented a further reduction of 7.7% to their tariffs in the Ten Towns area which took effect from 1 April 2016.

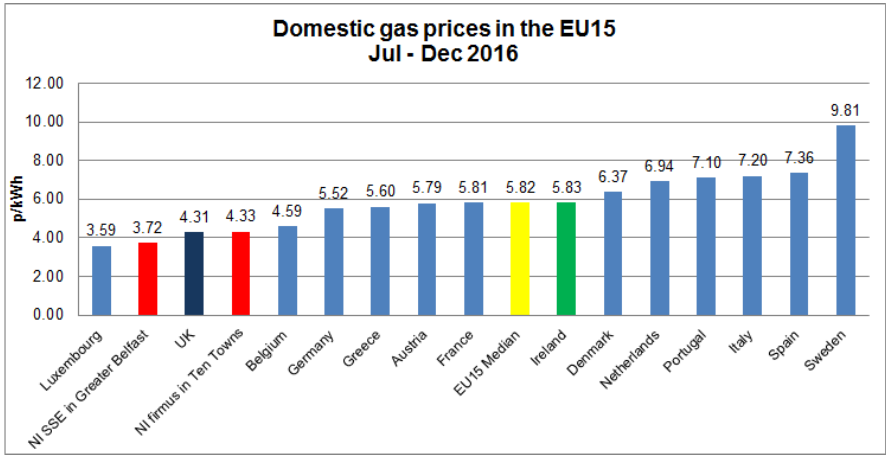
## 6.2 Comparison against EU prices

The graph below compares NI regulated gas tariffs with the prices for other countries in Europe, including taxes, for the period January to June 2016 (semester 1) and July to December 2016 (semester

[28] The larger energy suppliers in GB (often called the 'Big Six') are the companies that supply most of the energy to domestic households in the GB market. They are: British Gas, E.ON UK, Scottish and Southern Energy (SSE), nPower, EDF Energy and Scottish Power.

2).




*Source: Eurostat and NI published tariffs collated by UR*

The NI price for Greater Belfast shown in the graph is based on the standard credit tariff of SSE Airtricity, including VAT,that applied during each semester. The average pence per kWh was calculated based on a domestic customer with average annual consumption of 12,500 kWh.

- The SSE Airtricity tariff that applied during the period January to March 2016 was: 5.635 p/kWh for first 2000 kWh, and then 3.862 p/kWh;
- The SSE Airtricity tariff that applied during the period July to December 2016 was: 5.061 p/kWh for first 2000 kWh, and then 3.468 p/kWh.

The NI price for Ten Towns shown in the graph is based on the standard credit tariff of firmus energy, including VAT, that applied during Semester 1 and 2 2016. The average pence per kWh was calculated based on a domestic customer with average annual consumption of 12,500 kWh.

- The firmus energy tariff that applied during the period January to March 2016 was 6.464 p/kWh for first 2000 kWh, and then 4.357 p/kWh;
- The firmus energy tariff that applied during the period April to June 2016 was: 5.965 p/kWh for first 2000 kWh, and then 4.022 p/kWh.

The prices for the EU countries shown in the graph above are the average domestic gas prices for medium consumers (5,557-55,556 kWh per annum) during the period from January to December 2016. These prices include taxes. These prices are published by Eurostat.

As is evident from the graph, Northern Ireland’s gas prices rank in the lower quartile and are amongst the lowest in Europe when compared to the EU15.

# Glossary

| | |
|---|---|
| ATR | Annual Transparency Report |
| CCL | The Climate Change Levy (CCL) is a tax on electricity, gas and solid fuels delivered to I&C consumers. Its objective is to encourage businesses to reduce their energy consumption or use energy from renewable sources. The rate changes every year. |
| CoS | Change of supplier |
| ERGEG | European Regulators' Group for Electricity and Gas |
| EU | European Union |
| Eurostat | Statistical office of the EU. Its task is to provide the EU with statistics at European level that enable comparisons between countries and regions |
| feDL | firmus energy (Distribution) Limited |
| firmus energy | firmus energy (Supply) Limited |
| GB | Great Britain |
| GBP | Great British Pound |
| I&C | Industrial and Commercial |
| kWh | Kilowatt hour. Unit of energy equivalent to one kilowatt (1kW) of power expended for one hour (1h) of time. 1,000kWh = 1MWh. 1,000MWh = 1GWh. |
| NI | Northern Ireland |
| NIEN | Northern Ireland Electricity Networks |
| LEU | Large Energy Users |
| Ofgem | Office of the Gas and Electricity Markets |
| PNGL | Phoenix Natural Gas Limited |
| Q | Quarter. In this report, Q refers to the calendar year (i.e. Q1 refers to the quarter January-March). |
| QTRs | Quarterly Transparency Reports published by the UR at the end of the second month after each calendar quarter (at the end of Feb, May, Aug and Nov). |
| REMM | Retail Energy Market Monitoring |
| RoI | Republic of Ireland |
| S1 | Semester 1 |
| S2 | Semester 2 |
| UR | Utility Regulator |
| VAT | Value Added Tax |
| UK | United Kingdom |

# Annex A: Supplier Entry to Retail Markets

The tables below set out the dates that each supplier entered the retail market sectors.

| Electricity | |
|---|---|
| **Domestic** | Incumbent supplier: Power NI<br>June 2010: SSE Airtricity<br>June 2009: firmus supply<br>June 2011: Budget Energy<br>October 2011: Electric Ireland<br>October 2015: Click Energy<br>October 2015: Open Electric<br>December 2016: Open Electric ceased supply |
| **I&C** | Incumbent supplier: Power NI<br>July 1999: ESB Independent Energy (NI) t/a Electric Ireland<br>August 1999: Energia<br>January 2008: SSE Airtricity<br>April 2009: firmus supply[29]<br>July 2011: Budget Energy<br>February 2012: VAYU<br>April 2012: Go Power<br>October 2015: Click Energy |

| Gas: Greater Belfast Area[30] | |
|---|---|
| **Domestic** | Incumbent supplier since September 1996: SSE Airtricity[31]<br>July 2010: firmus energy |
| **I&C** | Incumbent supplier since September 1996: SSE Airtricity<br>September 2008: firmus energy<br>March 2009: Vayu<br>May 2013: Electric Ireland<br>August 2014: Go Power<br>December 2014: Flogas |

| Gas: Ten Towns Area[32] | |
|---|---|
| **Domestic** | Incumbent supplier since 2005: firmus |
| **I&C** | Incumbent supplier since 2005: firmus<br>January 2013: SSE Airtricity<br>May 2015: Flogas<br>June 2015: Go Power |

[29] Note that firmus supply left the electricity market at the end of 2015.
[30] The Greater Belfast area is defined in Schedule 1 of the Phoenix Natural Gas Limited conveyance licence.
[31] Formerly Phoenix Supply Ltd (PSL).
[32] The Ten Towns area is defined in Schedule 1 of the firmus energy (Distribution) Limited conveyance licence.