

16th July 2009

Eimear Smyth
Gas Supply & Distribution Division
The Utility Regulator
Queen's House
10-14 Queens Street
Belfast
BT1 6ER

Dear Eimear

Re: Consultation on Prepayment Gas meters in Northern Ireland

Thank you for providing this opportunity to respond to the above consultation.

We understand that the Utility Regulator is proposing to allow the Distribution companies to install an uncapped level of prepayment meters and we welcome this approach.

Pre-payment meter usage is particularly relevant for firmus energy given the high levels of fuel poverty in Northern Ireland (34%) and the particular incidence of fuel poverty in rural towns. Additionally, a high percentage of firmus energy's connections to date have been for NIHE dwellings and for new build and the "buy-to-let" rental market.

Prepayment meters continue to prove popular with customers. Benefits of prepayment meters include:

- A reduction in the cost of handling customer enquiries, necessary for our low headcount business to work
- Estimated bills / billing queries are traditionally the major cause for customer complaints and debt chasing / bad debt can be avoided through the use of pre-payment meters
- Pre-payment meters offer more information to customers which enables them to monitor their consumption on an ongoing basis
- Pre-payment meters could also facilitate domestic competition by enabling consumers to switch without the threat of debt 'blocking' the switching process
- Prepayment meters help customers to budget effectively and therefore avoid disconnection risk

We would point out that in Section 3.0 of the consultation document it states that firmus energy uses Libra 100 meters to recover debt by increasing the tariff by 25%. We do not increase our tariff to facilitate debt recovery. All customers are offered the same tariff price, but when a customer on debt recovery “tops up”, 20% of their payment is automatically allocated against previous debt, and 80% of the payment credits gas onto the card for the Libra 100 meter.

We would also highlight the need for consistency regarding the types of meters used and we feel it is unhelpful for companies to offer Libra 100 **and** Quantum meters. We do not believe that faulty Quantum meters should be replaced again with Quantum meters.

firmus energy considers that Quantum meters should be replaced with Libra 100 meters on an ongoing basis. We feel that maintaining Quantum meter levels will act as an impediment to customers switching, especially should an automated prepayment switching solution, using Libra 100 meters, be developed.

I can also confirm that firmus energy would welcome working with the Utility Regulator and other utility suppliers to introduce a harmonised code of practice that would help customers avoid and manage debt.

Yours sincerely

Michael

Michael Scott

Business Development Manager