



The Consumer Council

Elizabeth House,
116 Hollywood Road,
Belfast BT4 1NY
Tel 028 9067 2488
Fax 028 9065 7701
e mail info@consumercouncil.org.uk

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Paul Bell
NIAUR
Queens House
14 Queen Street
BELFAST
BT1 6ER

Dear Paul,

Re: Consultation on Relevant Considerations in relation to the possible Cancellation of Generating Unit Agreements in Northern Ireland

The Consumer Council is a Non-Departmental Public Body set up in legislation to safeguard the interests of all consumers, and particularly the vulnerable and disadvantaged. The Consumer Council is an independent organisation which operates to promote and protect the consumer interest.

We welcome the opportunity to respond to this consultation.

The Consumer Council welcomes the Utility Regulators intention to consider the possible cancellation of the Generating Unit Agreements (GUA), in Northern Ireland. Historically the Northern Ireland consumer has not seen a net benefit from the Agreements. However, we recognise that the decision on whether to cancel the contracts should be based on the latest and most accurate forecasts of the market as possible.

We welcome that the Regulator has highlighted its role in protecting customers and that a key consideration in this is the impact of the GUA on the PSO charge and hence the final price to consumers.

At the end of last year, many business customers saw their bills increase by up to 40% because of the PSO charge. A significant part of this increase was due to the increased costs associated with the Kilroot legacy contract.

In the domestic sector the level of fuel poverty in Northern Ireland is three times that of England and is now estimated to affect half the households here. It has been estimated that for every 1% increase in domestic energy costs an additional 2,800 households become fuel poor.¹

The Consumer Council support the Regulators approach on this matter. We agree that a detailed economic analysis of the comparative benefits to the consumer between GUA payments and SEM revenues is required. Furthermore, we agree with the groupings of issues under the broad headings, as detailed on page twelve of the consultation document.

The Consumer Council would like to raise the following points for the Utility Regulator to consider when coming to its decision:

- To keep in mind that its primary objective is to protect the Northern Ireland consumer;
- To consider how the targets for renewable energy within DETI's Strategic Energy Framework are likely to impact on the long term future of fossil fuel generating plants in Northern Ireland;
- To consider each contract individually;
- To consider how the planned north/south and east/west interconnectors, and any plans for further interconnection may impact on the economic analysis.

I hope that these comments are helpful and are given due consideration. Please contact me if you require any clarification.

Yours Sincerely,



Richard Williams
Senior Consumer Affairs Officer

cc Kenny Dane- NIAUR

¹ The impact of Fuel Poverty on Children. A policy briefing commissioned by Save the Children, by Christine Liddell, Professor of Psychology, University of Ulster.