

Nicola Sweeney  
Utility Regulator,  
Queens House  
14 Queen Street  
Belfast  
BT1 6ED

18th February 2010

Dear Nicola,

**Re: NIE Energy Supply Price Control 2010/2011 Consultation**

ESB Independent Energy would like to make one main point in relation to the NIE Energy Supply (NIEES) proposal for a further tranch of deregulation as part of this 1 (one) year 2010/2011 Price Control whereby groups of sites with an annual consumption in total >150MWh would be deregulated. Whilst ESB Independent Energy recognises that further deregulation impacts upon price control parameters, we strongly believe that a price control determination consultation on its own is not the most appropriate way to deal with or consider any form of further or partial deregulation as they are separate issues. We also believe that this particular proposal for further deregulation comes too soon after the initial individual site >150MWh customer grouping tranch which was deregulated less than a year ago on 1<sup>st</sup> April 2009.

Whilst ESB Independent Energy also notes the proposal by NIAUR that a separate consultation process will be initiated on the further tranch of deregulation, ESB Independent Energy are of the strong view that in the absence of a roadmap approach to deregulation, the business is not in favour of this proposed partial deregulation. Furthermore, the roadmap must incorporate a comprehensive review and analysis of deregulation to determine its full impact up until now. This should provide the basis to the proposed Roadmap consultation plan later this year.

A similar Roadmap to Electricity Market Deregulation process is currently under consultation in the Republic of Ireland under the auspices of the Commission for Energy Regulation (CER) and ESB Independent Energy believes a similar comprehensive Roadmap process separate from any other consultation process, price control or other partial deregulation consultation process, should form the basis for any other further deregulation proposals in Northern Ireland also. It should also be borne in mind that the SEM Committee is also separately reviewing the Republic's Roadmap to Electricity Market Deregulation proposal, or at least some aspects of the proposal, and so a similar SEM Committee involvement or review may well need to take place in relation to Northern Ireland and any future deregulation proposals that emanate from the Utility Regulator.

In summary, ESB Independent Energy firmly believe that further partial deregulation is not appropriate in isolation and would strongly urge NIAUR to bring a consultation on a Roadmap to deregulation that addresses all significant issues i.e. K-factor, Supply Margin Review, market share and most importantly deregulation.

Yours sincerely,

Alan Kilkenny  
Regulation Manager,  
ESB Independent Energy