



The Consumer Council

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Ref: PD20010773

Leigh Smyth
Electricity Directorate
Queens House
14 Queen Street
Belfast
BT1 6ED

Dear Leigh,

Re: Assessment of Potential Financing Options for Utility Networks

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 discussion paper on the assessment of potential financing options for utility networks.

With fuel poverty levels in Northern Ireland at 44 per cent, many households are struggling to adequately heat their home, it is important that the regulatory structures look to minimise the cost of energy to consumers.

The Consumer Council believes that any future decision on financing options for utility networks should be undertaken in the interests of consumers. Financing options should aim to reduce costs, which in turn will result in a lower energy costs for consumers.

The use of a third party to finance and deliver major projects must be accompanied by safeguards, which will protect the project and ultimately consumers. Competitive tendering offers potential savings, but costs which may be incurred after project completion must also be accounted for and these may include maintenance or upgrading costs. Consideration should be given to setting standards of delivery for projects and their compatibility with existing networks, such standards may need to be set by the network operator or through the regulatory authorities.

Creation of a RABco separate from the existing licensed business could lower the price of energy to consumers. However any decision on this proposal should consider whether the benefits for consumers will exceed the cost imposed on consumers, to pay interest payments on the RABco debt.

The Consumer Council believes that full cost benefit analyses must be undertaken on each option. The option which provides the optimal solution for consumers in terms of cost and risk must be considered. The potential benefits must be sustainable in the long term and must be backed up by necessary safeguards which will ultimately protect consumer interest.

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

Yours Sincerely,

Andrew Murray
Senior Consumer Affairs Officer