

Competition in the electricity domestic market – Q and As

1 Why is Airtricity announcing that it will commence supplying electricity to Northern Ireland domestic customers now?

It has been possible for new entrants to supply electricity to Northern Ireland domestic customers since 2007. There has been competition in the supply of electricity to non-domestic (business) customers in Northern Ireland since 1999.

The Utility Regulator exists to encourage competition in the energy market, and has been actively taking steps to remove barriers for potential entrants.

The announcement by Airtricity, that it is entering the market to supply domestic electricity customers in Northern Ireland, is the culmination of discussions between the company and the Utility Regulator.

While the decision by Airtricity to enter the market is welcome, it is acknowledged by all that this is only the start of competition and that several issues require further development (e.g. pre-payment). Rather than preventing choice for all domestic electricity customers, it was agreed that Airtricity should enter the market now, with further development expected quickly.

2 What will the entry of Airtricity mean for domestic electricity customers in Northern Ireland?

Practically it means that domestic electricity customers who pay by direct debit or a quarterly bill will have a choice of electricity suppliers – either NIE Energy or Airtricity.

This provides the potential for customers to see benefits that may emerge from competition in terms of prices and enhanced customer service standards in terms of billing and additional tariffs options.

NIE, the electricity network business which owns the wires and meters, will continue to provide all customers with exactly the same level of service (fault response, meter reading and customer connections) regardless of who their electricity supplier is.

3 How easy will it be for electricity customers to change their supplier?

Switching supplier is relatively straightforward and there is no cost involved. The process should take between three - four weeks, (subject to queues) which also includes a statutory 'cooling off' period.

By April 2011, Airtricity will be accepting keypad/pay as you go customers. However, in the meantime, keypad/pay as you go customers can check the options available to them directly with their chosen supplier.

Additional information for customers is available from our website – www.uregni.gov.uk.

4 What is being done to address the switching limits?

The current switching system has been in place since 2004/05, when a decision was taken to invest in an interim solution (being cognisant of the limited prospects for competition at that time and the significant outlay involved in providing a more comprehensive solution).

The Utility Regulator has been working, in conjunction with NIE and industry, at two levels to address the switching system limits.

Firstly, work has been advanced to progressively increase the switching limits of the interim system. This now means that 6,000 domestic electricity customers, up to a limit of 125,000, can change their supplier.

Secondly, the Utility Regulator has been supporting a project to provide a modern, long-term system that will enable unlimited switching for electricity customers in Northern Ireland. This multi-million pound project has been underway for over a year and the advanced switching system is expected to be implemented in early 2012.

5 What will competition mean for the work of the Utility Regulator?

The Utility Regulator will continue to regulate the prices of NIE Energy and monitor the general operation of domestic electricity market to ensure that customers' interests are protected.

More widely the Utility Regulator will play a key role in relation to service standards by electricity suppliers, the review and maintenance of licence documentation, enforcement action where required and as an adjudicator in third party complaints and disputes.