

28 April 2006

Lisa Mullan
Ofreg
Queens House
Belfast
BT1 6ER

Dear Lisa

Maximising Customer Value: Options for Northern Ireland Energy Holdings

The Consumer Council welcomes the opportunity to respond to this consultation on Maximising Customer Value: Options for Northern Ireland Energy Holdings.

The Consumer Council would make the following comments: -

- The Consumer Council urges the Authority to engage in further consultation on this issue before any definitive decisions are taken given the inherent uncertainties and further information required. There should be stakeholder agreement on what that balance should be.
- In principle the Consumer Council are supportive of the mutualisation model in terms of the benefits that can accrue to consumers both in the short and long term. We also believe that a balance must be struck between ensuring that benefits accrue to consumers both now and in the future.
- The Consumer Council recently met representatives of NIEH and were reassured about their overall strategic plan. However as stated in the paper the new all island electricity market may impact on how Moyle is financed and this will not be known until 2007. We would therefore agree with the Authority that it may be prudent to delay making any decision about the use of the BETTA rebate until there is a clearer understanding of the impact of the all island electricity market.
- Concerns have been raised about the potential detrimental impact on consumers if NIEH are unable to secure capacity payments for Moyle

in the all island electricity market and we would therefore welcome the Authority's view as to the potential level of consumer detriment and any action that needs to be taken now.

- Since the paper states that "Moyle's shortfall requirements between 2007 and 2033 cannot be known with any certainty." We would, as a general principle, caution against tying up all monies on a long-term basis and so being unable to respond to revenue shortfalls. We welcome the reference in the document to the need for balance etc.
- In terms of taking out equity from other investments which currently customers are obliged to finance, there are 7 options put forward. Some of them may well be worthwhile in pursuing to maximise benefits to consumers. However from the limited information provided it would be difficult to give an informed view. At the very least an indicative cost/ benefit analysis would be required before we could give any view as to whether all or any would be in the best interest of consumers.

Both NIEH and the Consumer Council have acknowledged their shared interest in maximising benefits to consumer through management of monies held by NIEH. We look forward to continuing and developing a close level of engagement with NIEH for the benefit of energy consumers.

The Consumer Council will be delighted to discuss our response further with Ofreg.

Yours sincerely

JOANNE GAMBLE
Head of Energy