

**RETAIL MARKET MONITORING**  
**Quarterly Transparency Report**  
**Q3 July – September 2015**

**November 2015**



## Abstract

This paper is the latest of a series of Utility Regulator (UR) reports – the Quarterly Transparency Reports (QTRs) – that provide a range of information about the retail energy market in Northern Ireland (NI).

The data relates mainly to market shares, market activity and domestic prices in the electricity and gas retail markets. The data also includes information on non-domestic, or industrial and commercial (I&C), electricity prices.

The information shown in this report comes from network companies, suppliers, Department of Energy & Climate Change (DECC) and Eurostat. Some figures have been calculated internally.

These reports are released at the end of the second month after each calendar quarter (in Feb, May, Aug and Nov).

## Audience

Electricity and gas industry, associations of consumers, regulators, statistical bodies, suppliers, potential new market entrants, consultants, researchers and journalists.

## Consumer impact

The information used to produce these reports allows us to monitor the retail market, flag potential concerns and to inform regulatory decisions. All of this directly impacts on consumers.

This set of reports increases transparency for consumers on matters of their direct interest, such as the active suppliers in each energy market sector, and NI prices compared against other jurisdictions.

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# 1 Summary of key market indicators

2015 Q3 (Jul - Sept)	Electricity		GAS: Greater Belfast		GAS: Ten towns	
	Domestic	I&C	Domestic and small I&C	Medium and large I&C	Domestic	I&C
Customer numbers/connections at end of quarter	784,488	69,559	181,153	3,024	24,713	2,229
Consumption in quarter (GWh/thousand therms)	614	1,171	7,779	10,947	1,107	10,371
% of prepayment customers within domestic sector	42%		Domestic: 64.5%		90%	
Number of active suppliers in this quarter	4	7	5	6	1	4
Market shares (by connections) of largest suppliers	Power NI: 67% SSE Airtricity: 25% Budget Energy: 8%	Power NI: 52% SSE Airtricity: 20% Energia: 11%	SSE Airtricity: 72% firmus: 27% Flogas: 0.24%	SSE Airtricity: 42.5% firmus: 35% Flogas: 13%	firmus: 100%	firmus: 89% Flogas: 9% SSE Airtricity: 1.3%
Market shares (by consumption) of largest suppliers	Power NI: 64% SSE Airtricity: 28% Budget Energy: 7%	SSE Airtricity: 24% Go Power: 22% Electric Ireland: 21%	SSE Airtricity: 68% firmus: 31% Flogas: 0.5%	firmus: 44% SSE Airtricity: 41% Go Power: 9.5%	firmus: 100%	firmus: 87.8% SSE Airtricity: 9.5% Flogas: 2.7%
Quarterly switching rate	2.8%	2.3%	Domestic: 0.2%	All I&C: 3.1%	Domestic: 0%	All I&C: 2.87%
Prices	Slightly above EU-15 median.	Above EU-15 median. Prices for Medium and Large customers are above RoI Prices but below UK levels.	Domestic : among lowest in EU-15		Domestic: among lowest in EU-15	

## 1.1 Key points to note this period

1. Regulated domestic electricity prices in NI have fallen since the previous period (from 18.04 p/kWh to 16.38 p/kWh) – due to falling wholesale costs - and are lower than Ireland but remain slightly above the EU median.
2. Regulated domestic gas prices in both the Greater Belfast and Ten Towns areas have seen a decrease in prices during this period – again due to falling wholesale costs. They remain low relative to EU median.
3. Electricity prices for industrial and commercial consumers as a whole remain above the EU-15 median. For the very small category (which represents two thirds of business customers in NI) prices are down from the previous period from 15.5 p/kWh to 14.8 p/kWh and are lower than RoI. For the largest I&C customers, prices are down from the last period, while remaining high comparatively, although lower than the UK overall.
4. The percentage of switching in the domestic market is slightly down at 2.8% (from 2.9%), but there is more activity in the market than for the same period last year (1.3%). The I&C sector market activity shows a decrease from the previous quarter (from 3.0% to 2.3%) and is now consistent with the activity in the market in the same period last year.
5. In the gas sector, switching activity in the domestic market (0.2%) has not changed significantly since the previous quarter. The switching rate in the I&C sector (3.1%) has returned to the level seen in the first quarter of the year. The activity in this sector is much greater than in the same period in the last year.
6. Two new suppliers entered the electricity market in October and their market activity will be reflected in the results for the next quarter (Q4).

## 2 Introduction

### 2.1 Purpose, methodology and data sources

The purpose of this report is to deliver transparency for stakeholders and consumers, providing readers with readily accessible information on the evolution and performance of NI electricity and natural gas retail sectors.

The QTRs are one of the tools we use to communicate some of the main indicators we monitor in the retail energy markets. We protect consumers by promoting effective competition wherever appropriate, and by monitoring the markets. Therefore, monitoring the retail markets is key when complying with our statutory duties.

The framework in which this set of quarterly reports lies is called Retail Energy Market Monitoring (REMM). The ultimate objective of REMM is to enhance the current monitoring of retail indicators, and to provide increased transparency in the retail energy markets in NI. This framework is currently under implementation as set out in the *Final Decision on the Implementation of REMM*<sup>1</sup>, which was published in June 2015. In the meantime, we will continue to use the Quarterly Transparency Reports (QTRs) as the means to publish quarterly information that we are currently monitoring.

The main data sources for this QTR are as follows:

- Market shares are provided by the network companies (NIE, PNGL and feDL<sup>2</sup>).
- Electricity switching analysis has been undertaken with inputs from NIE. Gas switching inputs are from PNGL and feDL.
- EU domestic energy prices are from DECC. NI domestic prices, for electricity and gas, are collated internally.
- EU I&C electricity prices are from Eurostat. NI I&C electricity data is derived directly from suppliers and collated internally.

### 2.2 Energy suppliers in NI energy market

The electricity and gas (in the Greater Belfast and Larne area) markets have been open to competition to domestic customers since 2007. However, there were no competing suppliers in the domestic market until 2010.

The Ten Towns area opened to gas competition for large I&C customers (those consuming over 732,000 kWh per annum) in October 2012, and to domestic and small I&C customers in April 2015.

The table below details suppliers' entry/exit in each of the energy market segments.

Electricity	
Domestic	June 10: SSE Airtricity <sup>3</sup> entered the domestic credit segment October 10: firmus <sup>4</sup> started supplying Ulster Farmers' Union members, and exited the electricity retail market in June 2015. May 11: SSE Airtricity entered the domestic prepayment segment

<sup>1</sup> <http://www.uregni.gov.uk/retail/reports/>

<sup>2</sup> Northern Ireland Electricity Networks (referred to as NIE), Phoenix Natural Gas Ltd (PNGL) and firmus energy Distribution Ltd (feDL)

<sup>3</sup> Called Airtricity until 31 January 2014.

<sup>4</sup> firmus energy (Supply) Limited.

	<p>June 11: Budget Energy entry</p> <p>October 11: Electric Ireland entered the domestic sector</p> <p>October 15: Click Energy and Open Electric enters the domestic market</p>
I&C	<p>Industrial electricity customers become eligible to change supplier from 1999. From 2005, small and medium businesses became eligible too.</p> <p>February 12: VAYU enters the I&amp;C market</p> <p>April 12: Go Power<sup>5</sup> enters the I&amp;C market</p> <p>June 15: firmus exited the electricity market</p> <p>October 15: Click Energy enters the I&amp;C market</p>

<b>Gas: Greater Belfast Licensed Area<sup>6</sup></b>	
Domestic	<p>Incumbent supplier since September 1996: SSE Airtricity<sup>7</sup></p> <p>July 10: firmus entered this market segment</p>
I&C	<p>Incumbent supplier since September 1996: SSE Airtricity</p> <p>November 06: energia entered the daily metered I&amp;C market<sup>8</sup></p> <p>September 08: firmus energy entered the I&amp;C market</p> <p>March 09: VAYU entered the small I&amp;C market</p> <p>May 13: Electric Ireland entered the daily metered I&amp;C market</p> <p>October 13: energia exited the gas market</p> <p>August 14: Go Power<sup>9</sup> entered the I&amp;C gas market</p> <p>December 14: Flogas entered the I&amp;C gas market</p>
<b>Gas: Ten Towns Licensed Area<sup>10</sup></b>	
Domestic	<p>Incumbent supplier since 2005: firmus</p> <p>Open to competition from April 2015</p>
I&C	<p>Incumbent supplier since 2005: firmus</p> <p>Large I&amp;C market open to competition from October 2012</p> <p>Small I&amp;C market open to competition from April 2015</p> <p>January 13: SSE Airtricity entered the large I&amp;C market</p> <p>May 15: Flogas entered the I&amp;C gas market</p> <p>June 15: Go Power entered the I&amp;C gas market</p>

For more information about the retail energy market in NI, please visit:

<http://www.uregni.gov.uk/retail/>

<sup>5</sup> LCC changed its name to Go Power on 1 August 2015.

<sup>6</sup> The Greater Belfast area, including Holywood, Bangor, Newtownards, Belfast, Newtownabbey, Carrickfergus, Lisburn and Larne (as defined in Schedule 1 of the Phoenix Natural Gas Limited conveyance licence).

<sup>7</sup> Formerly Phoenix Supply Ltd (PSL). Change of Company Name to Airtricity Gas Supply (Northern Ireland) Limited effective from 28 June 2012 then subsequent change of company name to SSE Airtricity Gas Supply (Northern Ireland) Limited from 31 January 2014.

<sup>8</sup> To note that energia did not have gas customers from October 2013.

<sup>9</sup> LCC changed its name to Go Power on 1 August 2015.

<sup>10</sup> In 2005 firmus energy was awarded a licence to develop the natural gas network in Ten Towns across NI, from L'Derry to Ballymena, and from Antrim to Newry (as defined in Schedule 1 of the firmus energy (Distribution) Limited conveyance licence).

# 3 NI customer numbers and total consumption

## 3.1 Electricity

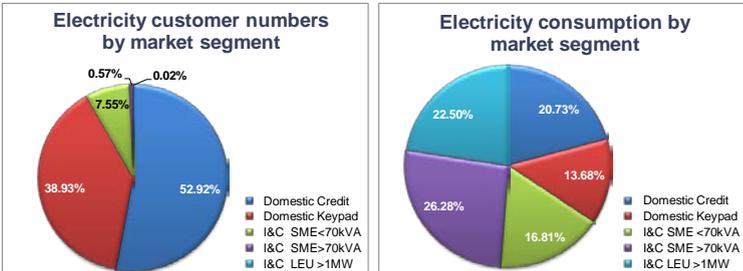
The table below shows electricity customer numbers<sup>11</sup> at end September 2015 and consumption from July to September 2015.

Year	2015	
Month	Q3	
Market segments	Customer Numbers	Consumption (GWh)
Domestic credit	451,976	370.0
Domestic prepayment	332,512	244.1
SME <70kVA	64,463	<b>300.1</b>
SME >70kVA	4,910	469.0
LEU >1MW	186	401.5
<b>Total</b>	<b>854,047</b>	<b>1,784.7</b>

Of the total customers in NI, 92% belong to the domestic sector, while the remaining 8% are I&C customers. In this quarter, this translates into 34% and 66% respectively in terms of consumption.

Within the I&C sector, more than 99% of the customers are small and medium enterprises, with 66% of the I&C consumption. The remaining are LEU customers, that consumed 22% of the total NI volume in this quarter, and 34% of the I&C consumption.

Source: NIE



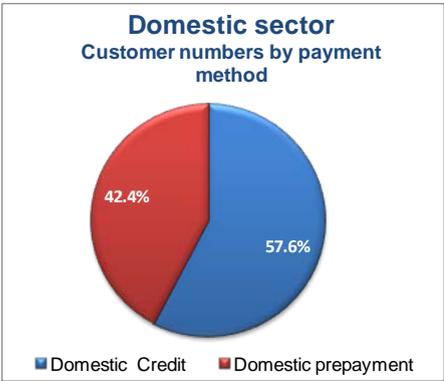
### Payment split in the domestic sector

Prepayment meters are a popular choice for customers in NI as customers can pay for energy as they consume it. The data available via the display unit also helps customers to manage usage and control their energy costs.

At the end of this quarter, 42.4% of the electricity domestic customers were in the prepayment segment. This indicates minimal change from a 42.1% share of the market in the previous quarter.

Source: NIE

Year	2015	
Month	Q3	
Market segments	Customers numbers	
Domestic credit	451,976	
Domestic prepayment	332,512	
<b>Total domestic sector</b>	<b>784,488</b>	



<sup>11</sup> Note that long term vacant sites are not included in customer numbers, and that combined premises are included in the SME <70kVA category

### 3.2 Gas – Greater Belfast and Ten Towns areas

The table below shows gas connections at end September 2015, and consumption from July to September 2015.

Year	2015	
End of quarter	Q3	
	Connections	Consumption (therms)
<b>Greater Belfast</b>	<b>184,177</b>	<b>18,726,205</b>
Domestic & Small I&C <sup>12</sup>	181,153	7,779,474
I&C 73,200 - 732,000 kWh	2,620	2,500,238
I&C 732,000 – 2,196,000 kWh	299	1,431,632
I&C > 2,196,000 kWh	105	7,014,861
<b>Ten towns</b>	<b>26,942</b>	<b>11,477,810</b>
Domestic credit	2,594	142,372
Domestic prepayment	22,119	964,596
I&C < 73,200 kWh	1,077	245,425
I&C 73,200 - 732,000 kWh	915	805,737
I&C 732,001 – 2,196,000 kWh	149	798,784
I&C > 2,196,000 kWh	88	8,520,896
<b>Total</b>	<b>211,119</b>	<b>30,204,015</b>

In the Greater Belfast area, the market segments are split following the Distribution Code:

- Domestic and Small I&C (<73,200 kWh/annum), which in this quarter represents 98% of the connections and 42% of the quarterly consumption.
- The rest of the categories, medium and large I&C (>73,200 kWh/annum) in this quarter represent 2% of the connections in this area, and 58% of the quarterly consumption.

Total connections in Ten Towns for this quarter are c27,000. In this distribution licensed area, domestic premises represent 92% of the connections (10% of the quarterly consumption), while the I&C sector represents the remaining 8% of connections (90% of quarterly consumption).

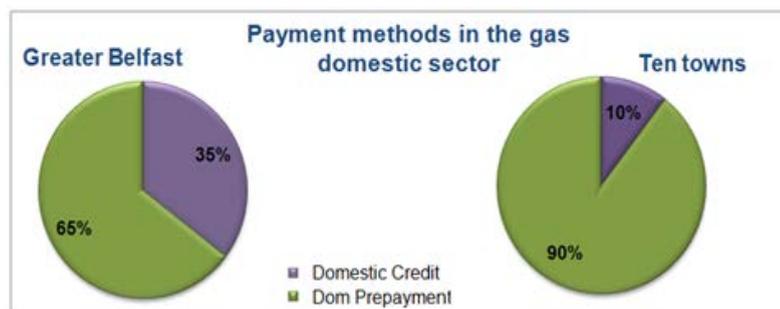
Source: PNGL and feDL.

#### Payment split in the domestic sector

Year	2015		
End of quarter	Q3		
Connections	Greater Belfast	Ten towns	Total NI
Domestic credit	61,545	2,594	64,139
Domestic prepayment	112,058	22,119	134,177
<b>Total NI</b>	<b>173,603</b>	<b>24,713</b>	<b>198,316</b>

Within the gas domestic sector, prepayment customers represent 65% of the Greater Belfast distribution Licensed area, and 90% in the Ten Towns distribution Licensed area.

Source: gas suppliers.



<sup>12</sup> The domestic and small I&C gas market relates to those customers consuming <73,200 kWh/annum.p

# 4 Market shares and market activity

## 4.1 Electricity shares

### Electricity shares by customer numbers<sup>13</sup>

There are currently four domestic electricity suppliers in NI, and seven in the I&C electricity market.

The total number of domestic customers at the end of Q3 was 784,488. A large share of domestic customers remain with the previously incumbent supplier PowerNI.

Year		2015					
Month		Q3					
Suppliers	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total	
Power NI	344,171	183,633	35,146	1,167	18	564,135	
SSE Airtricity	103,202	91,311	13,185	994	35	208,727	
Energia	0	0	6,574	931	31	7,536	
Electric Ireland	1,034	903	4,576	1,030	51	7,594	
Budget Energy	3,371	56,665	279	1	0	60,316	
Vayu	0	0	10	9	1	20	
Go Power	198	0	4,693	778	50	5,719	
<b>Total Market</b>	<b>451,976</b>	<b>332,512</b>	<b>64,463</b>	<b>4,910</b>	<b>186</b>	<b>854,047</b>	

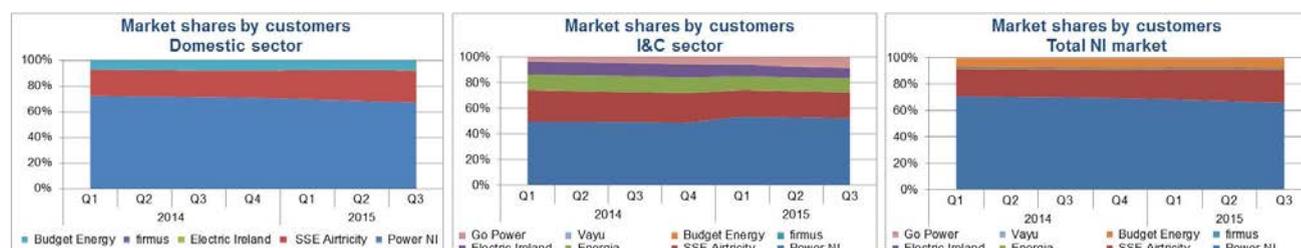
This position has been slowly changing and the percentage of domestic credit (including direct debit) customers supplied by Power NI this quarter was 76.1%, in comparison to a 76.7% share at the end of Q2.

Power NI currently supplies 55.2% of prepayment customers, in comparison to 57% in the previous quarter.

The current non-incumbent share by customer numbers is 23.9% for credit domestic customers and 44.8% for prepayment customers.

Year		2015					
Month		Q3					
% cust. numbers per supplier	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total	
Power NI	76.1%	55.2%	54.5%	23.8%	9.7%	66.1%	
SSE Airtricity	22.8%	27.5%	20.5%	20.2%	18.8%	24.4%	
Energia	0.0%	0.0%	10.2%	19.0%	16.7%	0.9%	
Electric Ireland	0.2%	0.3%	7.1%	21.0%	27.4%	0.9%	
Budget Energy	0.7%	17.0%	0.4%	0.0%	0.0%	7.1%	
Vayu	0.0%	0.0%	0.0%	0.2%	0.5%	0.0%	
Go Power	0.0%	0.0%	7.3%	15.8%	26.9%	0.7%	

Competition in the I&C market is more developed, and consequently market shares are much more dispersed than in the domestic sector. Out of the seven active suppliers at the end of Q3 2015, based on customer numbers, four of these suppliers have shares in excess of 10% in the two largest business segments. The graphs below show the trends in market shares (by customer numbers) for each active supplier in NI by market segment from Q1 2014 to Q3 2015.



Source: NIE

<sup>13</sup> Market shares figures do not include de-energised nor Long Term Vacant sites.

## Electricity shares by consumption (GWh)

Year		2015				
Month		Q3				
Suppliers	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	264.6	129.7	113.5	72.0	25.6	605.4
SSE Airtricity	100.6	71.6	70.9	94.2	112.4	449.6
Energia	0.0	0.0	36.5	96.3	39.2	171.9
Electric Ireland	1.1	0.7	28.8	124.4	91.4	246.4
Budget Energy	3.2	42.2	1.2	0.0	0.0	46.7
Vayu	0.0	0.0	0.0	2.2	0.7	2.9
Go Power	0.5	0.0	49.2	79.9	132.2	261.7
<b>Consumption (GWh)</b>	<b>370.0</b>	<b>244.1</b>	<b>300.1</b>	<b>469.0</b>	<b>401.5</b>	<b>1,784.7</b>

Year		2015				
Month		Q3				
% consumption per supplier	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	71.5%	53.1%	37.8%	15.4%	6.4%	33.9%
SSE Airtricity	27.2%	29.3%	23.6%	20.1%	28.0%	25.2%
Energia	0.0%	0.0%	12.2%	20.5%	9.8%	9.6%
Electric Ireland	0.3%	0.3%	9.6%	26.6%	22.8%	13.8%
Budget Energy	0.9%	17.3%	0.4%	0.0%	0.0%	2.6%
Vayu	0.0%	0.0%	0.0%	0.5%	0.2%	0.2%
Go Power	0.1%	0.0%	16.4%	17.0%	32.9%	14.7%

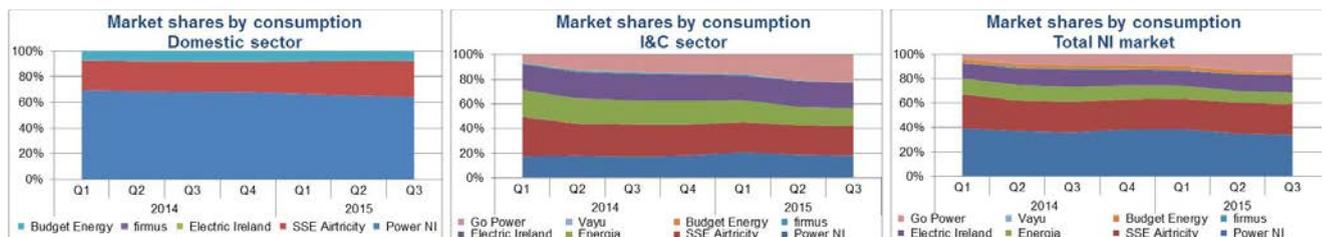
From July to September 2015 the electricity consumption in NI was over 1,700 GWh.

In Q3, Power NI's share of the total market by consumption was 33.9%, while their consumption market share in the domestic market (credit and prepayment) was around 64.2%.

In the I&C market, the main suppliers are SSE Airtricity (23.7%), Go Power (22.3%), Electric Ireland (20.9%), Power NI (18%), and energia (14.7%).

On a total market basis, the non-incumbent suppliers had 66.1% of the total NI electricity share by consumption in this quarter, indicating a marginal decrease from 65% in the last quarter. This percentage is mainly split between SSE Airtricity with 25.2%, Go Power with 14.7%, Electric Ireland with 13.8%, and Energia with 9.6%.

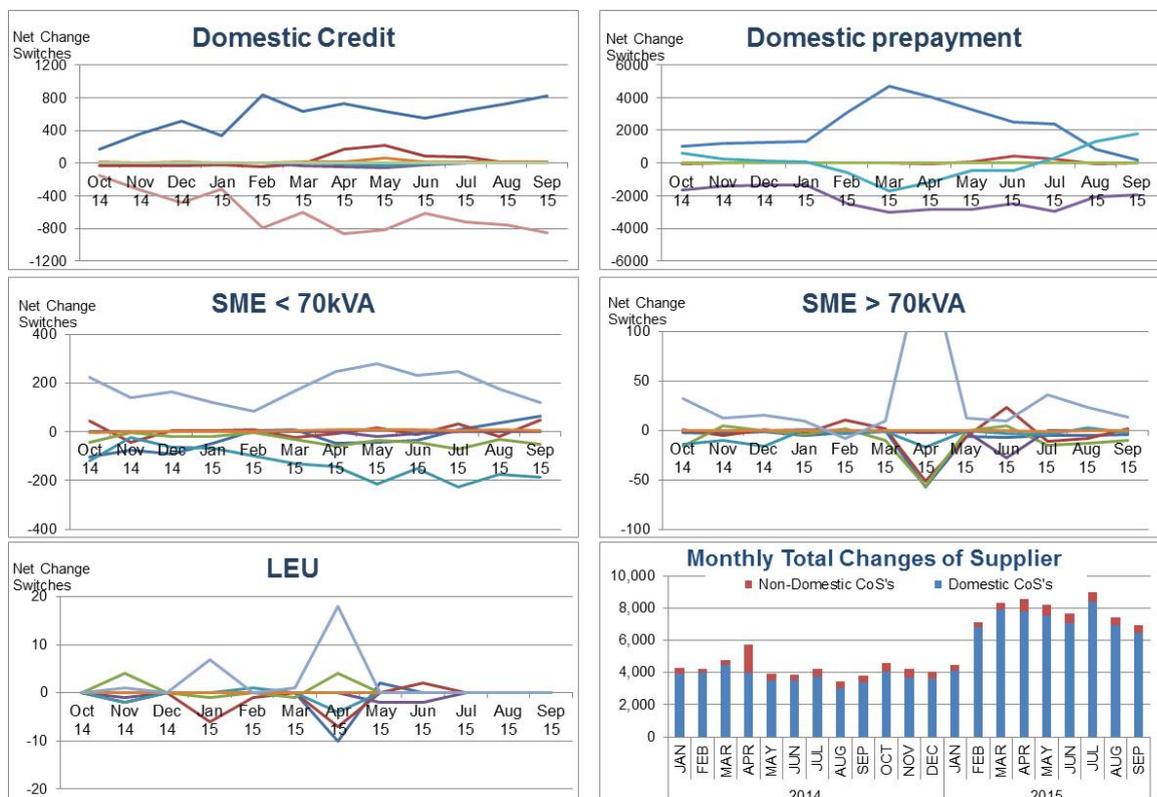
The charts below reflect the trends in market share of active suppliers by consumption (sales units in GWh) in the domestic and I&C electricity sectors, and in the total NI market, from Q1 2014 to Q3 2015.



Source: NIE

## 4.2. Electricity market activity

The line charts below reflect the net change of customer numbers (customer gains less losses), per market segment and anonymised supplier. The bar graph shows market activity through changes of supplier (CoSs) on a monthly basis in the whole NI market, split by domestic and I&C markets. The table shows % rates of quarterly switching. These percentages are calculated using the number of quarterly switches over the number of customers at the end of the quarter in the relevant market.



	% Domestic switching	% I&C switching	% Total switching
<b>2014</b>			
Q1	1.6%	1.5%	1.6%
Q2	1.4%	4.2%	1.6%
Q3	1.3%	2.3%	1.4%
Q4	1.4%	2.5%	1.5%
<b>2015</b>			
Q1	2.4%	1.5%	2.3%
Q2	2.9%	3.0%	2.9%
Q3	2.8%	2.3%	2.7%

The number of domestic switches over this quarter shows a slight decrease from the previous quarter, with an average of c7,250 switches per month (in comparison to a monthly average of 7,400 in the previous quarter). The percentage of domestic switching is currently 2.8%, a decrease from 2.9% in the previous quarter, but much more activity than in the market for the same period last year (1.3%).

The I&C sector market activity shows a decrease from the previous quarter as the result of a decrease in the number of switches in this market sector including no movement for LEU users. The percentage of switching has decreased and is now consistent with the activity in the market in the same period last year (2.3%).

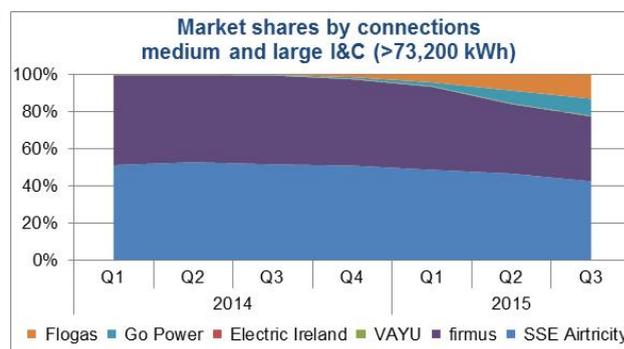
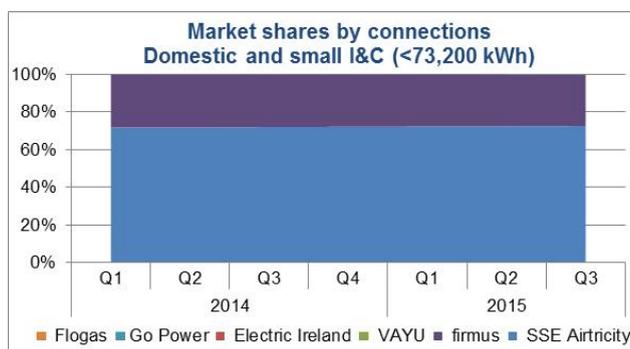
Source: NIE

### 4.3. Gas – Greater Belfast area: shares

#### Shares by connections

Year	2015		
End of quarter	Q3		
Suppliers	Domestic & Small I&C <sup>14</sup>	I&C > 73,200 kWh	Total
SSE Airtricity	131,282	1,286	132,568
firmus	49,144	1,057	50,201
VAYU	13	11	24
Electric Ireland	0	1	1
Go Power	273	277	550
Flogas	441	392	833
<b>Connections</b>	<b>181,153</b>	<b>3,024</b>	<b>184,177</b>

Year	2015		
End of quarter	Q3		
% Connections per supplier	Domestic & Small I&C	I&C > 73,200 kWh	Total
SSE Airtricity	72.47%	42.53%	71.98%
firmus	27.13%	34.95%	27.26%
VAYU	0.01%	0.36%	0.013%
Electric Ireland	0.00%	0.03%	0.001%
Go Power	0.15%	9.16%	0.299%
Flogas	0.24%	12.96%	0.452%



The information on connections above relates to the Phoenix Natural Gas Ltd (PNGL) distribution Licensed Area.

Market shares in terms of connections are as at end September 2015.

Go Power<sup>15</sup> entered the gas market in August 2014, and Flogas in December 2014. Since then, there have been five active suppliers in the domestic and small I&C market (only two of them active in the domestic market), and six active suppliers in the medium and large<sup>16</sup> I&C market.

The shares, in terms of connection numbers, of the two larger suppliers remained very similar to Q2 values. SSE Airtricity had 72% share of connections in the total gas market. Their share in the domestic and small I&C market was also 72%, while their share in the larger I&C market (over 73,200 kWh/annum) has slightly decreased from 47% at the end of Q2 to 42.5% at the end of Q3. At the end of Q3, firmus had a total share by connections of 27%.

However, the new entrants' shares, in terms of connection numbers, have increased in the last quarter, particularly in the large I&C market. Go Power's share in this market rose from 7% at the end of Q2 to 9% at the end of Q3, while Flogas' share increased from 9% to 13% in the same period and market.

Source: PNGL

<sup>14</sup> The domestic and small I&C gas market relates to those customers consuming <73,200 kWh/annum.

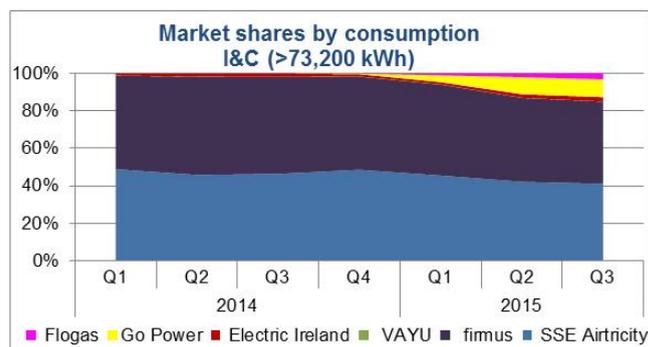
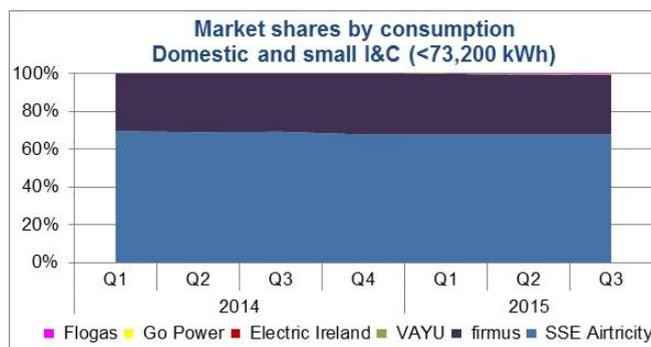
<sup>15</sup> LCC changed its name to Go Power on 1 August 2015.

<sup>16</sup> The medium and large I&C market relates to those customers consuming more than 73,200 kWh/annum.

## Shares by consumption (therms)

Year	2015		
Quarter	Q3		
Suppliers	Domestic & Small I&C <sup>17</sup>	I&C > 73,200 kWh	Total
SSE Airtricity	5,280,336	4,496,567	9,776,903
firmus	2,438,355	4,805,406	7,243,761
VAYU	991	6,672	7,663
Electric Ireland	0	255,430	255,430
Go Power	21,193	1,042,922	1,064,115
Flogas	38,599	339,734	378,333
<b>Consumption (therms)</b>	<b>7,779,474</b>	<b>10,946,731</b>	<b>18,726,205</b>

Year	2015		
Quarter	Q3		
% Consumption per supplier	Domestic & Small I&C	I&C > 73,200 kWh	Total
SSE Airtricity	67.88%	41.08%	52.21%
firmus	31.34%	43.90%	38.68%
VAYU	0.01%	0.06%	0.04%
Electric Ireland	0.00%	2.33%	1.36%
Go Power	0.27%	9.53%	5.68%
Flogas	0.50%	3.10%	2.02%



The information on consumption above relates to the Phoenix Natural Gas Ltd (PNGL) distribution Licensed Area.

Market shares in terms of consumption relate to consumption during Q3 2015.

SSE Airtricity total market share by consumption during this quarter was 52%, showing a small decrease from last quarter (54%). firmus retains 39% of the share by consumption in the total market, while the remaining active suppliers account for 9% of the total market share.

The two new entrant suppliers, Go Power and Flogas, have increased their combined shares by consumption from 6% of the total market during Q2 to 7.7% of the total market during Q3.

Source: PNGL

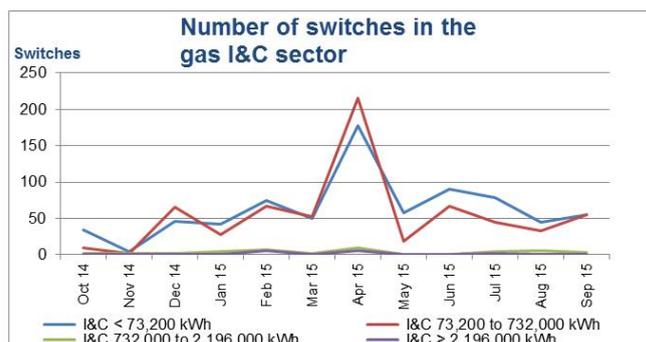
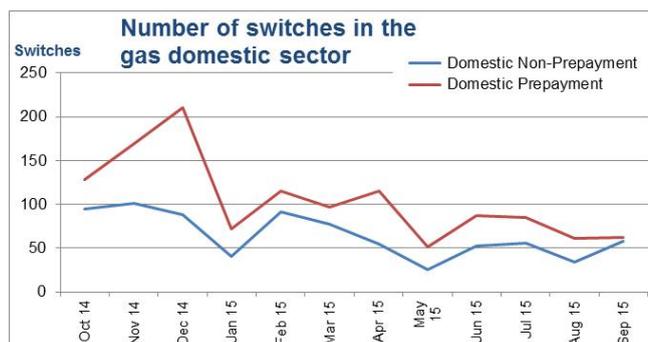
<sup>17</sup> The domestic and small I&C gas market relates to those customers consuming <73,200 kWh/annum.

## 4.4. Gas – Greater Belfast area: market activity

The information below relates to the Phoenix Natural Gas Ltd (PNGL) distribution Licensed Area.

The graphs below show switching activity as the number of completed switches. Note that prepayment switches, within domestic switches, include switches back to the previous supplier in cases where the customer has not taken the required action to complete their switch.

Market switching in the domestic sector has continued with the tendency of slow activity during Q3. In the I&C sector the level of switching activity increased substantially during Q2, but has returned to the level of switching seen in Q1 this year.



The table to the right shows the switching rate for the domestic and I&C markets in the Greater Belfast area. These percentages are calculated using the number of Supply Meter Point switches during the quarter as a percentage of the total number of Supply Meter Points in the market segment at the end of the same quarter.

In line with the graphs above, the switching activity in the domestic sector has not changed significantly since the previous quarter. The switching rate in the I&C sector has returned to the level seen in Q1 this year.

	% Domestic switching	% I&C switching	% Total switching
<b>2014</b>			
Q1	1.5%	0.4%	1.4%
Q2	1.1%	0.7%	1.1%
Q3	0.3%	1.5%	0.4%
Q4	0.5%	1.6%	0.5%
<b>2015</b>			
Q1	0.3%	3.3%	0.5%
Q2	0.2%	6.4%	0.6%
Q3	0.2%	3.1%	0.4%

Source: PNGL and gas suppliers.

## 4.5. Gas – Ten Towns area: shares and market activity

Competition opened in the Ten Towns large I&C market (>732,000 kWh) in October 2012. The remainder of the market opened to competition in April 2015.

Until April 2015, there was just one competing supplier in the Ten Towns market. Since the small business and domestic markets opened to competition in April 2015, two additional suppliers have entered the I&C market; however there are no competing suppliers in the domestic market.

The tables below show absolute and relative numbers in this area by connections and by consumption.

### Shares by connections

Year		2015		
End of quarter		Q3		
Suppliers	Domestic	I&C	Total	
firmus	24,713	1,986	26,699	
SSE Airtricity	0	30	30	
Go Power	0	13	13	
Flogas	0	200	200	
<b>Connections</b>	<b>24,713</b>	<b>2,229</b>	<b>26,942</b>	

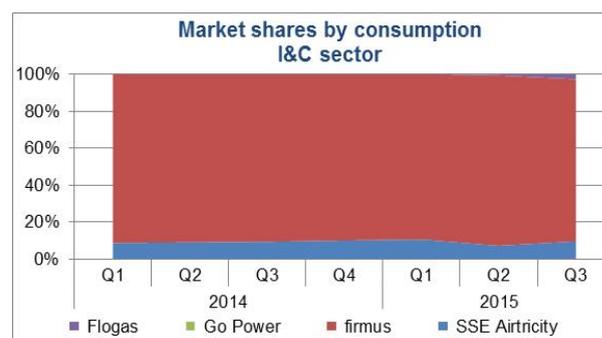
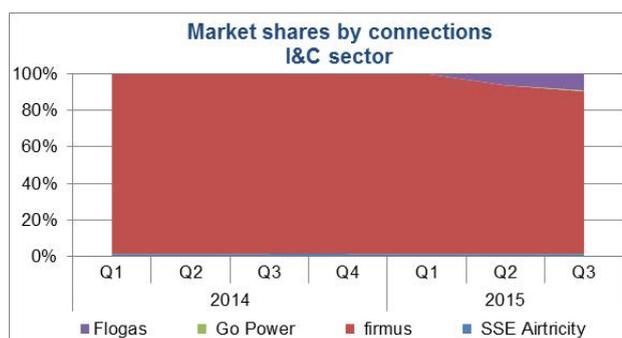
Year		2015		
End of quarter		Q3		
% Connections per supplier	Domestic	I&C	Total	
firmus	100.0%	89.1%	99.1%	
SSE Airtricity	0.00%	1.35%	0.11%	
Go Power	0.00%	0.58%	0.048%	
Flogas	0.00%	8.97%	0.74%	

### Shares by consumption (therms)

Year		2015		
Quarter		Q3		
Suppliers	Domestic	I&C	Total	
firmus	1,106,968	9,101,801	10,208,769	
SSE Airtricity	0	983,229	983,229	
Go Power	0	4,985	4,985	
Flogas	0	280,827	280,827	
<b>Consumption</b>	<b>1,106,968</b>	<b>10,370,842</b>	<b>11,477,810</b>	

Year		2015		
Quarter		Q3		
% Consumption per supplier	Domestic	I&C	Total	
firmus	100.0%	87.8%	88.9%	
SSE Airtricity	0.0%	9.5%	8.6%	
Go Power	0.0%	0.05%	0.04%	
Flogas	0.0%	2.7%	2.4%	

The graphs below show trends in connections and consumption in the gas I&C market since the start of 2014.



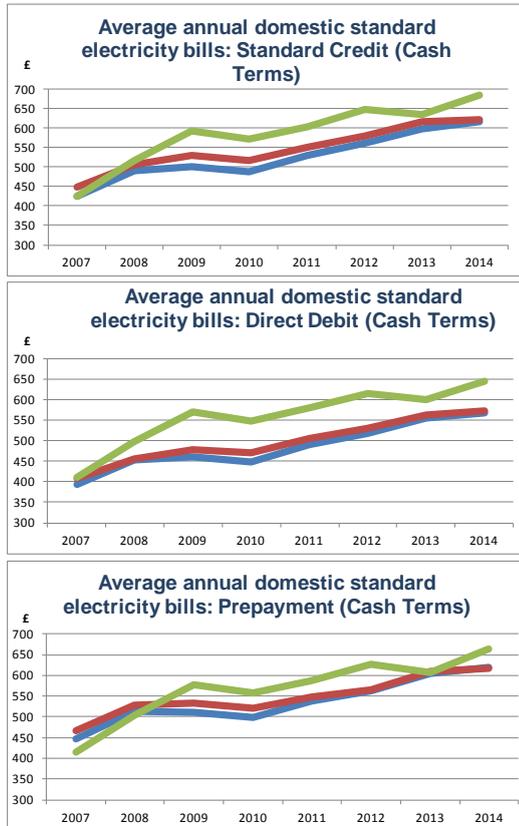
SSE Airtricity entered the large I&C market in January 2013, while Flogas and Go Power entered the I&C market in May 2015 and June 2015 respectively. As at the end of September 2015, 243 I&C supply meter points had switched from firmus to one of the competing suppliers. This means that at the end of Q3, 10.9% of the I&C connections in the Ten Towns area were supplied by non-incumbent suppliers (an increase from 7.5% from the previous quarter).

In terms of consumption, firmus retained 87.8% of the I&C volume in Ten Towns during Q3 2015 which is a decrease from 92% in the previous quarter.

Source: feDL

# 5 Domestic prices

## 5.1 Electricity domestic prices



Average domestic bills are calculated assuming an annual consumption of 3,800 kWh<sup>18</sup>. Data is inclusive of VAT.

These bills relate to the total amount charged during the year, rather than a bill based on the latest prices.

Historically in NI, electricity prices have been higher than in GB. This is mainly because there are higher energy transport costs, the small size of the market which reduces the opportunity for economies of scale, difference in fuel mix available for electricity generation, etc.

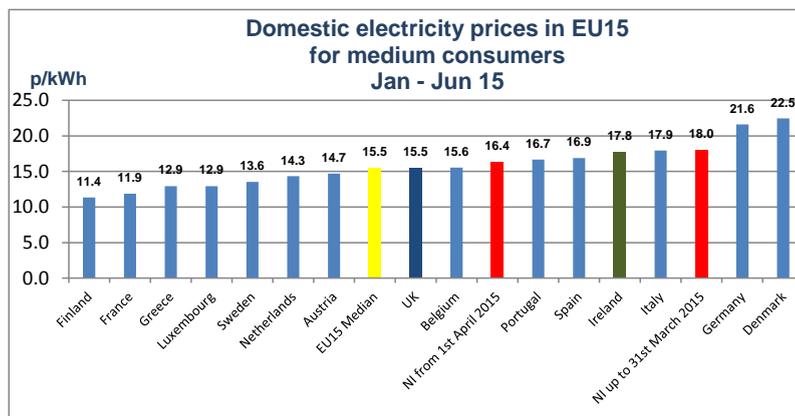
The prepayment option in NI is cheaper than the standard credit tariff, and vice versa for the other two regions.

Note that this data is published annually by DECC in their March Quarterly Energy Prices report for the preceding calendar year.

Source: Table 2.2.2 on DECC March 2015 Quarterly Energy Prices Report (<https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/quarterly-energy-prices>).



The graph below compares NI regulated price with the most recent available prices for other countries in Europe (including taxes). It shows a comparison with the EU-15 of the period Jan – June 2015. The updated NI regulated tariff was published on 1<sup>st</sup> April 2015<sup>19</sup> and is 16.38 p/kWh (including taxes) which is 1.6 p/kWh decrease from the previous period. The NI tariff remains above the EU median, but below the Rol tariff.

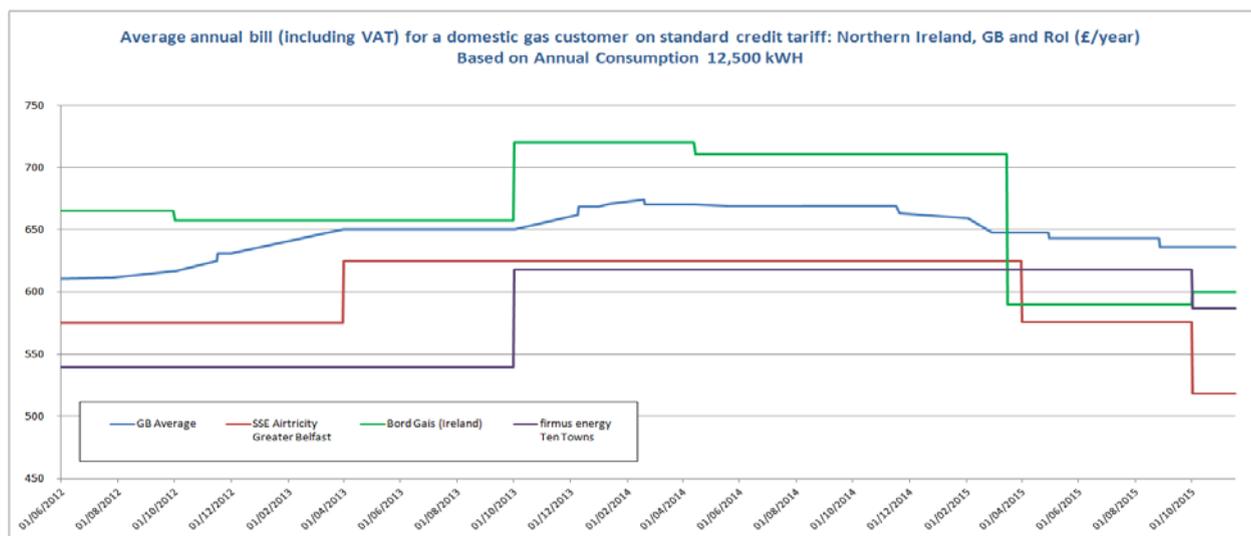


Source: DECC Quarterly Energy Prices. Table 5.6.2. Medium domestic consumers (2,500-4,999 kWh) including taxes.

<sup>18</sup> DECC previously published household bill estimates in Quarterly Energy Prices based on standard household consumption levels of 3,300 kWh for electricity and 18,000 kWh for gas. Following changes in typical household consumption in more recent years, DECC has reviewed the available evidence, and decided to revise the levels used to 3,800 kWh for electricity and 15,000 kWh for gas. A special feature article within the March 2014 publication of Energy Trends provides more details and is available on the Internet at <https://www.gov.uk/government/collections/energytrends-articles> (Quarterly energy Prices March 2014, page 5).

<sup>19</sup> [http://www.uregni.gov.uk/uploads/publications/April\\_2015\\_Electricity\\_Tariff\\_Briefing\\_Paper.pdf](http://www.uregni.gov.uk/uploads/publications/April_2015_Electricity_Tariff_Briefing_Paper.pdf)

## 5.2 Gas domestic prices



The graph above compares gas domestic prices for standard gas tariffs. It shows a GB average which includes the 'Big Six' suppliers<sup>20</sup>. The annual usage estimate used is 12,500 kWh<sup>21</sup>. The tariffs used for comparison purposes are the standard tariff rates for domestic credit customers excluding any discounts that might be available such as payment by direct debit, viewing bills online etc.

Each of the Big Six suppliers in GB decreased their tariffs between January and April 2015. These decreases ranged from 1.3% to 5%. British Gas then announced another reduction of 5% which took effect from 27 August 2015.

In RoI, Bord Gais decreased its gas tariffs by 3.5% from 16 March 2015. This decrease is included in this graph but is displayed as a much larger decrease. This is due to the changes in the exchange rate because for the purposes of this tariff comparison we convert the RoI tariff from Euro to GBP using the exchange rate applicable at the date of each tariff change. Bord Gais announced a further reduction of 2.5% off its gas tariffs from 1 October 2015. This reduction is included in the figures used to plot the graph above but is displayed as an increase due to the change in the exchange rates.

In NI, SSE Airtricity decreased its domestic tariff in the Greater Belfast area by 7.8% on average from 1 April 2015. They then announced a further 10% reduction which took effect from 1 October 2015.

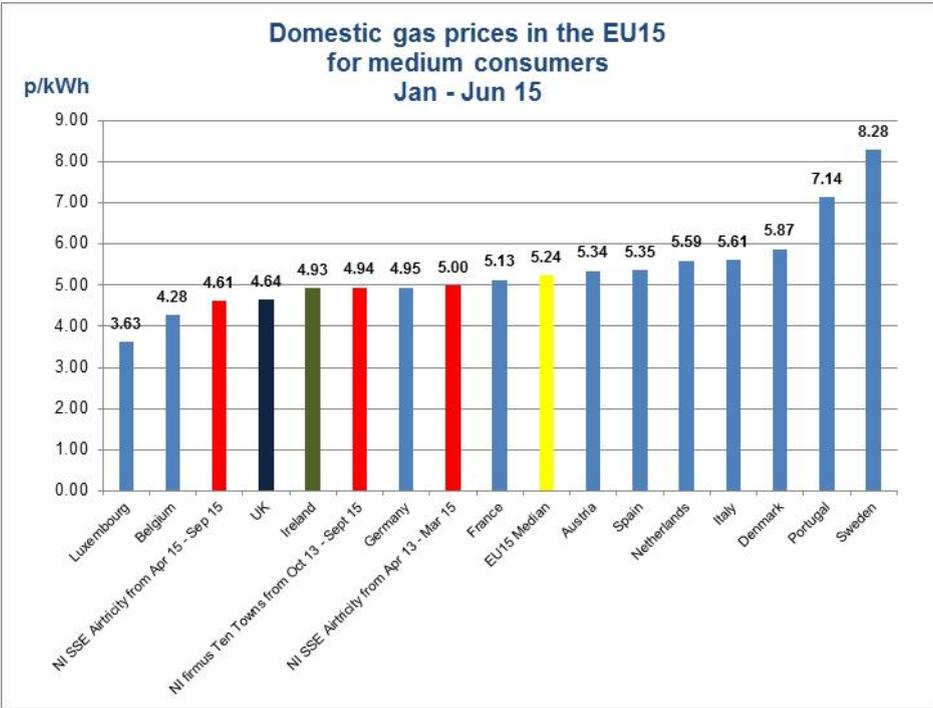
The firmus energy tariffs in the Ten Towns area were reduced by 5% from 1 October 2015. Prior to this the firmus energy tariffs in the Ten Towns area remained constant since October 2013.

Source: UR internal data

<sup>20</sup> The larger energy suppliers in GB (often called the 'Big Six') are the companies that hold supply licences and supply most of the energy to domestic households in the GB market. They are: British Gas, E.ON UK, Scottish and Southern Energy (SSE), npower, EDF Energy and Scottish Power.

<sup>21</sup> Ofgem has recently reviewed the typical domestic consumption and from 1 September 2015 the new value of 12,500kWh per annum will apply: [https://www.ofgem.gov.uk/sites/default/files/docs/2015/05/tdcvs\\_2015\\_decision\\_1.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2015/05/tdcvs_2015_decision_1.pdf)

The graph below compares NI regulated gas tariffs with the prices for other countries in Europe, including taxes, for the period January to June 2015.



The NI prices used in the graph are the standard credit tariffs of SSE Airtricity in Greater Belfast and firmus energy in the Ten Towns. They are calculated based on a customer using 12,500 kWh per annum:

- The SSE tariff that applied during the period Jan-Mar 2015: 6.957 p/kWh for first 2000 kWh, and then 4.629 p/kWh (note that this is not the current SSE tariff in the Greater Belfast area).
- The SSE tariff that applied during the period Apr-Jun 2015: 6.261 p/kWh for first 2000 kWh, and then 4.291 p/kWh (note that this is not the current SSE Airtricity tariff in the Greater Belfast area).
- The firmus energy tariff that applied during the period Jan-Jun 2015: 6.804 p/kWh for first 2000 kWh, and then 4.586 p/kWh (note that this is not the current firmus energy tariff in the Ten Towns).

Source: DECC Quarterly Energy Prices: Table 5.10.2. Medium consumers (5,557-55,556 kWh/annum) including taxes, and UR data.

# 6 Electricity I&C prices

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## 6.1. Price comparison with EU

The NI non-domestic electricity prices produced in this report are based on the average electricity revenues per unit supplied to I&C consumers, categorised in terms of their annual consumption. These are derived directly from suppliers' submissions to UR and are not based on a survey of actual prices that are charged.

**In terms of how we derive these prices, we follow DECC's format and methodology.**

Consequently, the NI prices used in this report are comparable with prices in other EU countries (those published in DECC's Quarterly Energy Prices reports<sup>22</sup> and Eurostat data base<sup>23</sup>).

To avoid confidentiality issues, data has been aggregated in the form of 'averages' for the total of NI (per customer size bands), with no individual supplier detail published.

The base figures are submitted on a quarterly basis by suppliers. The UR performs a high level reasonableness check of the base figures, but the suppliers are responsible for the accuracy of the information that is provided to the UR. The base figures are as follows:

- **Volume** of electricity sold to I&C consumers.
- The **value**, or revenue gained from the sale, split into three categories: excluding all taxes, excluding VAT, and including all taxes.
- The **number** of I&C customers supplied in that particular size category.

The volume and value are used to calculate a NI quarterly average value per size band. This value per unit (per size band) is what we refer to in this paper as "price". For clarity we do not receive from suppliers the actual price paid by their customers. Instead we calculate the average value or revenue collected per unit in that particular size category, as per the DECC methodology.

As the Eurostat figures are published on a semester basis (semester 1 (S1) January to June and semester 2 (S2) July to December) we therefore average the two relevant quarters to obtain the comparable six-month period for NI.

In the graphs shown in this report, we use unit prices which include Climate Change Levy (CCL) but exclude VAT, as VAT is a refundable expense for many businesses. This therefore reflects the final prices paid by I&C Customers.

We also amalgamate the two largest categories of annual consumption (large and very large customers) to avoid any confidentiality issues in sectors where there are a small number of customers and suppliers involved.

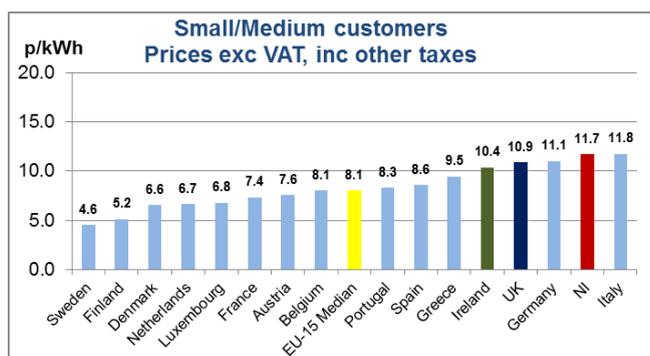
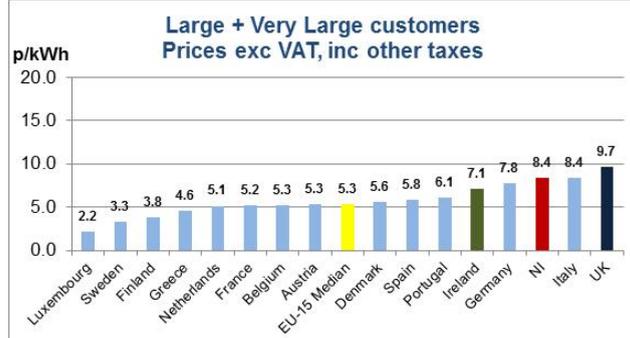
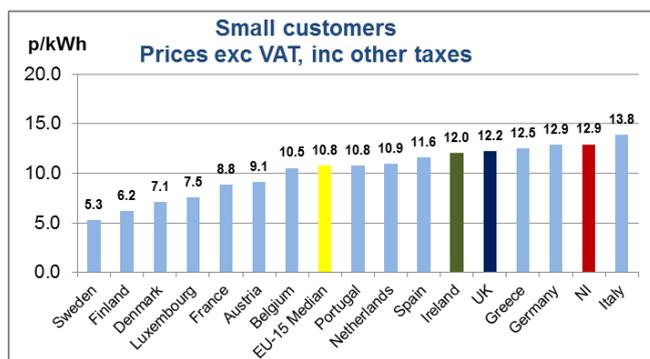
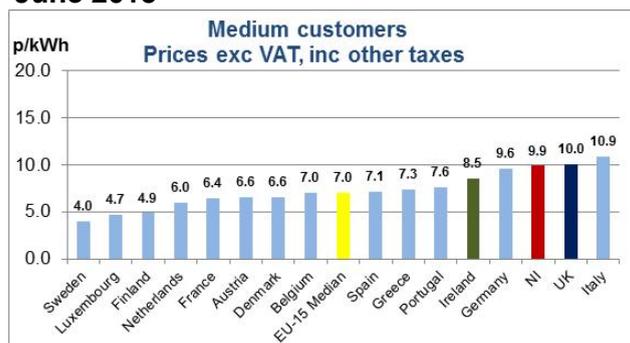
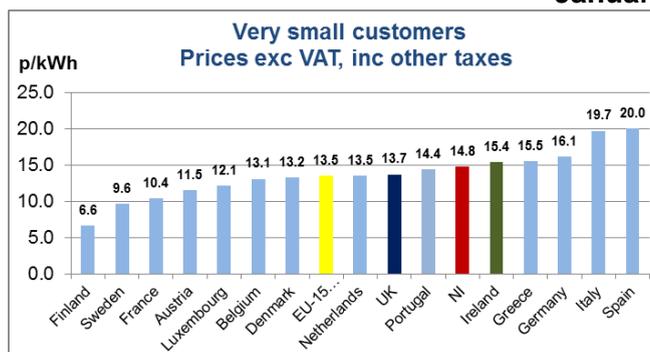
**Finally please be aware that the comparability of the derived NI prices to the other Member States can be greatly affected by fluctuations in the Euro.** For the purposes of tariff comparisons we convert the EU tariffs from Euro to GBP using the monthly average exchange rate applicable for the semester. Therefore tariff movements and comparisons between NI and other Member States can be impacted by both an increase and decrease in a tariff and also by any variation in exchange rates.

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<sup>22</sup> <https://www.gov.uk/government/collections/quarterly-energy-prices>

<sup>23</sup> <http://ec.europa.eu/eurostat/web/energy/data/database>

## January - June 2015



Size of consumer	Annual consumption bands (MWh)	% of I&C customers	% of I&C consumpt.
Very small	< 20	66.43%	7%
Small	20 - 499	31.94%	35%
Small/Medium	500 - 1,999	1.19%	16%
Medium	2,000 - 19,999	0.41%	30%
Large + Very Large	> 20,000	0.03%	12%

The graphs above show I&C electricity prices in the 15 EU countries and in NI, per consumption size bands (following standard EU categorisation).

For the Very Small I&C Category the NI prices are above EU median, though marginally so, and are lower than RoI (two thirds of I&C customers in NI are in this size category). For the larger I&C customers, prices lie above those in RoI but are lower than in the UK overall.

The table above shows percentages of NI I&C customers at the end of June 2015, and percentages of consumption from January to June 2015, in each of the consumption categories. NI I&C customers are very heavily grouped in the smallest size band (those customers consuming less than 20 MWh per annum). These customers account for 65% of the customers in the I&C sector, while they represent approximately 6% of the I&C consumption.

*Source: NI electricity suppliers, Eurostat and UR internal calculations*

# Glossary

ATR	Annual Transparency Report
CCL	The Climate Change Levy (CCL) is a tax on electricity, gas and solid fuels delivered to I&C consumers. Its objective is to encourage businesses to reduce their energy consumption or use energy from renewable sources. The rate changes every year.
C	Circa
CoS	Change of supplier
DECC	Department of Energy and Climate Change
ERGEG	European Regulators' Group for Electricity and Gas
EU	European Union
Eurostat	Statistical office of the EU. Its task is to provide the EU with statistics at European level that enable comparisons between countries and regions
feDL	firmus energy (Distribution) Limited
firmus	firmus energy (Supply) Limited
GB	Great Britain
GBP	Great British Pound
I&C	Industrial and Commercial
kVA	Kilo volt-ampere
kWh	Kilowatt hour. Unit of energy equivalent to one kilowatt (1kW) of power expended for one hour (1h) of time. 1,000kWh = 1MWh. 1,000MWh = 1GWh.
NI	Northern Ireland
NIE	Northern Ireland Electricity Networks
NRAs	National Regulatory Authorities
LEU	Large Energy Users
Ofgem	Office of the Gas and Electricity Markets
PNGL	Phoenix Natural Gas Limited
PSL	Phoenix Supply Limited
Q	Quarter. In this report, Q refers to the calendar year (i.e. Q1 refers to the quarter January-March).
QTRs	Quarterly Transparency Reports published by the UR at the end of the second month after each calendar quarter (at the end of Feb, May, Aug and Nov).
REMM	Retail Energy Market Monitoring
RoI	Republic of Ireland
S1	Semester 1
S2	Semester 2
SME	Small and Medium Enterprises
UR	Utility Regulator
VAT	Value Added Tax