

21 February 2014

Elena Ardines
NIAUR
Queens House
Queen Street
BELFAST
BT1 6ED

Dear Elena,

Re: Draft Corporate Strategy and Forward Work Programme

Thank-you for providing firmus energy with this opportunity to respond to the above consultation.

Since 2005, firmus energy has brought the benefits of natural gas to over 20,000 homes and businesses in our network area and we also supply c.46,000 customers in the Greater Belfast area. In developing our business we have;

- Maintained the highest levels of customer service of any regulated energy company in Northern Ireland ;
- Developed a safe and robust gas distribution network;
- Helped to remove c.450,000 tonnes of carbon dioxide from the local atmosphere;
- Helped to provide business and domestic customers with over £60m in savings; and
- Maximised the development of our network, whilst seeking additional regulatory permission to eight new areas.

Since our licence was awarded, we have:

- Invested over £80 million building our gas distribution network and we continue to invest around £10m on capital spend each year;
- Looked to increase the number of consumers who can benefit from natural gas. Our "Thin" business model projected that we would connect 2,000 homes and businesses each year. Encouragingly, we have now embarked upon a "fatter" business model approach which delivers over 4,000 connections per year;
- Grown our business in an economically viable and responsible manner by targeting large industrial and commercial loads, new build housing estates and public housing

where refurbishment programmes are planned as well as connecting increasing numbers of residential households

- Maintained **competitive** pricing to encourage conversion to natural gas, and
- Looked to extend the benefits of natural gas to as many consumers as possible. As outlined above, we have agreed eight additional network extensions with the Utility Regulator's office. These new areas include Portstewart, Ballyclare, Warrenpoint, Craigdoo, Coleraine Quarries, Bushmills, Bessbrook, and Glenavy.

firmus energy has always been committed to working with the Utility Regulator, DETI, the Consumer Council and other stakeholders in order to maximise the benefits of natural gas to consumers and the local economy in Northern Ireland, in a socially responsible and consumer focused manner. To that end, we welcome the opportunity to respond to this Draft Corporate Strategy and Forward Work Programme (FWP) consultation.

We are encouraged by the Utility Regulator's draft Strategy and proposed FWP, and within this context we would wish to highlight the crucial importance of regulatory certainty in continuing to encourage the necessary investment that will be needed to continue development of energy infrastructure in Northern Ireland.

firmus energy are mindful that the Better Regulation Task Force (1997) set out that regulatory activities should be "*transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed*". Therefore, we would respectfully request that in implementing its Strategy and FWP that the Utility Regulator looks to ensure that there is a clear and agreed understanding of all parties on how its process (e.g. future price controls, cost reporting etc.) will operate and how data should be submitted and recorded.

firmus energy looks forward to working with the Utility Regulator on its proposed strategy and FWP. Please feel free to contact me directly on 028 9442 7835, should you wish to discuss further.

Yours sincerely,



John French

Head of Regulation and Pricing