Utility Regulator
ELECTRICITY GAS WATER

Quarterly Transparency Report AUG 2011

Data up to: June 2011

Data Sources and Assumptions

The data sources for this report are mainly the electricity and gas companies.

Electricity switching analysis has been undertaken with inputs from NIE, and gas switching inputs are from PNG and gas suppliers.

Electricity domestic prices are from the Department of Energy and Climate Change[1] (DECC). At present DECC do not produce statistics for NI domestic gas prices, so prices comparison have been collated internally.

Retail competition in NI energy market

The electricity and gas markets (in the Greater Belfast and Larne area) have been open to competition to domestic customers since 2007. However, effective competition in all market segments didn't start right away. The table below shows when competition effectively started in each one of the energy market segments. It also shows when the gas areas that still remain supplied by an incumbent company will open to competition.

<table>
<tr><th colspan="2">Electricity</th></tr>
<tr><td>Domestic Credit</td><td>June 10: Airtricity entry.
Oct 10: firmus started supplying Ulster Farmers' Union members.
June 11: Budget Energy entry.</td></tr>
<tr><td>Domestic Keypad</td><td>May 11: Airtricity entered this market segment.
June 11: Budget Energy entry.</td></tr>
<tr><td>SME < 70 kVA</td><td rowspan="3">Industrial electricity customers become eligible to change supplier from 1999. From 2005, small and medium businesses become eligible too.</td></tr>
<tr><td>SME > 70 kVA</td></tr>
<tr><td>LEU > 1 MW</td></tr>
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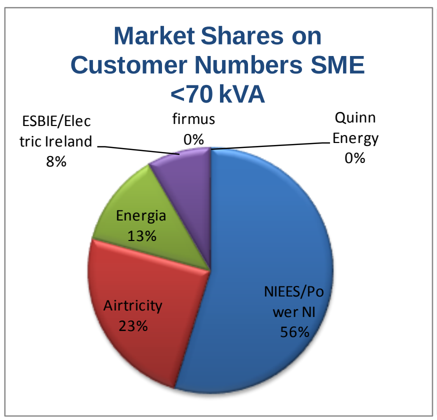
<table>
<tr><th colspan="2">Gas (Greater Belfast and Larne area)</th></tr>
<tr><td>Domestic Standard Credit</td><td>Nov 10: firmus entered this market segment.</td></tr>
<tr><td>Domestic Direct Debit</td><td></td></tr>
<tr><td>I&C < 2,500</td><td rowspan="4">Four active gas suppliers since 2007: Phoenix Supply Limited (PSL), firmus energy, Energia, VAYU.</td></tr>
<tr><td>I&C between 2,500 and 25,000</td></tr>
<tr><td>I&C between 25,000 and 75,000</td></tr>
<tr><td>I&C > 75,000</td></tr>
<tr><th colspan="2">Gas (10 Towns) *</th></tr>
<tr><td>Domestic and small users</td><td>Apr 2015</td></tr>
<tr><td>Large Users</td><td>Oct 2012</td></tr>
</table>

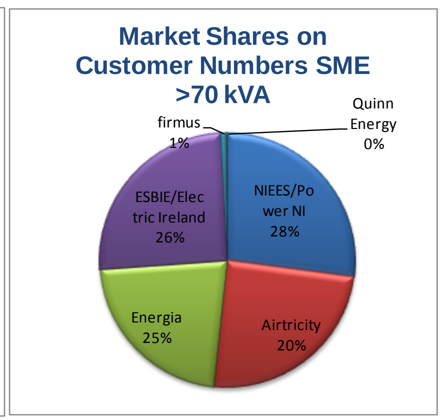
1 http://www.decc.gov.uk/en/content/cms/statistics/publications/prices/prices.aspx

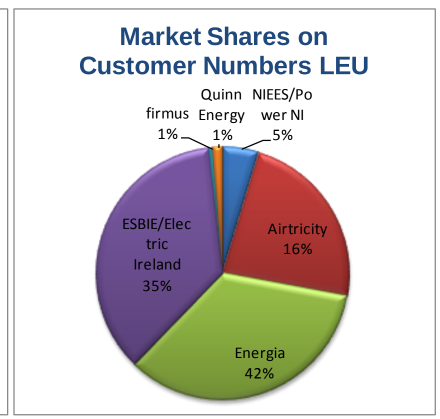
* http://www.uregni.gov.uk/uploads/publications/2011-02-21_Decision_paper_firmus_exclusivity.pdf

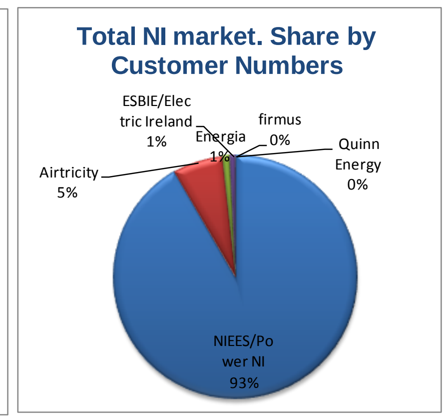
ELECTRICITY MARKET SHARES BY CUSTOMER NUMBERS

Year	2011					
Month	Q2					
	Column Labe					
Values	Domestic Credit	Domestic Keypad	SME <70kVA	SME >70kVA	LEU >1MW	Grand Total
Customer Numbers NIEES/Power NI	460,817	265,534	29,645	1,337	8	757,341
Customer Numbers Airtricity	39,458	383	13,219	1,213	40	54,313
Customer Numbers Energia	0	0	6,721	1,094	59	7,874
Customer Numbers ESBIE/Electric Ireland	0	0	4,485	1,248	62	5,795
Customer Numbers firmus	189	0	17	35	1	242
Customer Numbers Quinn Energy	0	0	2	5	2	9
Customer Numbers Total Market	500,464	265,917	54,089	4,932	172	825,574





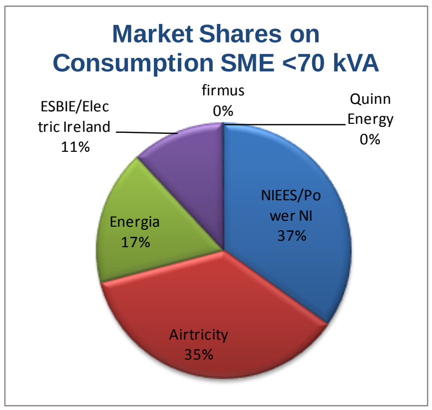


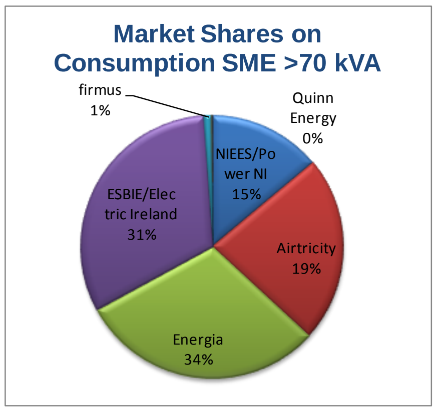


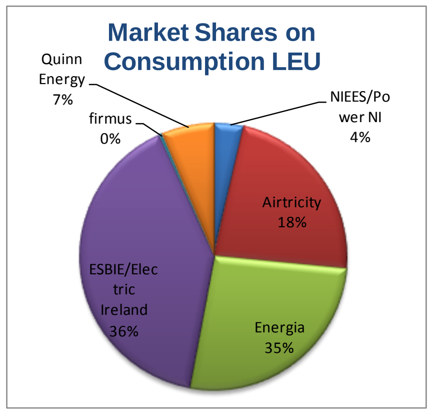
- NIEES is now called Power NI, while ESBIE is called Electric Ireland. Both companies will keep both of their names in the short term.
- The charts above reflect the market share of each active supplier in NI, by percentage of customers.
- There is no chart of the domestic credit sector, as still there is a big share of customers in this segment remaining with the previously incumbent supplier. However, this situation is progressively changing, and the percentage of domestic customers supplied by NIEES/Power NI has slightly decreased to 92% by this quarter.
- There is a flow of domestic customers moving from credit to keypad meters. Airtricity and Budget Energy have entered the keypad segment in mid-2011.
- The current non-incumbent market share in this period is 8% (by customers) of the total electricity retail sector.

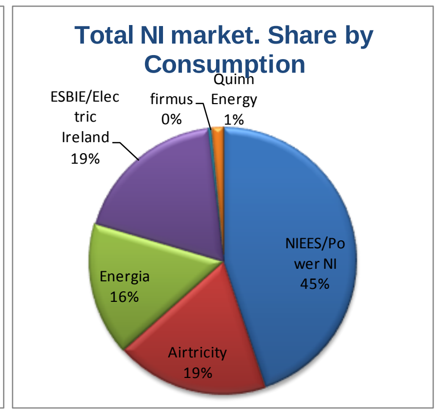
ELECTRICITY MARKET SHARES BY CONSUMPTION (GWh)

Year	2011					
Month	Q2					
	Market Segment					
Values	Domestic Credit	Domestic Keypad	SME <70kVA	SME >70kVA	LEU >1MW	Grand Total
Consumption NIEES/Power NI	432.04	231.01	100.42	69.61	14.36	847.44
Consumption Airtricity	42.57	0.05	104.19	114.17	90.54	351.52
Consumption Energia	0.00	0.00	49.47	150.55	104.57	304.59
Consumption ESBIE/Electric Ireland	0.00	0.00	34.08	159.27	159.56	352.92
Consumption firmus	1.17	0.00	0.32	4.74	1.42	7.65
Consumption Quinn Energy	0.00	0.00	0.02	0.53	25.20	25.76
Consumption (GWh)	475.78	231.05	288.51	498.88	395.66	1,889.88



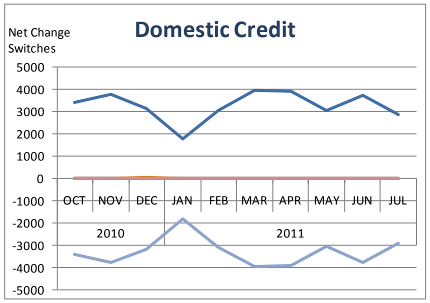


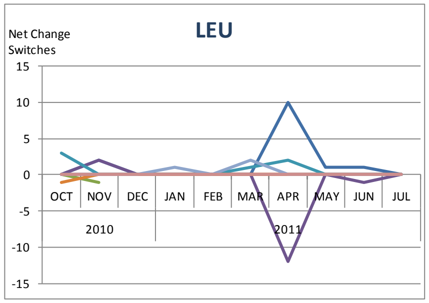


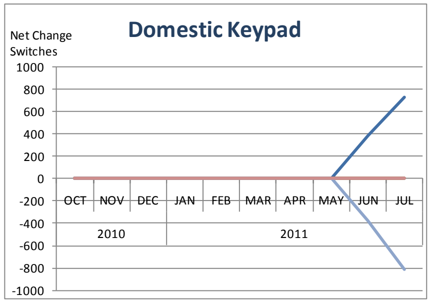


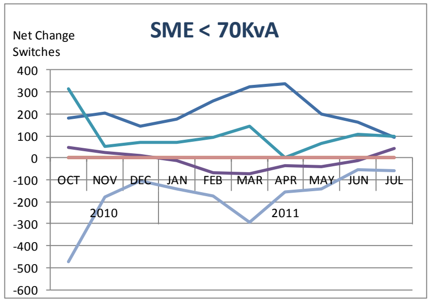
- These charts reflect the market share of each active supplier in NI by percentage of units billed.
- There is no movement in the keypad sector in terms of supplier over this period. However, this situation will change in the next quarter, as Airtricity entered the keypad segment in May 11, and Budget Energy entered the domestic market in June 2011, with a strong focus on keypad customers. We will report on this on the next Transparency Report.
- The non-incumbent market share in volume terms is 55% of the total market.
- Competition in the non-domestic sector is more noticeable when examining shares by consumption than by customer numbers.

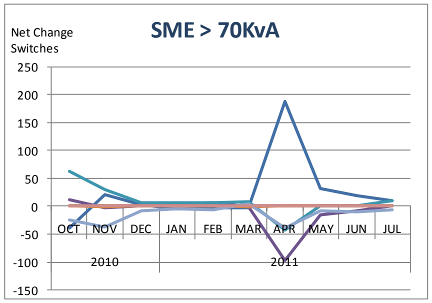
ELECTRICITY MARKET ACTIVITY AND NEW CUSTOMER REGISTRATIONS









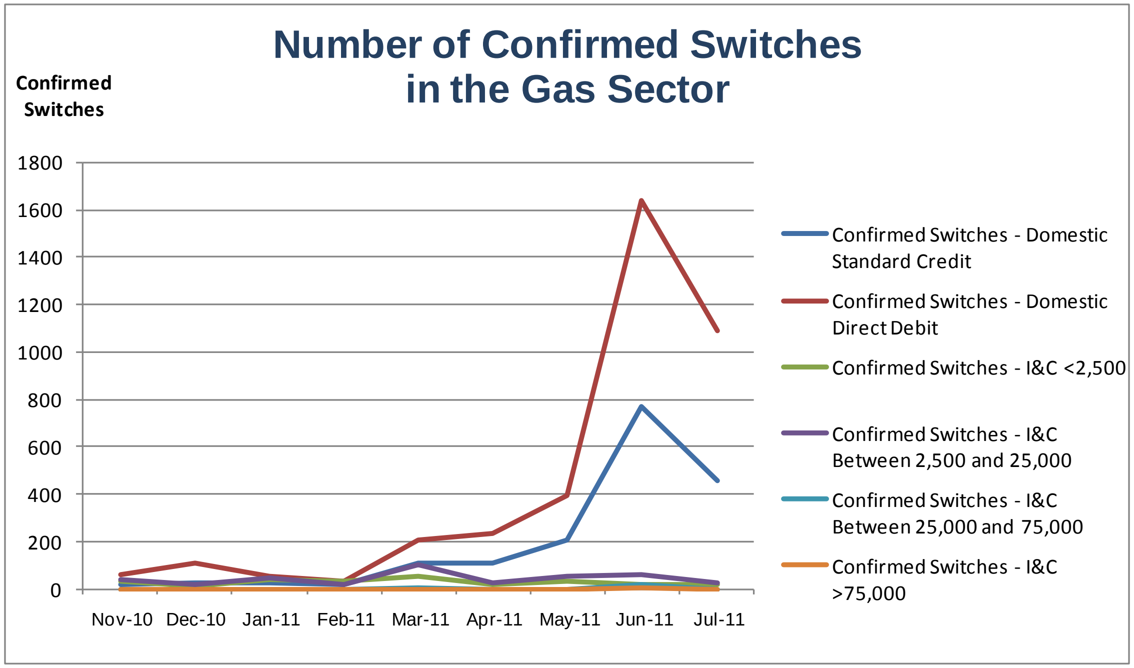


- These charts and table reflect the Net Change of customer numbers (gains less losses) for switching activity plus new customer registrations, per market segment and supplier.
- Competition in the keypad segment started in May 2011. Therefore there has not been market activity in this sector yet, that's why there is no chart for the keypad segment.

Figures for last quarter:

Sum of Net Change	Column Labels						
Row Labels	Supplier 1	Supplier 2	Supplier 4	Supplier 5	Supplier 6	Supplier 7	Supplier 8
⊟ 2011	12044	0	-224	134	33	-11511	0
⊟ Domestic Credit	10713	0	0	0	32	-10715	0
APR	3907	0	0	0	10	-3895	0
MAY	3047	0	0	0	6	-3044	0
JUN	3759	0	0	0	16	-3776	0
⊟ Domestic Keypad	383	0	0	0	0	-383	0
APR	0	0	0	0	0	0	0
MAY	1	0	0	0	0	-1	0
JUN	382	0	0	0	0	-382	0
⊟ SME < 70KvA	697	0	-89	173	1	-352	0
APR	336	0	-34	3	0	-157	0
MAY	200	0	-41	64	1	-142	0
JUN	161	0	-14	106	0	-53	0
⊟ SME > 70KvA	239	0	-122	-41	0	-60	0
APR	188	0	-98	-42	0	-40	0
MAY	32	0	-15	0	0	-9	0
JUN	19	0	-9	1	0	-11	0
⊟ LEU > 1MW	12	0	-13	2	0	-1	0
APR	10	0	-12	2	0	0	0
MAY	1	0	0	0	0	-1	0
JUN	1	0	-1	0	0	0	0

GAS SWITCHING ACTIVITY

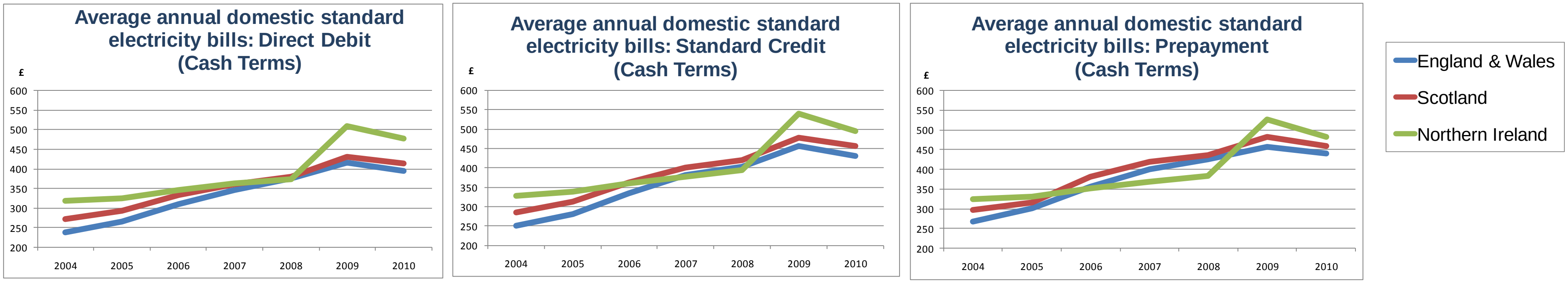


- The gas switching activity relates to the Greater Belfast Licensed Area.
- Source: Phoenix Natural Gas and gas suppliers.
- At the end of July 2011, almost 5,500 domestic customers and over 680 I&C have switched gas supplier.

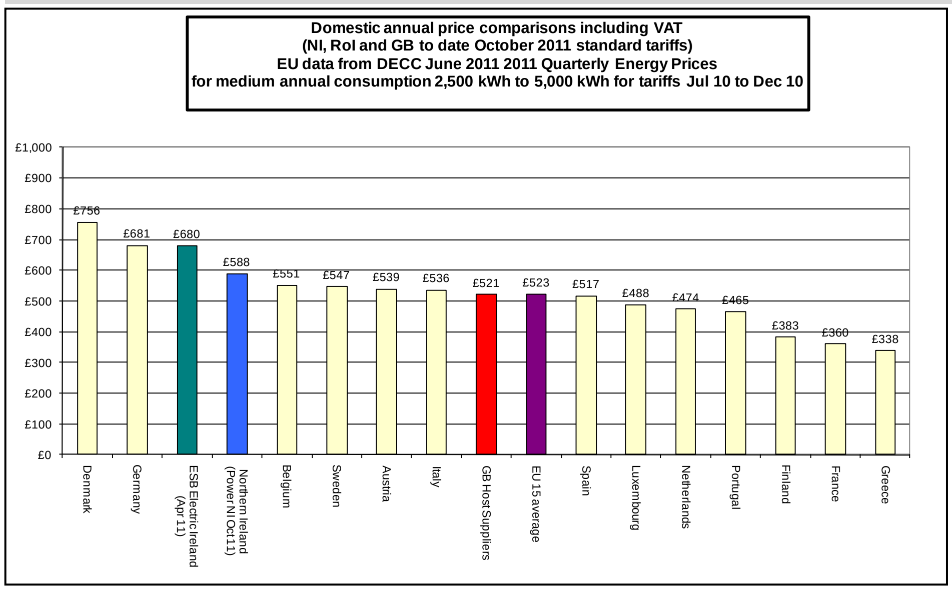
Figures for last quarter:

	Confirmed Switches					
Values	Domestic Standard Credit	Domestic Direct Debit	I&C <2,500	I&C Between 2,500 and 25,000	I&C Between 25,000 and 75,000	I&C >75,000
Apr-11	110	233	20	26	0	0
May-11	205	392	31	53	0	0
Jun-11	770	1639	18	61	17	3

ELECTRICITY PRICES



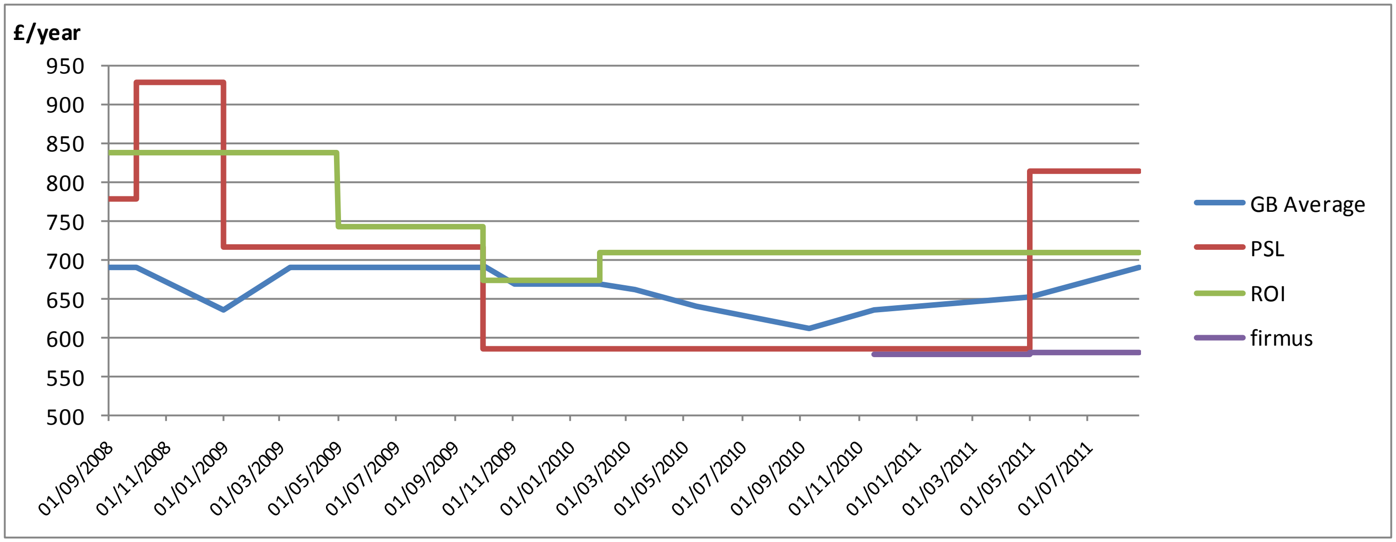
- Average domestic bills in Quarterly Energy Prices are calculated assuming annual consumptions of 3,300 kWh. Data are inclusive of VAT.
- These bills relate to the total amount charged during the year, rather than a bill based on the latest prices.
- Historically in NI, electricity prices have been higher than in GB. This is mainly because there are higher energy transport cots, small size of the market that reduces chances of economies of scale, the difference in fuel mix, etc.
- The prepayment option in NI is cheaper than the Standard Credit tariff, and vice versa for the other two regions.
- Source: DECC last Quarterly Energy Prices.



- This graph compares the October 2011 prices for NI and RoI to September 2011 prices in GB and to the most recent available data for other countries in Europe (which relate to the second half of 2010).
- Source: UR comments on Power NI tariff announcement (briefing paper) http://www.uregni.gov.uk/news/utility_regulator_comments_on_power_ni_tariff_announcement/

GAS PRICES

Historic comparison of GB, RoI and Phoenix Supply Ltd gas domestic prices



- Domestic prices graph compares prices for a standard tariff. It shows a GB average which includes the 6 big suppliers in GB. The annual usage estimate is 16,500 kWh.
- Traditionally NI prices have been higher than in Great Britain, mainly due to the lack of indigenous supply, extra costs of gas transport from Scotland, recent infrastructure, etc. This trend changed in 2009 as a result of the almost immediate pass through of falls in prices to the customers from the price control in NI, and GB firms demanding greater margins. However, recently the rising of international wholesale fuel costs has lead to a 39.1% increase in Phoenix Supply Ltd prices from 1 May in the Greater Belfast area.
- BGE are set to announce price rises in October.
- 5 of the six big energy firms have announced price increases however many of these don't come into effect until September so aren't impacting the graph as yet.
- In NI, Direct Debit tariff is 4% cheaper than Standard Credit tariff.
- Source: UR internal data.