RETAIL MARKET MONITORING
Quarterly Transparency Report MAY 2013

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1. Introduction

Data sources and assumptions

Monitoring the market is key in fulfilling our functions on protection of consumers and promotion of effective competition. As we continue to work in this area, we aim at making constant additions to this report from the previous quarters, to develop a regular and structured flow of relevant information for our stakeholders.

The main data sources for this report are as follows:

- Market shares are provided by the network companies (NIE and PNG).
- Electricity switching analysis has been undertaken with inputs from NIE, and gas switching inputs are from PNG and gas suppliers.
- EU domestic energy prices are from Eurostat. NI domestic prices in the EU comparison, for electricity and gas, are collated internally.

Retail competition 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 10 towns gas area opened to competition for large I&C (industrial and commercial) customers in October 2012. The domestic and small I&C segments still remain supplied exclusively by one incumbent company, and it are due to open to competition in April 2015.

The table below shows when competition effectively started in each of the energy market segments.

Electricity	
Domestic	June 10: Airtricity entered the domestic credit segment. Oct 10: firmus started supplying Ulster Farmers' Union members. May 11: Airtricity entered the domestic keypad segment. June 11: Budget Energy entry. Oct 11: Electric Ireland entered the domestic sector.
Non-domestic	Industrial electricity customers become eligible to change supplier from 1999. From 2005, small and medium businesses became eligible too. Feb 12: VAYU enters the non-domestic market Apr 12: LCC enters the non-domestic market

Gas (Greater Belfast and Larne area)[1]	
Domestic	July 10: firmus entered this market segment.
Non-domestic	At end May 2013, there are five active gas suppliers (since 2006): AGS[2] (Airtricity Gas Supply), firmus energy, Energia, VAYU and Electric Ireland.
Gas (10 Towns)[3]	
Domestic and non-domestic small users	Will open to competition from Apr 2015
Large non-domestic Users	Open to competition from Oct 2012. Jan 13: AGS entered this market

For further details on the retail energy market in Northern Ireland, please visit: http://www.uregni.gov.uk/publications/utility_regulators_annual_energy_retail_reports/

[1] The Greater Belfast area, including Holywood, Bangor, Newtownards, Belfast, Newtownabbey, Carrickfergus, Lisburn and Larne

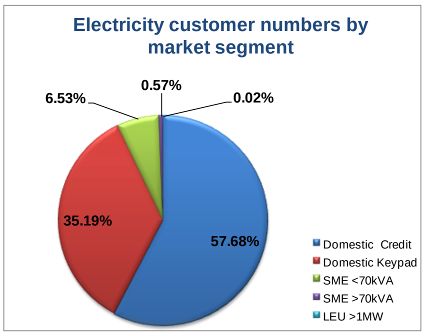
[2] Formerly called Phoenix Supply Ltd (PSL)

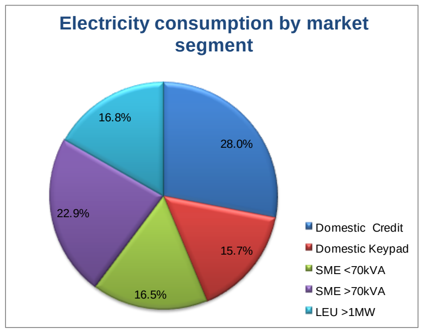
[3] In 2005 firmus energy was awarded a licence to develop the natural gas network in 10 towns across NI, from L'Derry to Ballymena, and from Antrim to Newry.

2. NI customer numbers and total consumption

Electricity – customer numbers

Year	2013	
Month	Q1	
Market segments	**Customer Numbers**	**Consumption (GWh)**
Domestic Credit	483,736	631
Domestic Keypad	295,118	353
SME <70kVA	54,770	372
SME >70kVA	4,804	516
LEU >1MW	193	378
Total	**838,621**	**2,251**





- From the total customers in NI, 93% belong to the domestic sector, while the remaining 7% are non-domestic customers. This translates into 44% and 56% respectively in terms of consumption.
- The number of domestic credit customers continues to decrease in comparison to prepayment customers.
- Within the domestic sector, prepayment customers are 38% of the total customers.
- Please note that long term vacant sites are no longer included in customer numbers.

Gas – Greater Belfast and 10 towns areas

Year	2013	
End of quarter	Q1	
Market segments	**Connections**	**Consumption (therms)**
Greater Belfast	**157,350**	**51,124,250**
Domestic & Small I&C	154,121	26,988,492
I&C > 73,200 kWh	3,229	24,135,758
Ten towns	**18,468**	
Domestic	16,547	
I&C	1,921	
Total	**175,818**	

- In the Greater Belfast area, the market segments are split following the Distribution Code:
  - Domestic and Small I&C (<73,200 kWh, or <2,500 Therms/annum), which in this Q1 represents 98% of the connections and 53% of the consumption.
  - I&C (>73,200 kWh, or >2,500 Therms/annum), representing 2% of the connections in this area, and 47% of the consumption.

- In the 10 Towns area, competition in the large I&C segment opened in October 2012.
- Currently there are 18,468 connections in 10 Towns (this is an increase of 7% from the previous quarter). Domestic premises represent 90% of the connections, while I&C sector represents the remaining 10%.
- Consumption data for the 10 towns was not available for 2013 Q1 at the time of publishing this report (please refer to previous QTRs for historic consumption amounts).

3. Market shares and market activity

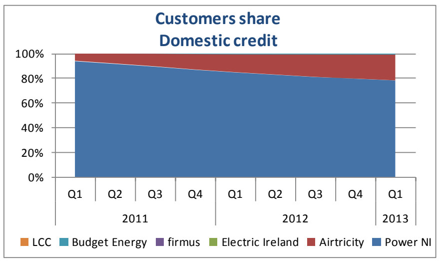
Electricity – shares by customer numbers

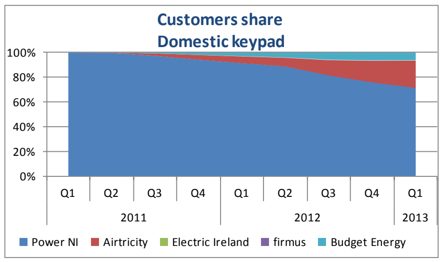
Year	2013
Month	Q1

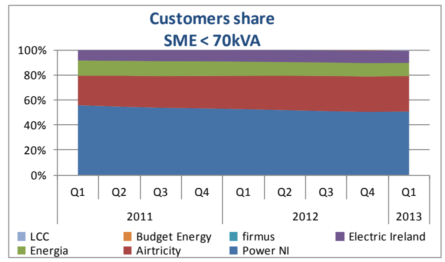
Suppliers	Domestic Credit	Domestic Keypad	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	380,334	211,479	27,921	1,197	23	620,954
Airtricity	100,447	64,856	15,335	1,342	52	182,032
Energia	0	0	6,081	1,019	59	7,159
Electric Ireland	175	115	5,255	1,163	52	6,760
firmus	251	0	18	26	2	297
Budget Energy	2,516	18,668	92	3	0	21,279
Vayu	0	0	0	4	0	4
LCC	13	0	68	50	5	136
Total Market	**483,736**	**295,118**	**54,770**	**4,804**	**193**	**838,621**

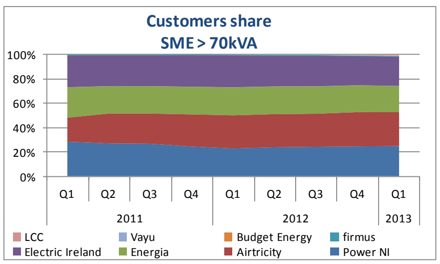
Year	2013
Month	Q1

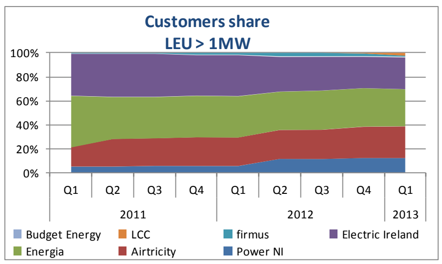
Suppliers	Domestic Credit	Domestic Keypad	SME <70kVA	SME >70kVA	LEU >1MW	Total
% Power NI	78.6%	71.7%	51.0%	24.9%	11.9%	74.0%
% Airtricity	20.8%	22.0%	28.0%	27.9%	26.9%	21.7%
% Energia	0.0%	0.0%	11.1%	21.2%	30.6%	0.9%
% Electric Ireland	0.0%	0.0%	9.6%	24.2%	26.9%	0.8%
% firmus	0.1%	0.0%	0.0%	0.5%	1.0%	0.0%
% Budget Energy	0.5%	6.3%	0.2%	0.1%	0.0%	2.5%
% Vayu	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
% LCC	0.0%	0.0%	0.1%	1.0%	2.6%	0.0%

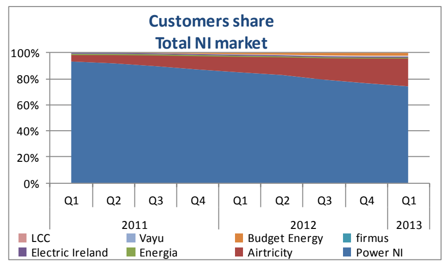










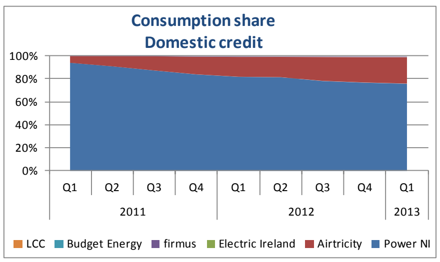


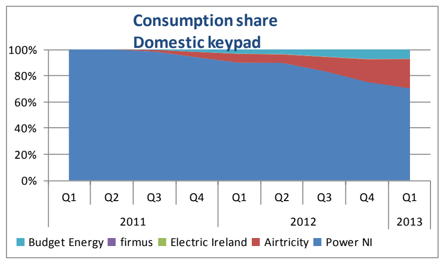
- The charts above show the trends in market shares (by customer numbers) for each active supplier in NI, by market segment from Q1 2011.
- The total number of domestic customers at the end of Q1 2013 was 778,854. There is still a large share of customers remaining with the previously incumbent supplier. However, this situation is progressively changing, and the percentage of domestic credit (including direct debit) customers supplied by Power NI has been decreasing. In Q1 2013, this percentage was 79% which is a decrease from 80% in the previous quarter. Power NI currently supplies 72% of keypad customers, which is a decrease from 76% from the previous quarter. The current non-incumbent share by customer numbers is 21% for credit domestic customers and 28% for keypad customers.
- Competition in the non-domestic market is more developed, and shares are more dispersed than in the domestic sector. There were 8 active suppliers in Q1 2013, based on customer numbers, 4 of these suppliers have shares of more than c10% in each of the business segments.

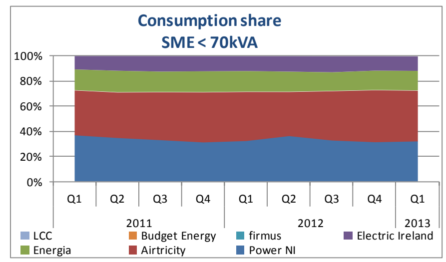
Electricity – shares by consumption (GWh)

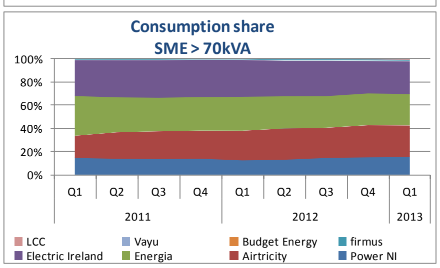
Year	2013					
Month	Q1					
Suppliers	**Domestic Credit**	**Domestic Keypad**	**SME <70kVA**	**SME >70kVA**	**LEU >1MW**	**Total**
Consumption Power NI	477.5	248.9	119.6	80.2	18.7	945.0
Consumption Airtricity	146.1	78.9	149.7	140.6	108.2	623.5
Consumption Energia	0.0	0.0	58.0	140.0	91.9	289.9
Consumption Electric Ireland	0.3	0.2	43.6	145.2	148.3	337.5
Consumption firmus	3.7	0.0	0.4	6.4	10.5	21.0
Consumption Budget Energy	3.6	25.2	0.4	0.0	0.0	29.2
Consumption Vayu	0.0	0.0	0.0	0.8	0.0	0.8
Consumption LCC	0.2	0.0	0.5	3.2	0.3	4.2
Consumption (GWh)	**631.4**	**353.1**	**372.3**	**516.4**	**377.9**	**2,251.1**

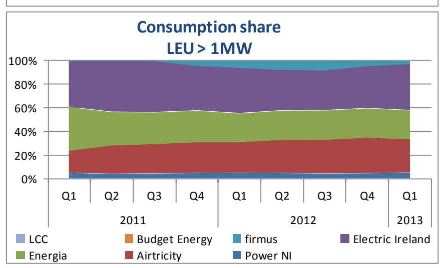
Year	2013					
Month	Q1					
Suppliers	**Domestic Credit**	**Domestic Keypad**	**SME <70kVA**	**SME >70kVA**	**LEU >1MW**	**Total**
% Consumption Power NI	75.6%	70.5%	32.1%	15.5%	4.9%	42.0%
% Consumption Airtricity	23.1%	22.3%	40.2%	27.2%	28.6%	27.7%
% Consumption Energia	0.0%	0.0%	15.6%	27.1%	24.3%	12.9%
% Consumption Electric Ireland	0.0%	0.1%	11.7%	28.1%	39.2%	15.0%
% Consumption firmus	0.6%	0.0%	0.1%	1.2%	2.8%	0.9%
% Consumption Budget Energy	0.6%	7.1%	0.1%	0.0%	0.0%	1.3%
% Consumption Vayu	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%
% Consumption LCC	0.0%	0.0%	0.1%	0.6%	0.1%	0.2%

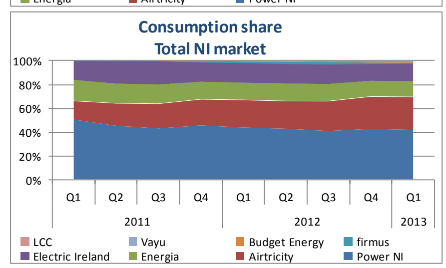






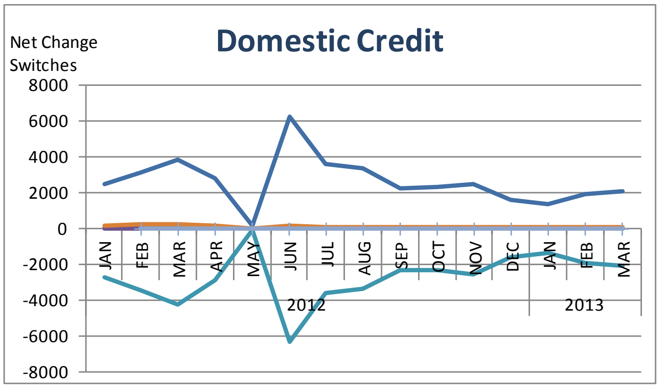


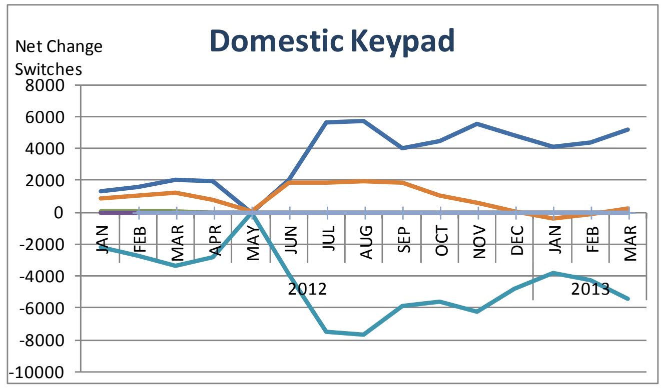


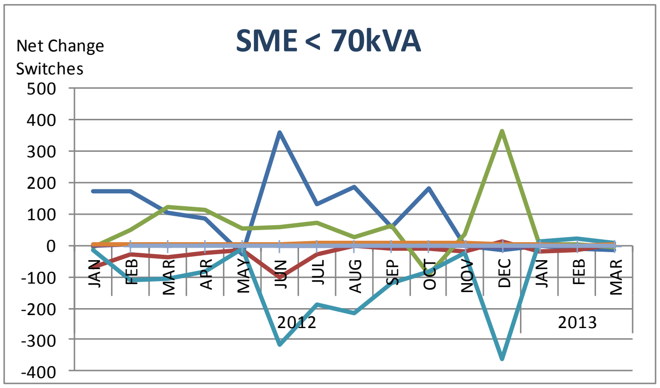


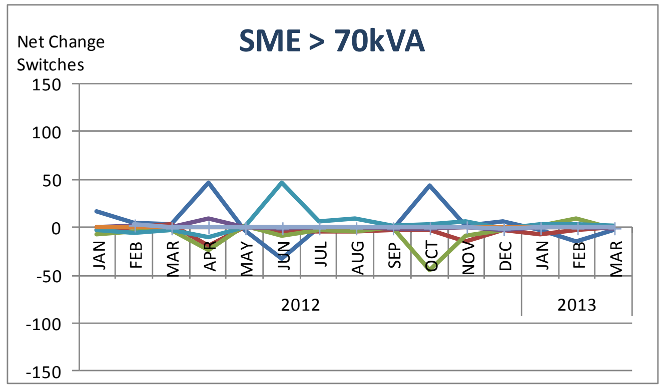
- These charts reflect the market share of each active supplier in NI by consumption (sales units in GWh).
- Competition in the total NI market is more relevant when examining shares by consumption than by customer numbers.
- Power NI's share is currently 42% of the total NI electricity market by consumption, while their share is 74% in terms of customer numbers.
- Non-incumbent market shares (currently 58% of the total NI electricity market by consumption) are mainly split between Airtricity with 28%, energia 13%, and Electric Ireland retains 15%.

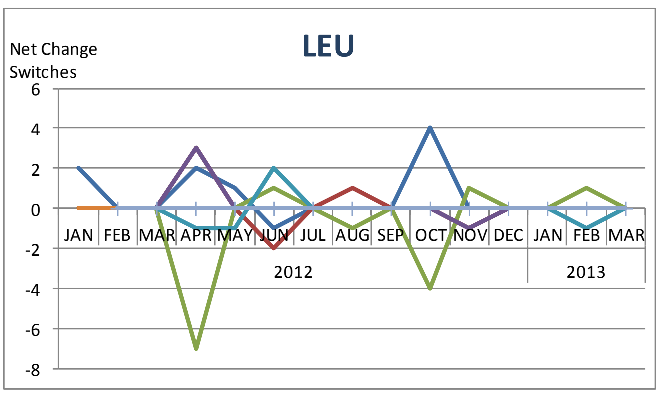
Electricity – market activity and new customer registrations

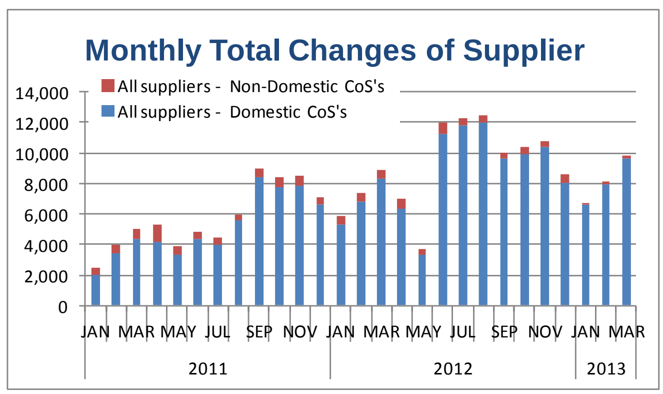












	% Domestic switching	% Non-Domestic switching	% Total switching
2012			
Q1	2.7%	2.8%	2.7%
Q2	2.7%	3.1%	2.7%
Q3	4.3%	1.9%	4.1%
Q4	3.6%	2.4%	2.8%
2013			
Q1	3.1%	0.8%	2.9%

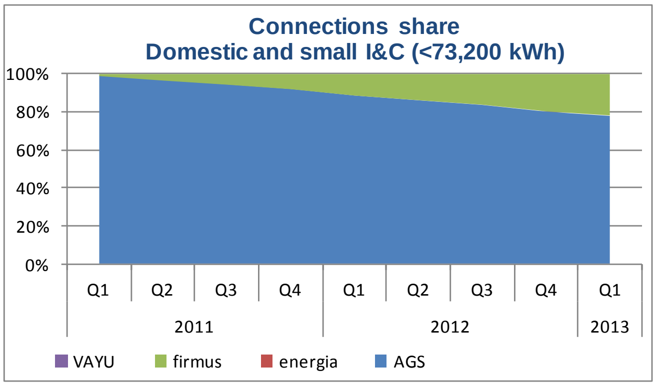
- The first five charts above reflect the net change of customer numbers (customer gains less losses), per market segment and supplier (anonymised).
- The bar graph shows the changes of supplier (CoS) on a monthly basis in the whole market in NI, split by domestic and non-domestic market.
- The drop of CoS over May 2012 is due to the Enduring Solution switching system. This process removed switching constraints for domestic customers. The following quarter saw a large increase in the number of switches.

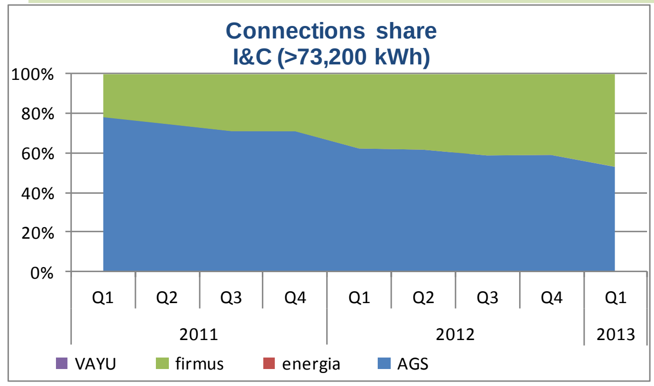
- The table above shows % rates of quarterly switching. These percentages are calculated using the number of actual switches over the number of actual customers in that market segment.
- To date total switching peaked in Q3 2013, and for the last two quarters remains at 2.8% and 2.9%. Domestic switching is down from the previous quarter of 3.6% to 3.1% in Q1 2013.

Gas – Greater Belfast area – shares by connections

Year	2013		
End of quarter	Q1		
Suppliers	**Domestic & Small I&C**	**I&C > 73,200 kWh**	**Total**
Connections AGS	119,708	1,704	121,412
Connections energia	0	2	2
Connections firmus	34,399	1,515	35,914
Connections VAYU	14	8	22
Connections total market	**154,121**	**3,229**	**157,350**

Year	2013		
End of quarter	Q1		
Suppliers	**Domestic & Small I&C**	**I&C > 73,200 kWh**	**Total**
% Connections AGS	77.7%	52.8%	77.2%
% Connections energia	0.0%	0.1%	0.0%
% Connections firmus	22.3%	46.9%	22.8%
% Connections VAYU	0.0%	0.2%	0.0%

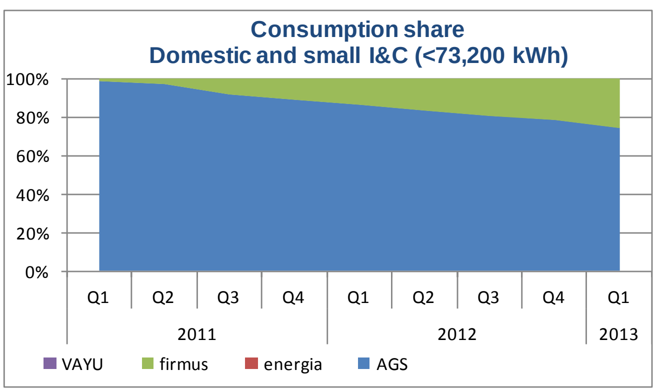


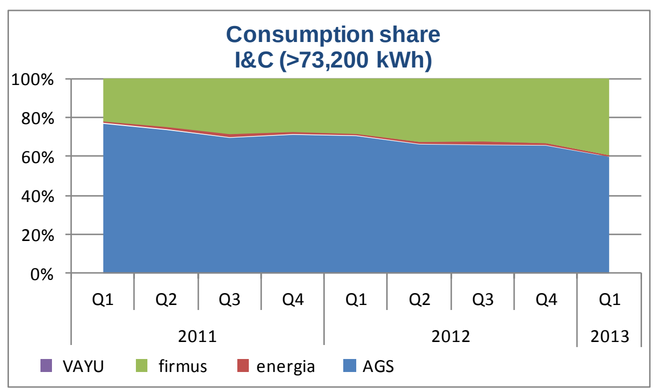


Gas – Greater Belfast area – shares by consumption (therms)

Year	2013		
Quarter	Q1		
Suppliers	**Domestic & Small I&C**	**I&C > 73,200 kWh**	**Total**
Consumption AGS	20,010,994	14,470,291	34,481,285
Consumption energia	0	182,967	182,967
Consumption firmus	6,971,822	9,459,702	16,431,524
Consumption VAYU	5,676	22,798	28,474
Consumption (therms)	**26,988,492**	**24,135,758**	**51,124,250**

Year	2013		
Quarter	Q1		
Suppliers	**Domestic & Small I&C**	**I&C > 73,200 kWh**	**Total**
% Consumption AGS	74.1%	60.0%	67.4%
% Consumption energia	0.0%	0.8%	0.4%
% Consumption firmus	25.8%	39.2%	32.1%
% Consumption VAYU	0.0%	0.1%	0.1%

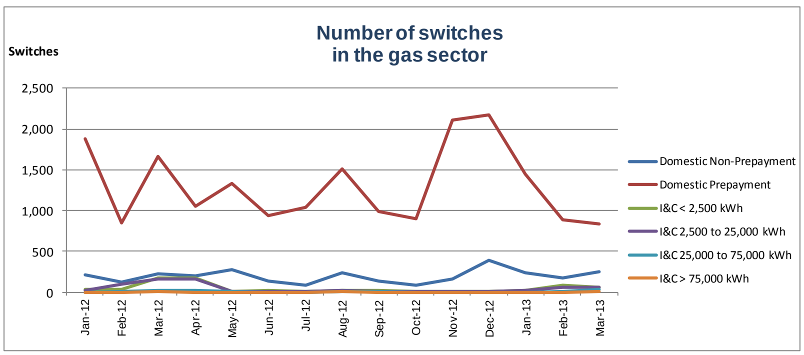




- The information above, on connections and consumption, relates to the Phoenix Natural Gas Ltd Distribution Licensed Area.
- Market shares shown in terms of connections are as at end March 2013.
- Market shares shown in terms of consumption relate to consumption during Q1 2013.
- At the end of March 2013, there were 3 active suppliers in the domestic and small I&C (<73,200 kWh) gas market, and 4 active suppliers in the larger I&C segment (>73,200 kWh). However since then another supplier has become active in the larger I&C segment. At the end of Q1 2013, AGS's share by connections in the total gas market had decreased to 77% (from 79% in Q4 2012), while the share by consumption is around 67%. Correspondingly, firmus' share in this area has increased to 23% (in terms of connections) and 32% (in terms of consumption).
- Source: Phoenix Natural Gas.

Gas – Greater Belfast area – market activity

- The information below relates to the Phoenix Natural Gas Ltd Distribution Licensed Area.
- Switching activity shown is as at end March 2013.
- The graph on number of switches shows requested switches until March 2012, and completed switches from April 2012 onwards.
- The table below shows the switching rate for the domestic and non-domestic markets in Greater Belfast. These percentages are calculated using the number of Supply Meter Point switches as a percentage of the total number of Supply Meter Points in the market segment.
- Total switching is down this quarter from 3.8% to 2.7% in Q1 2013. There has been a decrease in domestic switching but an increase in non domestic switching from the previous quarter.
- Source: Phoenix Natural Gas and gas suppliers.



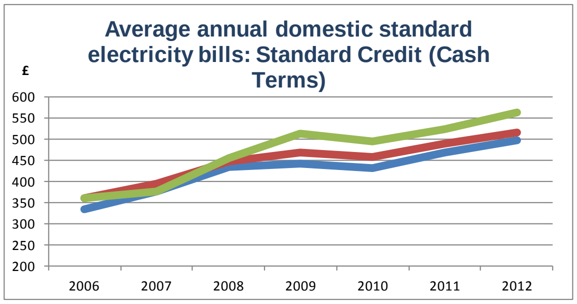
	% Domestic switching	% Non-Domestic switching	% Total switching
2012			
Q1	3.6%	5.5%	3.8%
Q2	2.8%	4.0%	2.9%
Q3	2.8%	0.9%	2.7%
Q4	4.0%	0.6%	3.8%
2013			
Q1	2.6%	3.5%	2.7%

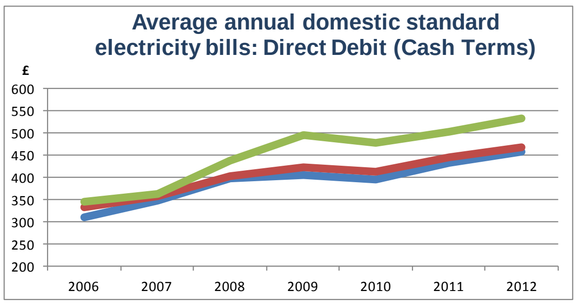
Gas – 10 towns area – shares and market activity

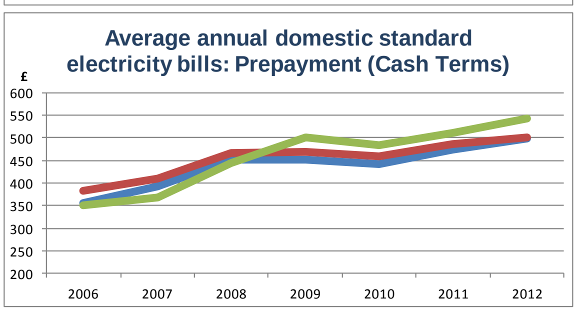
- Competition opened in the 10 towns Large I&C market in October 2012.
- There were a small number of switches – from firmus to AGS – in the large I&C sector, these were registered at the end of March 2013.
- The remainder of the market (i.e. small I&C and domestic market) will open to competition from April 2015.

4. Domestic prices

Electricity domestic prices

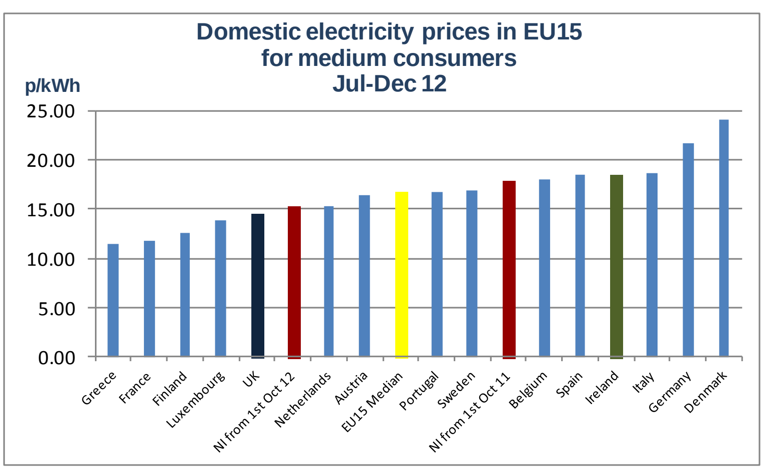






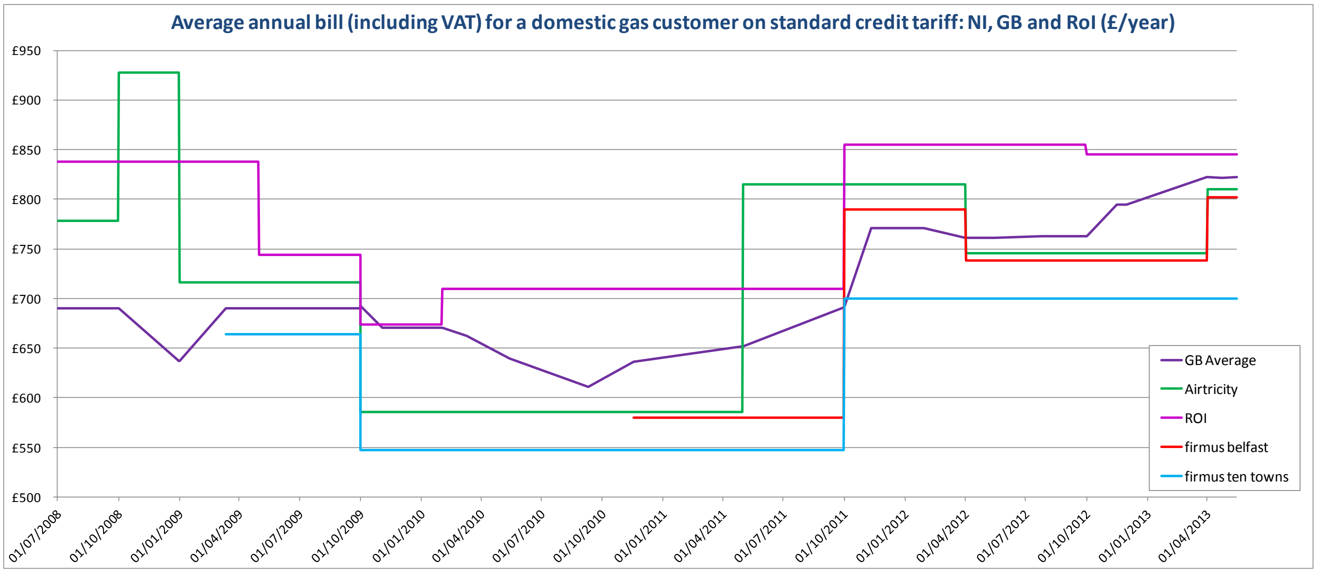
- Average domestic bills are calculated assuming annual consumptions of 3,300 kWh. Data is inclusive of VAT.
- These bills relate to the total amount charged during the year, rather than a bill based on the latest prices.
- Historically in NI, electricity prices have been higher than in GB. This is mainly because there are higher energy transport costs, small size of the market that reduces chances of economies of scale, 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: Table 2.2.2 on DECC last Quarterly Energy Prices (https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/quarterly-energy-prices).

- The graph below compares NI domestic price with the most recent available prices for other countries in Europe (including taxes). Please note that some of the EU data published by Eurostat is still provisional.
- For an average domestic customer consuming 3,300 kWh per annum, and including taxes, the NI regulated tariffs applying over the first half of the period Jul-Dec 2012 (for the months of July, Aug and Sept), was 17.82 p/kWh, while the regulated tariff applying for the remaining period (Oct, Nov and Dec), was 15.31 p/kWh.

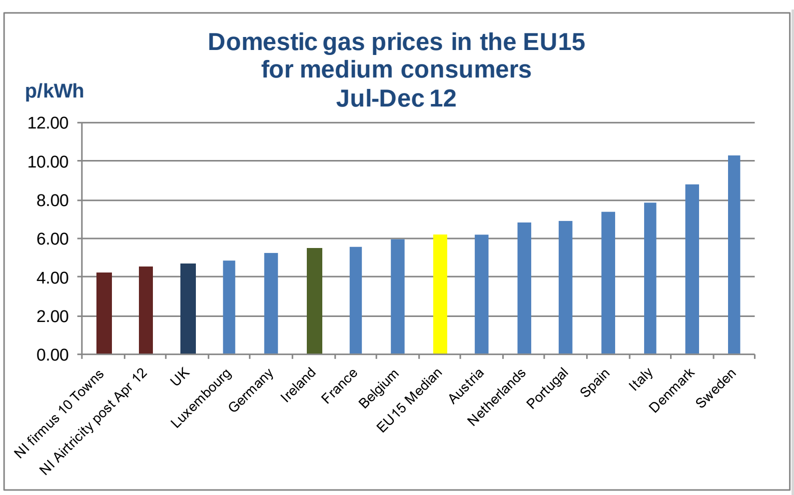


- Source: Eurostat half-yearly prices. Domestic electricity prices for Band DC (medium consumers: 2,500-4,999 KWh) including taxes.
- Rate of exchange: Eurostat 2012 annual conversion rate € to £ (0.81087).

Gas domestic prices



- The graph above compares gas domestic prices for standard tariffs. It shows a GB average which includes the 6 big suppliers. The annual usage estimate is 16,500 kWh.
- The tariffs used for comparison are the standard tariff rates for domestic credit customers excluding any discounts available for payment by direct debit, viewing bills online, etc.
- Airtricity Gas Supply (NI) Ltd increased their tariffs by 8.7% from 1 April 2013. firmus energy also increased their supply tariff in the Greater Belfast area from 1 April 2013. These increases are shown in the graph.
- Each of the Big 6 Suppliers in GB have announced tariff increases between Sep 2012 and Jan 2013. These increases range from 6% to 10.8%. These increases have been reflected in the graph.
- In ROI, BGE increased tariffs by 8.5% from 1 October 2012. The graph however shows a slight decrease at that time. This is due to the changes in the exchange rate as the ROI tariff is converted into pound sterling for comparison purposes using the exchange rate applicable at the date of each tariff change.
- Source: UR internal data.



- This graph compares NI domestic gas price with the most recent available prices for other countries in Europe (Jul - Dec 2012) including taxes.
- The NI price used is based on the AGS tariff applying from April 2012 until March 2013, for a customer on a standard tariff consuming 16,500 kWh per annum. It also shows tariff for 10 Towns customers.
- Source: Eurostat, half-yearly prices (updated 7/11/12). Domestic gas prices for Band D2 (medium consumers 5,557-55,556 kWh/annum).
- Rate of exchange: Eurostat 2012 annual conversion rate € to £ (0.81087).