RETAIL MARKET MONITORING
Quarterly Transparency Report MAY 2012

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1. Introduction

Data Sources and Assumptions

This report relates to the first quarter of 2012. Monitoring the market is a key metric in fulfilling our functions on protection of consumers and promotion of effective competition. As we continue our 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. This work continues, and we aim to publish a consultation paper over the summer months on further aspects of our market monitoring, specifically relating to the I&C market.

The data sources for this report are as follows:

- The 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.
- Electricity domestic prices are from the Department of Energy and Climate Change[1] (DECC). At present, DECC does not produce statistics for NI domestic gas prices, so price comparison has been 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 table below shows when competition effectively started in each of the energy market segments. It also shows when the gas areas that still remain supplied exclusively by one incumbent company are due to open to competition.

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: ESB/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.

Gas (Greater Belfast and Larne area)	
Domestic	Nov 10: firmus entered this market segment.
Non-domestic	Four active gas suppliers since 2007: Phoenix Supply Limited (PSL), firmus energy, Energia and VAYU.
Gas (10 Towns)	
Domestic and non-domestic small users	Apr 2015
Large non-domestic Users	Oct 2012

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/

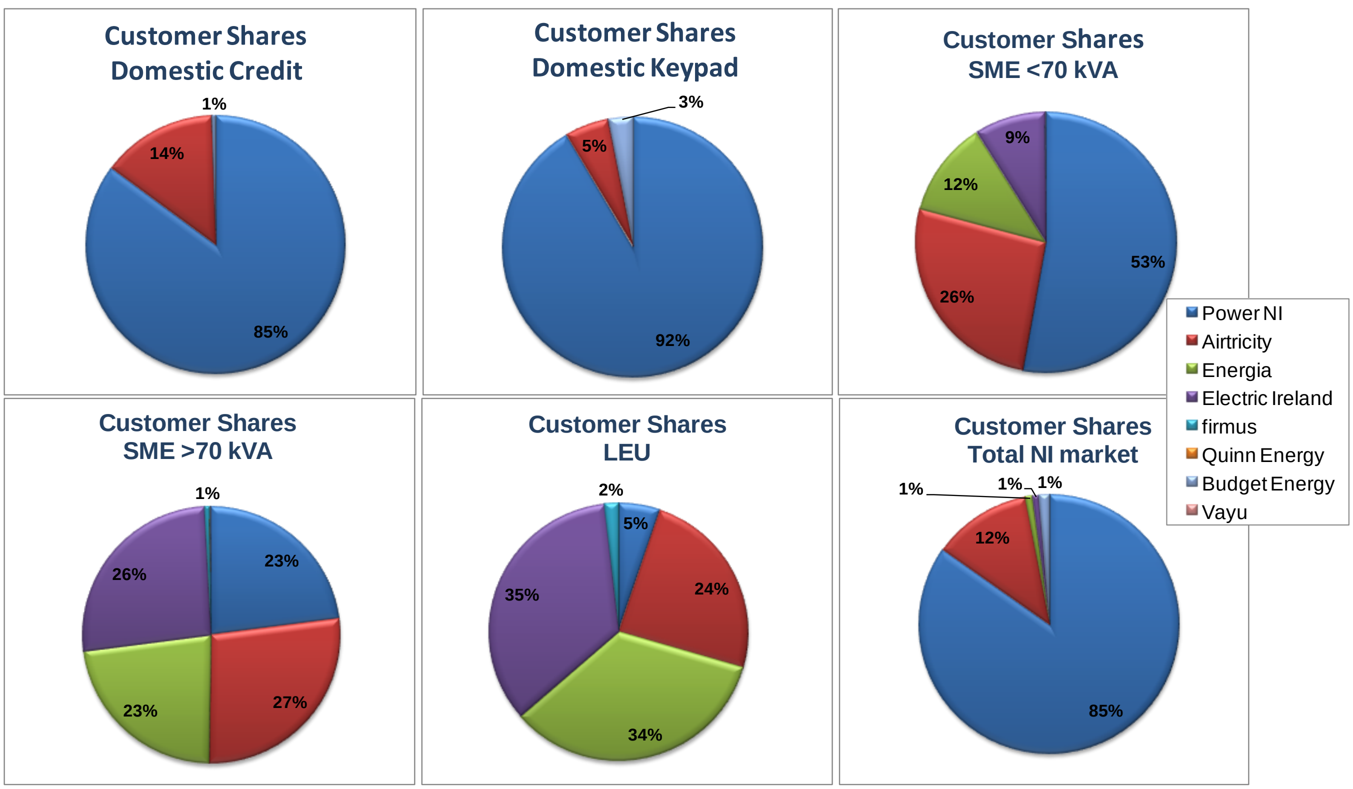
[1] http://www.decc.gov.uk/en/content/cms/statistics/publications/prices/prices.aspx

2. Market shares and market activity

Electricity market shares by customer numbers

Year	2012
Month	Q1

Values	Domestic Credit	Domestic Keypad	SME <70kVA	SME >70kVA	LEU >1MW	Grand Total
Cust Numbers Power NI	417,930	255,867	28,806	1,093	9	703,705
Cust Numbers Airtricity	70,572	15,198	14,344	1,300	42	101,456
Cust Numbers Energia	0	0	6,483	1,081	59	7,623
Cust Numbers Electric Ireland	212	175	4,823	1,249	60	6,519
Cust Numbers firmus	251	0	25	31	3	310
Cust Numbers Quinn Energy	0	0	2	3	0	5
Cust Numbers Budget Energy	1,895	8,259	34	1	0	10,189
Cust Numbers Vayu	0	0	0	3	0	3
Cust Numbers Total Market	490,860	279,499	54,517	4,761	173	829,810

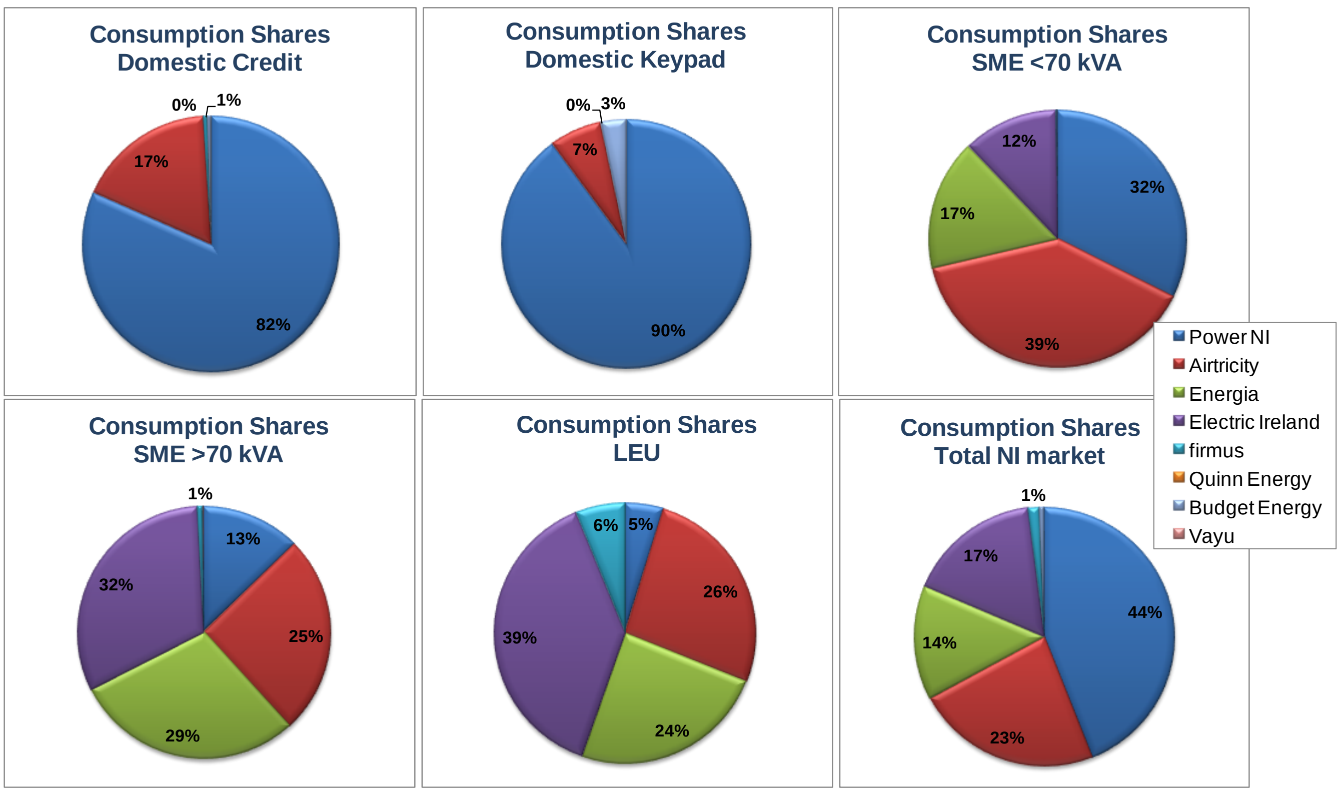


- The charts above reflect the market share of each active supplier in NI, by percentage of customers.
- In the domestic sector, there is still a big share of customers remaining with the previously incumbent supplier. However, this situation is progressively changing, and the percentage of domestic credit (including direct debit) customers supplied by Power NI has slightly decreased from 87% to 85% by this quarter. Power NI supplies 92% of keypad customers, which is a decrease from 94% share in the previous quarter.
- There is a flow of domestic customers moving from credit to keypad meters. 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.
- The current non-incumbent market share by customer in this period is 15% of the total electricity retail sector, in comparison to 13% in the previous quarter (Q4 2011).
- Vayu started to supply electricity to non-domestic customers in February 2012.

Electricity market shares by consumption (GWh)

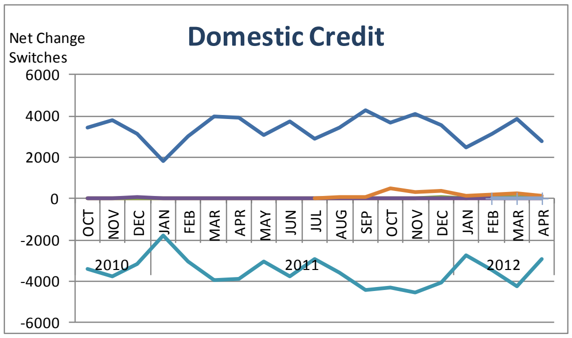
Year	2012
Month	Q1

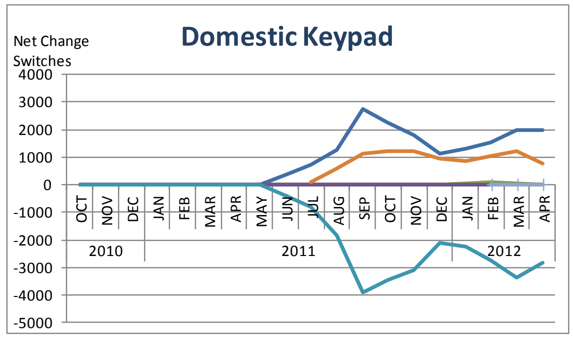
Values	Domestic Credit	Domestic Keypad	SME <70kVA	SME >70kVA	LEU >1MW	Grand Total
Consumption Power NI	486.56	254.18	115.67	66.28	18.08	940.76
Consumption Airtricity	103.74	19.07	138.91	134.23	99.75	495.71
Consumption Energia	0.00	0.00	58.72	153.76	92.31	304.79
Consumption Electric Ireland	0.20	0.15	42.83	166.21	146.10	355.49
Consumption firmus	3.15	0.00	0.44	3.51	23.33	30.43
Consumption Quinn Energy	0.00	0.00	0.03	0.13	0.00	0.16
Consumption Budget Energy	2.33	9.25	0.20	0.03	0.00	11.80
Consumption Vayu	0.00	0.00	0.00	0.53	0.00	0.53
Consumption (GWh)	595.97	282.65	356.80	524.68	379.57	2,139.67

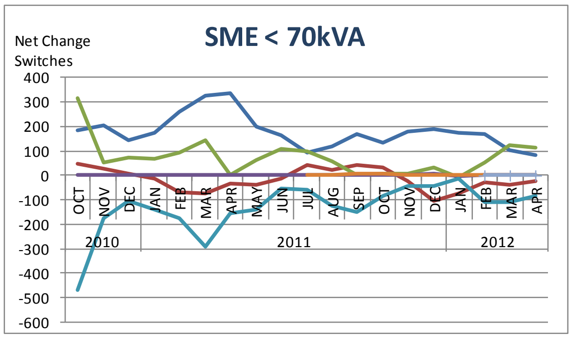


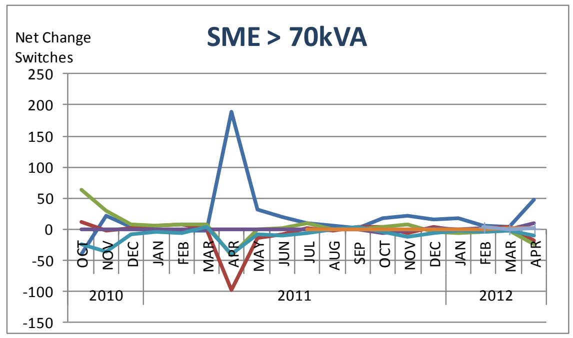
- These charts reflect the market share of each active supplier in NI by percentage of units billed (% of GWh).
- Airtricity and Budget Energy entered the domestic keypad segment in mid-2011. Currently 10% of the volume of this segment is supplied by non-incumbent suppliers (compared to 6% of the volume of this segment in the previous quarter).
- The non-incumbent market share in volume terms is 56% of the total market, which is a slight increase from 55% in the previous quarter.
- Competition in the total NI market is more noticeable when examining shares by consumption than by customer numbers.

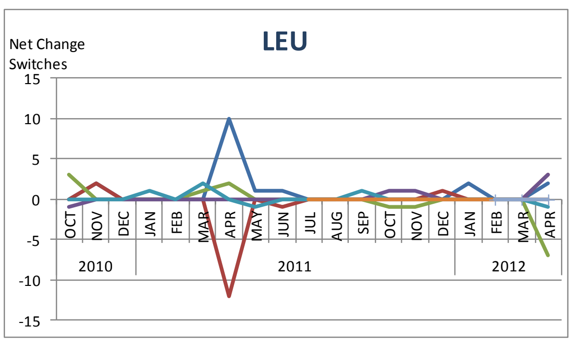
Electricity market activity and new customer registrations

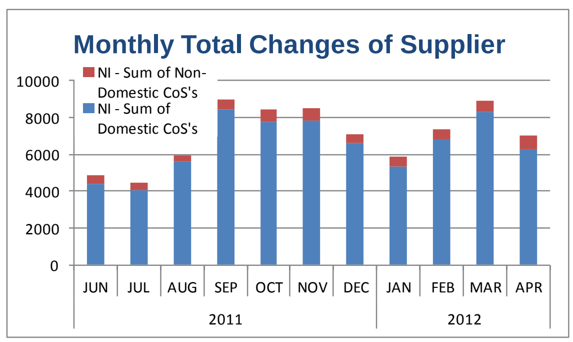








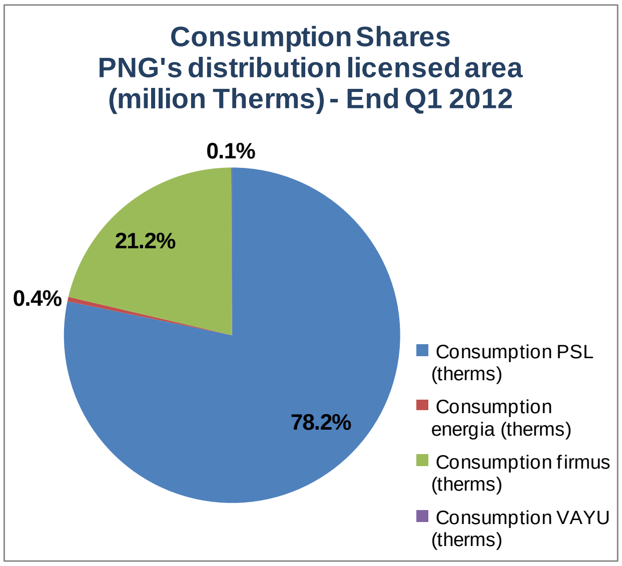


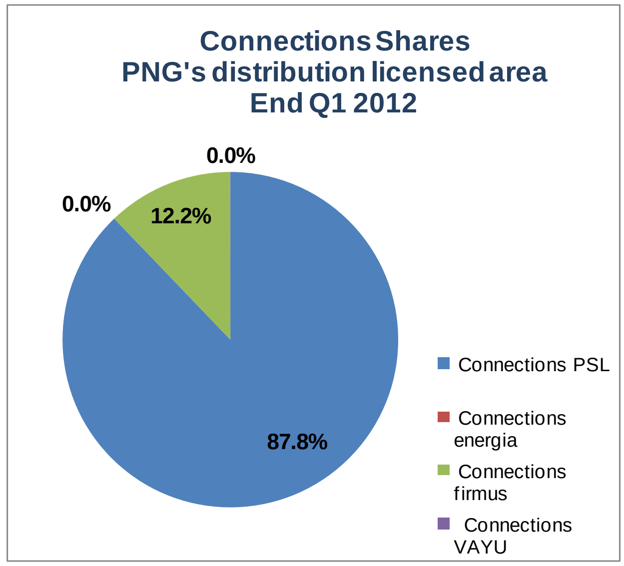


	% Domestic switching	% Non-Domestic switching	% Total switching
2011			
Q1			1.4%
Q2			1.7%
Q3	2.4%	2.1%	2.3%
Q4	2.9%	3.0%	2.9%
2012			
Q1	2.7%	2.8%	2.7%

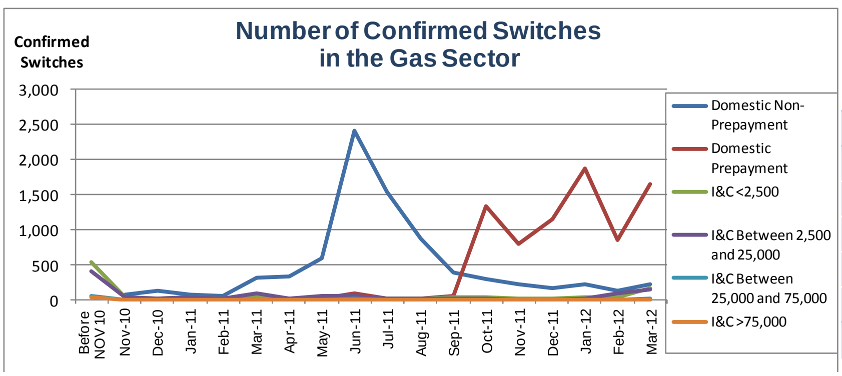
- The first five charts above reflect the Net Change of customer numbers (gains less losses) for switching activity plus new customer registrations, per market segment and supplier.
- The last graph shows the changes of supplier (CoS) on a monthly basis in the whole market in NI, split by domestic and non-domestic market.
- The table on the left shows % rates of quarterly switching. These percentages are calculated using the number of actual switches over the number of customers in that market segment.
- By the end of April 2012, there had been more than 109,000 domestic switches. This is an increase of approximately 24,000 switches from January 2012.

Gas market shares





Gas switching activity

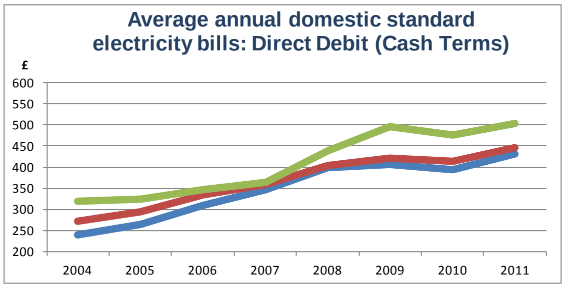


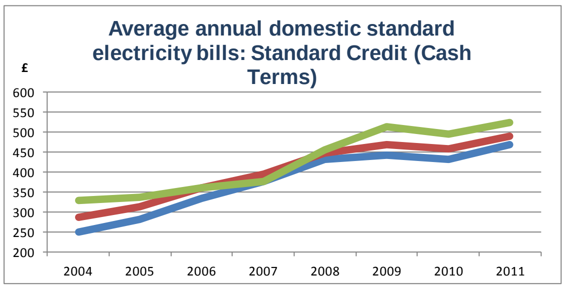
	% Domestic switching	% Non-Domestic switching	% Total switching
2011			
Q1			0.5%
Q2			2.6%
Q3	2.2%	1.9%	2.2%
Q4	2.9%	1.2%	2.8%
2012			
Q1	3.6%	5.5%	3.8%

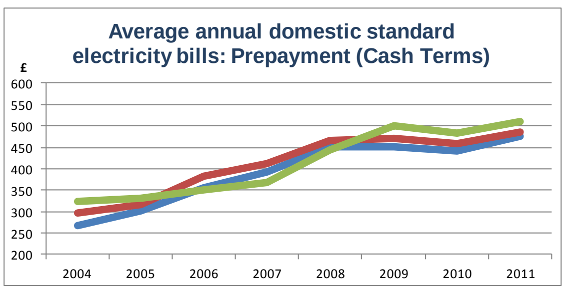
- The information above relates to the Phoenix Natural Gas Ltd Distribution Licensed Area. The supply in the firmus energy Distribution Licensed Area remains exclusive to firmus energy.
- Market share statistics shown in the charts above are as at end March 2012.
- By end of Q1 2012, over 15,000 domestic customers, and almost 2,500 I&Ccustomers have switched to a gas supplier other than the incumbent. The number of confirmed switches for each month until March 2012 are shown in the graph above.
- The table on the left shows the % switching levels 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.
- Source: Phoenix Natural Gas and gas suppliers.

3. Domestic prices

Electricity domestic prices

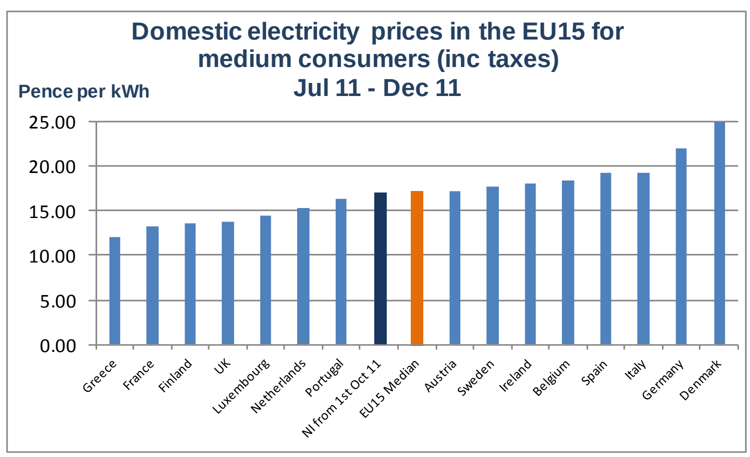






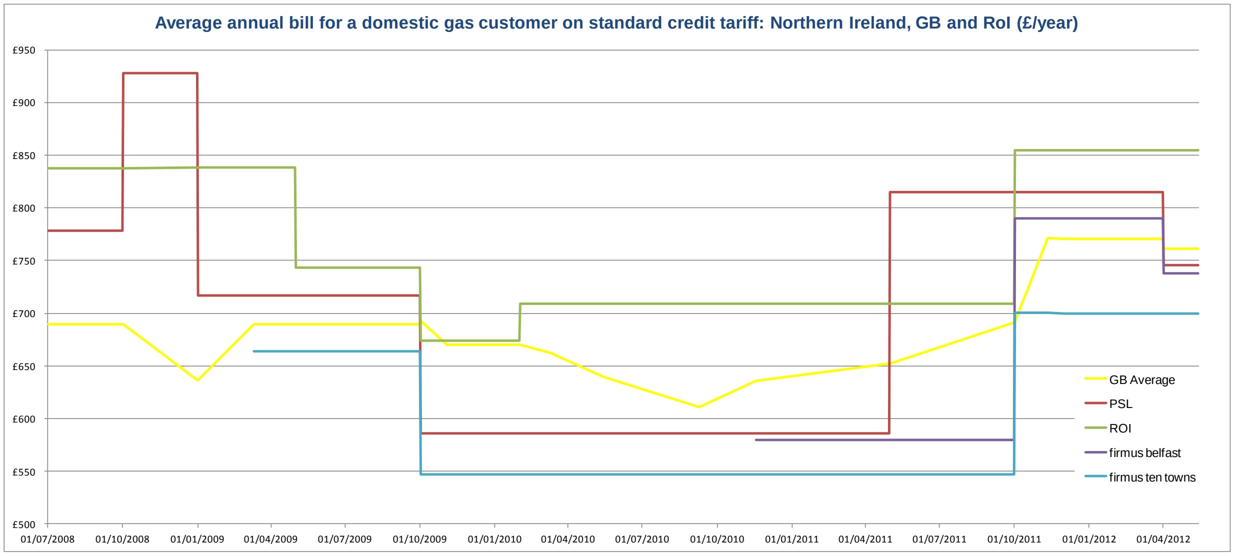
- Average domestic bills in Quarterly Energy Prices are calculated assuming annual consumptions of 3,300 kWh. Data is inclusive of VAT.
- These bills relate to the total amount charged during the year, rather than a bill based on the latest prices.
- Historically in NI, electricity prices have been higher 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 (http://www.decc.gov.uk/en/content/cms/statistics/energy_stats/prices/prices.aspx).

- The graph on the right compares NI domestic price with the most recent available prices for other countries in Europe.
- The NI tariff used in this graph is the current tariff applying from 1st Oct 2011, for an average customer consuming 3,300 kWh per annum, and is less than the EU15 average.
- Source: DECC Quarterly Energy Prices, table 5.6.2 Domestic Electricity prices for medium consumers (2,500-4,999 KWh) including taxes



Gas domestic prices

Average annual bill for a gas customer on standard tariff: Northern Ireland, GB and RoI (£/year)



- The graph above compares domestic prices for standard gas tariffs from July 2008 to April 2012. It shows a GB average which includes the Big 6 Suppliers. The annual usage estimate is 16,500 kWh.
- The average annual bill amounts in the graph are calculated using the standard tariff rates for domestic credit customers excluding any discounts available for payment by direct debit, viewing bills online, etc. Based on estimated annual usage of 16,500kWh, the annual bill for a customer on Phoenix Supply Ltd's direct debit tariff is 3% cheaper than the Phoenix Supply Ltd standard credit tariff.
- The falling wholesale gas costs resulted in a 8.5% decrease in the Phoenix Supply Ltd tariff prices from 1 April 2012. firmus energy continued to track the PSL tariff in the Greater Belfast area and therefore also decreased prices by 8.5% from 1 April 2012.
- The graph shows the price decreases announced by Phoenix Supply Limited and firmus energy which took effect from 1 April 2012. Some of the GB energy firms have decreased their tariffs from Feb/Mar 2012. These decreases have been reflected in the GB Average shown on the graph.
- Source: UR internal data.