RETAIL MARKET MONITORING

Quarterly Transparency Report

August 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 relate mainly to market shares, market activity and domestic prices in the electricity and gas retail markets. Data also include 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, and flag potential concerns, for example switching irregularities, suppliers' activity on specific areas, price comparisons, etc 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.

Contents

1 Summary of key market indicators

2015 Q2	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	783,169	69,372	178,430	3,422	24,813	2,402
Consumption in quarter (GWh/thousand therms)	651	1,191	13,444	15,185	1,673	12,416
% of prepayment customers within domestic sector	42%		Domestic: 64%		90%	
Number of active suppliers in this quarter	4	7	5	6	1	4
Market shares (by customer numbers/connections) of largest suppliers	Power NI: 68% SSE Airtricity: 24% Budget Energy: 7%	Power NI: 53% SSE Airtricity: 20% Energia: 11%	SSE Airtricity: 72% firmus: 27% Flogas: 0.18%	SSE Airtricity: 47% firmus: 37% Flogas: 9%	firmus: 100%	firmus: 93% Flogas: 6.2% SSE Airtricity: 1.3%
Market shares (by consumption) of largest suppliers	Power NI: 65% SSE Airtricity: 27% Budget Energy: 7%	SSE Airtricity: 24% Electric Ireland: 21% Go Power: 21%	SSE Airtricity: 68% firmus: 32% Flogas: 0.3%	SSE Airtricity: 42% firmus: 45% Go Power: 9%	firmus: 100%	firmus: 92% SSE Airtricity: 7% Flogas: 1%
Quarterly switching rate	2.9%	3.0%	Domestic: 0.2%	All I&C: 6.4%	Domestic: 0%	All I&C: 5.5%
Prices	Slightly above EU-15 median	Above EU-15 median. Prices for Medium and Large customers are similar to RoI and UK prices.	Domestic: among lowest in EU-15		Domestic: among lowest in EU-15	

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. We will start reporting on the REMM indicators as established in the *Final Decision on the Implementation of REMM*[1], 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).
- Electricity switching analysis has been undertaken with inputs from NIE. Gas switching inputs are from PNGL and feDL, while rates of gas quarterly switching are calculated using gas suppliers' figures.
- 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.

I&C electricity prices

NI non-domestic electricity prices are based on the average electricity unit prices of I&C consumers, categorised in terms of their annual consumption.

We follow DECC's format and methodology when gathering and analysing I&C prices. As a result, we obtain NI prices that are comparable with prices in other EU countries (those published in DECC's Quarterly Energy Prices reports[2] and Eurostat data base[3]).

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 obtained quarterly from suppliers, in the following form:

- **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

[1] http://www.uregni.gov.uk/retail/reports/
[2] https://www.gov.uk/government/collections/quarterly-energy-prices
[3] http://ec.europa.eu/eurostat/web/energy/data/database

The volume and value are used to calculate a NI quarterly average value gained 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 value or revenue collected per unit in that particular size category.

We also average the two relevant quarters to obtain six-month period figures, so we can readily compare NI data with those published by Eurostat for EU members twice per year.

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.

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

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[4] entered the domestic credit segment Oct 10: firmus[5] started supplying Ulster Farmers' Union members, and exited the electricity retail market in June 2015. May 11: SSE Airtricity entered the domestic prepayment segment June 11: Budget Energy entry Oct 11: Electric Ireland entered the domestic sector June 15: firmus exited the electricity market
I&C	Industrial electricity customers become eligible to change supplier from 1999. From 2005, small and medium businesses became eligible too. Feb 12: VAYU enters the I&C market Apr 12: Go Power[6] enters the I&C market June 15: firmus exited the electricity market

Gas: Greater Belfast Licensed Area[7]	
Domestic	Incumbent supplier since Sept 1996: SSE Airtricity[8] July 10: firmus entered this market segment

[4] Called Airtricity until 31 January 2014.
[5] firmus energy (Supply) Limited.
[6] LCC changed its name to Go Power on 1 August 2015.
[7] 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).
[8] 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.

I&C	Incumbent supplier since Sept 1996: SSE Airtricity Nov 06: energia entered the daily metered I&C market[9] Sep 08: firmus energy entered the I&C market Mar 09: VAYU entered the small I&C market May 13: Electric Ireland entered the daily metered I&C market Oct 13: energia exited the gas market Aug 14: Go Power[10] entered the I&C gas market Dec 14: Flogas entered the I&C gas market
Gas: Ten Towns Licensed Area[11]	
Domestic	Incumbent supplier since 2005: firmus Open to competition from April 2015
I&C	Incumbent supplier since 2005: firmus Large I&C market open to competition from Oct 2012 Small I&C market open to competition from April 2015 Jan 13: SSE Airtricity entered the large I&C market May 15: Flogas entered the I&C gas market Jun 15: Go Power entered the I&C gas market

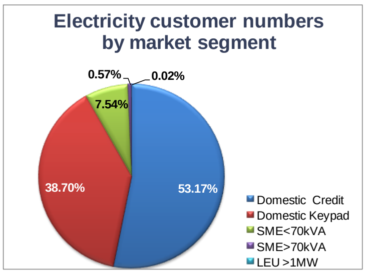
For further details on the retail energy market in NI, please visit:
http://www.uregni.gov.uk/publications/utility_regulators_annual_energy_retail_reports/

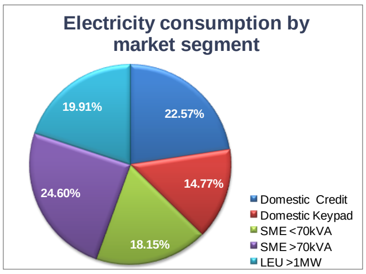
[9] To note that energia did not have gas customers from October 2013.
[10] LCC changed its name to Go Power on 1 August 2015.
[11] In 2005 firmus energy was awarded a licence to develop the natural gas network in Ten Towns across NI, from L'Derry to Ballymena, and from Antrim to Newry (as defined in Schedule 1 of the firmus energy (Distribution) Limited conveyance licence).

3 NI customer numbers and total consumption

3.1 Electricity

Year	2015	
Month	Q2	
Market segments	**Customer Numbers**	**Consumption (GWh)**
Domestic credit	453,275	393.5
Domestic prepayment	329,894	257.8
SME <70kVA	64,295	316.7
SME >70kVA	4,893	473.9
LEU >1MW	184	400.0
Total	**852,541**	**1,841.8**





From 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 35% and 65% 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.

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

Source: NIE

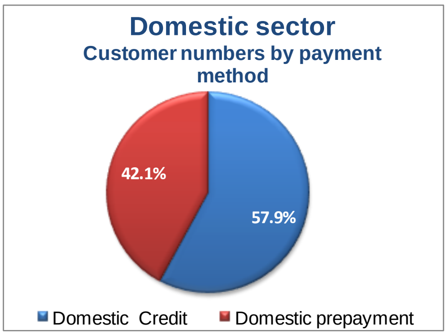
Payment split in the domestic sector

The number of domestic credit customers continues to decrease in comparison to the number of prepayment customers, which continues to grow. 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, 42.1% of the electricity domestic customers were in the prepayment segment, while this percentage was 41.9% at the end of 2015 Q1.

Source: NIE

Year	2015
Month	Q2
Market segments	**Customers numbers**
Domestic credit	453,275
Domestic prepayment	329,894
Total domestic sector	**783,169**



3.2 Gas – Greater Belfast and Ten Towns areas

The table below shows gas connections at end June 2015, and consumption from April to June 2015.

Year	2015	
End of quarter	Q2	
	Connections	**Consumption (therms)**
Greater Belfast	**181,852**	**28,628,830**
Domestic & Small I&C[12]	178,430	13,444,151
I&C 73,200 - 732,000 kWh	2,988	3,821,630
I&C 732,000 – 2,196,000 kWh	322	2,675,229
I&C > 2,196,000 kWh	112	8,687,819
Ten towns	**27,215**	**14,088,744**
Domestic credit	2,585	226,572
Domestic prepayment	22,228	1,446,642
I&C < 73,200 kWh	1,207	191,793
I&C 73,200 - 732,000 kWh	958	1,783,017
I&C 732,001 – 2,196,000 kWh	149	1,255,860
I&C > 2,196,000 kWh	88	9,184,861
Total	**209,067**	**42,717,574**

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 47% 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 53% of the quarterly consumption.

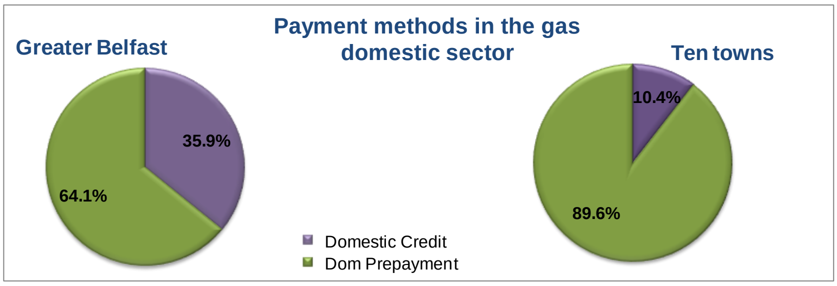
In the Ten Towns area, competition in the large I&C gas segment (consumption greater than 732,000 kWh per annum) opened in October 2012, and in April 2015 for domestic and small I&C customers.

Total connections in Ten Towns are currently more than 27,200. In this distribution licensed area, domestic premises represent 91% of the connections (12% of the quarterly consumption), while the I&C sector represents the remaining 9% of connections (88% of quarterly consumption).

Source: PNGL and feDL.

Payment split in the domestic sector

Year	2015		
End of quarter	Q2		
Connections	**Greater Belfast**	**Ten towns**	**Total NI**
Domestic credit	61,413	2,585	63,998
Domestic prepayment	109,792	22,228	132,020
Total NI	**171,205**	**24,813**	**196,018**



Within the gas domestic sector, prepayment customers represent 64% of the Greater Belfast distribution Licensed area, and 90% in the Ten Towns distribution Licensed area.

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 to control their energy costs.

Source: gas suppliers.

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

4 Market shares and market activity

4.1 Electricity shares

Electricity shares by customer numbers[13]

Since firmus market exit in June 2015, there are four domestic electricity suppliers in NI, and seven in the I&C electricity market.

The total number of domestic customers at the end of Q2 was 783,169. There is still a large share of domestic customers remaining with the previously incumbent supplier.

Year	2015					
Month	Q2					
Suppliers	**Domestic credit**	**Domestic prepayment**	**SME <70kVA**	**SME >70kVA**	**LEU >1MW**	**Total**
Power NI	347,475	188,259	35,650	1,171	18	572,573
SSE Airtricity	101,323	87,615	13,048	1,007	35	203,028
Energia	0	0	6,530	940	31	7,501
Electric Ireland	1,037	718	4,733	1,065	51	7,604
firmus	0	0	0	0	0	0
Budget Energy	3,288	53,302	247	2	0	56,839
Vayu	0	0	8	9	1	18
Go Power	152	0	4,079	699	48	4,978
Total Market	**453,275**	**329,894**	**64,295**	**4,893**	**184**	**852,541**

Year	2015					
Month	Q2					
% cust. numbers per supplier	**Domestic credit**	**Domestic prepayment**	**SME <70kVA**	**SME >70kVA**	**LEU >1MW**	**Total**
Power NI	76.7%	57.1%	55.4%	23.9%	9.8%	67.2%
SSE Airtricity	22.4%	26.6%	20.3%	20.6%	19.0%	23.8%
Energia	0.0%	0.0%	10.2%	19.2%	16.8%	0.9%
Electric Ireland	0.2%	0.2%	7.4%	21.8%	27.7%	0.9%
firmus	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Budget Energy	0.7%	16.2%	0.4%	0.0%	0.0%	6.7%
Vayu	0.0%	0.0%	0.0%	0.2%	0.5%	0.0%
Go Power	0.0%	0.0%	6.3%	14.3%	26.1%	0.6%

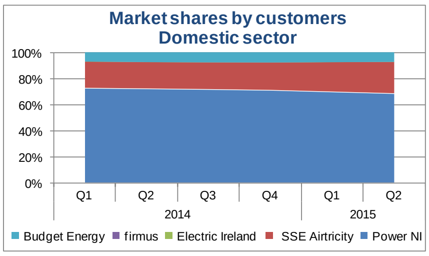
This position has been slowly changing and the percentage of domestic credit (including direct debit) customers supplied by Power NI this quarter was 76.7%, in comparison with a 77.2% share at the end of Q1.

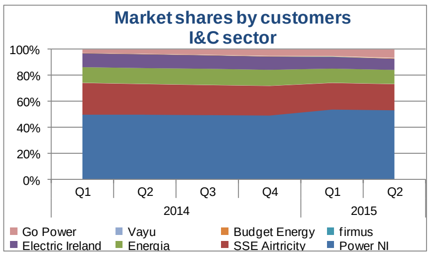
Power NI currently supplies 57% of prepayment customers, which represents a slight decrease from the previous quarter.

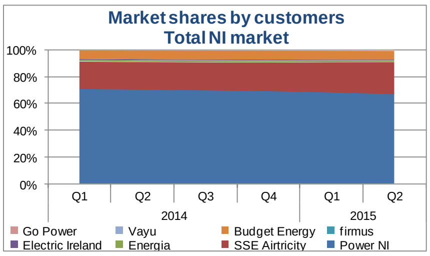
The current non-incumbent share by customer numbers is 23% for credit domestic customers and 43% for prepayment customers.

Competition in the I&C market is more developed, and shares are more dispersed than in the domestic sector. There were seven active suppliers at the end of Q2 2015. Based on customer numbers, five of these suppliers have shares in excess of c10% in the two largest business segments. Go Power share continues to strongly grow in each of the I&C market 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.







Source: NIE

[13] Market shares figures do not include de-energised nor Long Term Vacant sites.

Electricity shares by consumption (GWh)

Year	2015
Month	Q2

Suppliers	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	283.8	142.1	122.8	73.2	26.3	648.2
SSE Airtricity	104.9	71.0	75.1	98.0	111.9	460.9
Energia	0.0	0.0	41.8	98.5	38.0	178.2
Electric Ireland	1.2	0.3	31.1	126.3	92.1	250.9
firmus	0.0	0.0	1.2	3.6	1.8	6.6
Budget Energy	3.1	44.4	0.9	0.0	0.0	48.4
Vayu	0.0	0.0	0.0	2.2	0.7	2.9
Go Power	0.4	0.0	43.8	72.2	129.1	245.6
Consumption (GWh)	**393.5**	**257.8**	**316.7**	**473.9**	**400.0**	**1,841.8**

Year	2015
Month	Q2

% consumption per supplier	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	72.1%	55.1%	38.8%	15.4%	6.6%	35.2%
SSE Airtricity	26.7%	27.5%	23.7%	20.7%	28.0%	25.0%
Energia	0.0%	0.0%	13.2%	20.8%	9.5%	9.7%
Electric Ireland	0.3%	0.1%	9.8%	26.6%	23.0%	13.6%
firmus	0.0%	0.0%	0.4%	0.8%	0.5%	0.4%
Budget Energy	0.8%	17.2%	0.3%	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%	13.8%	15.2%	32.3%	13.3%

From April to June 2015 the electricity consumption in NI was over 1,800 GWh.

In Q2, Power NI's share of the total market by consumption was 35%, while their consumption market share in the domestic market (credit and prepayment) was around 65%.

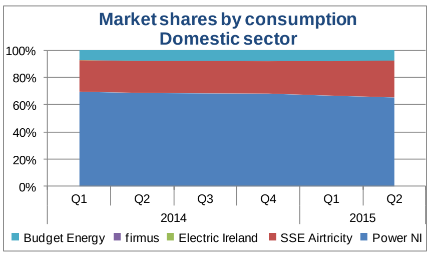
In the I&C market, the main suppliers are SSE Airtricity (24%), Electric Ireland and Go Power (21% each), Power NI (19%), and energia (15%).

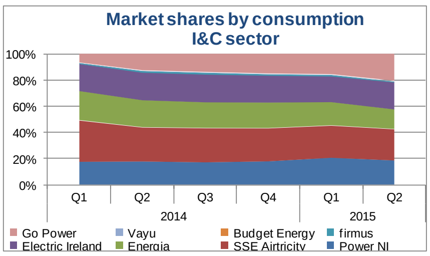
Go Power's share keeps increasing in the I&C sector. In this Q2, their share by consumption has increased significantly, reaching 21%, while it was 16% in the last quarter.

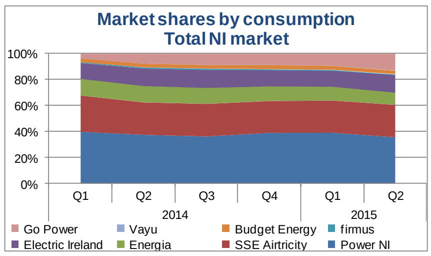
The non-incumbent suppliers had 65% of the total NI electricity share by consumption this quarter, an increase from 61% last quarter. This percentage is mainly split between SSE Airtricity with 25%, Electric Ireland with 14%, Go Power with 13% and energia with 10%.

As mentioned above, firmus exited the electricity market at the end of Q2.

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.





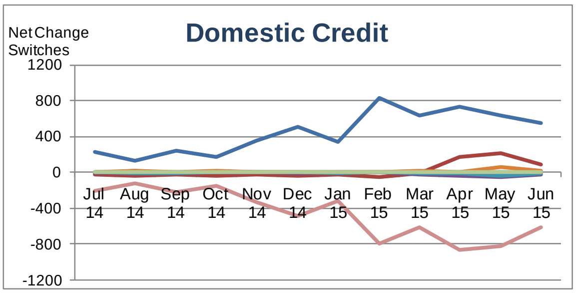


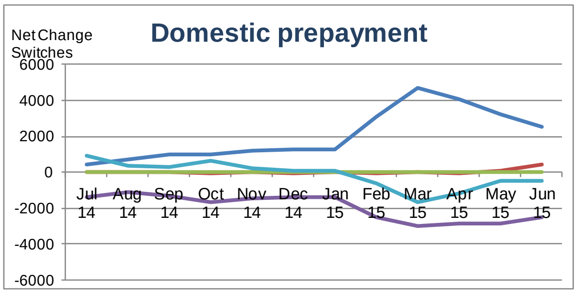
Source: NIE

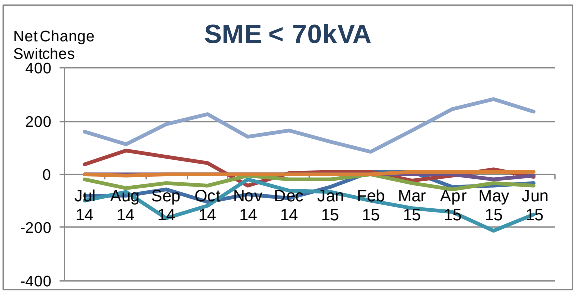
4.2. Electricity market activity

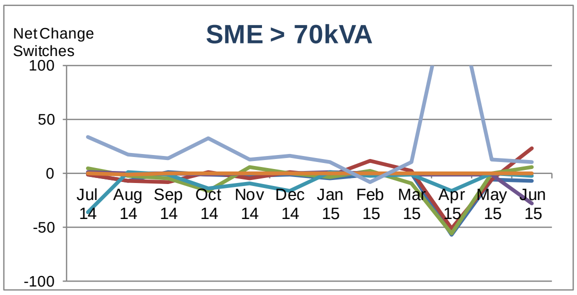
The line charts below reflect the net change of customer numbers (customer gains less losses), per market segment and anonymised supplier. The bar graph shows market activity through changes of supplier (CoSs) on a monthly basis in the whole NI market, split by domestic and I&C markets.

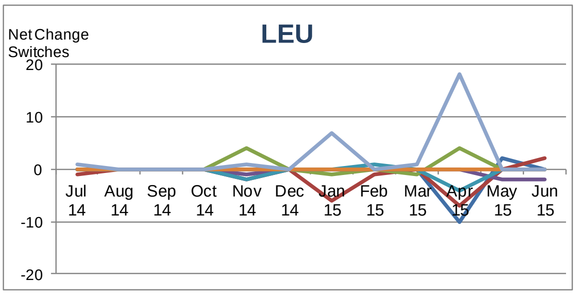
The market activity (measured as net change of customer numbers) has increased significantly over Q2 in the domestic sector, and has almost doubled in the I&C sector compared to the previous quarter.

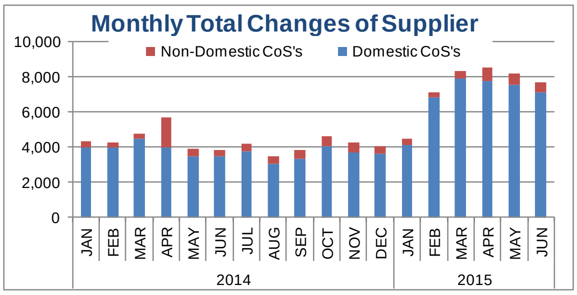












	% Domestic switching	% I&C switching	% Total switching
2014			
Q1	1.6%	1.5%	1.6%
Q2	1.4%	4.2%	1.6%
Q3	1.3%	2.3%	1.4%
Q4	1.4%	2.5%	1.5%
2015			
Q1	2.4%	1.5%	2.3%
Q2	2.9%	3.0%	2.9%

The number of domestic switches over this quarter has increased significantly, with an average of around 7,400 switches per month (there were around 6,200 domestic switches per month in the last quarter).

There has also been an increase in the I&C sector market activity, reaching an average of c700 switches per month, compared to the average of around 350 switches per month last quarter. This annual increase around the month of April is probably influenced by the renewal of contracts in this sector.

The table above 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. Following the CoS movements in the graphs above, the table shows a slight increase in the number of domestic and I&C switches.

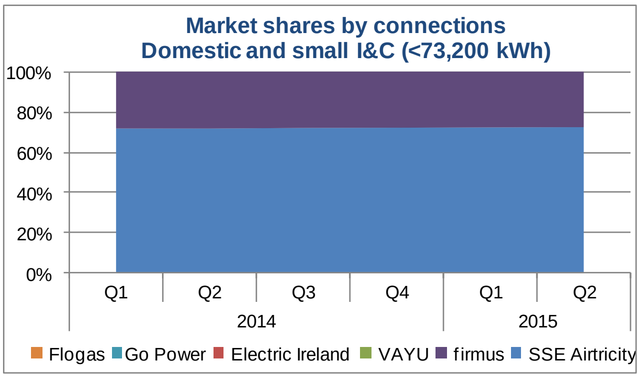
Source: NIE.

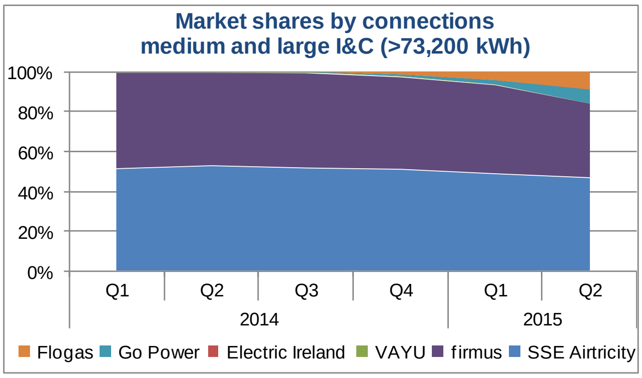
4.3. Gas – Greater Belfast area: shares

Shares by connections

Year	2015		
End of quarter	Q2		
Suppliers	**Domestic & Small I&C[14]**	**I&C > 73,200 kWh**	**Total**
SSE Airtricity	129,103	1,600	130,703
firmus	48,797	1,279	50,076
VAYU	14	10	24
Electric Ireland	0	1	1
Go Power	194	238	432
Flogas	322	294	616
Connections	**178,430**	**3,422**	**181,852**

Year	2015		
End of quarter	Q2		
% Connections per supplier	**Domestic & Small I&C**	**I&C > 73,200 kWh**	**Total**
SSE Airtricity	72.35%	46.76%	71.87%
firmus	27.35%	37.38%	27.54%
VAYU	0.01%	0.29%	0.013%
Electric Ireland	0.00%	0.03%	0.001%
Go Power	0.11%	6.95%	0.238%
Flogas	0.18%	8.59%	0.339%





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

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

Go Power[15] 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[1] I&C market.

The shares, in terms of connection numbers, of the two larger suppliers remained very similar to Q1 values. SSE Airtricity had 72% share of connections in the total gas market, as last quarter. Their share in the domestic and small I&C market was also 72%, while the share in the larger I&C market (over 73,200 kWh/annum) has slightly decreased from last quarter to 47%. At the end of Q2, firmus had a total share by connections of 28%.

However, the new entrants' shares, in terms of connection numbers, have increased significantly in the last quarter, particularly in the large I&C market. Go Power's share in this market rose from 2% at the end of Q1 to 7% at the end of Q2, while Flogas' share increased from 4% to 9% in the same period and market.

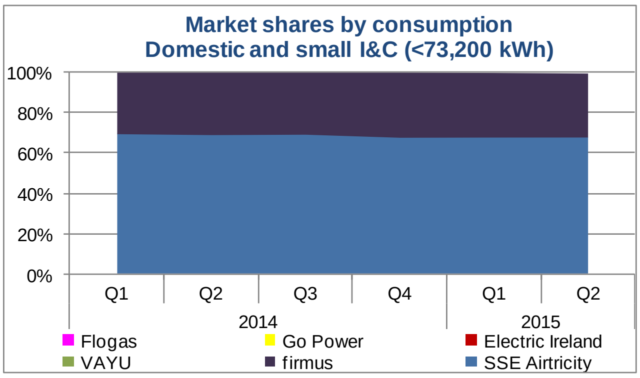
Source: PNGL.

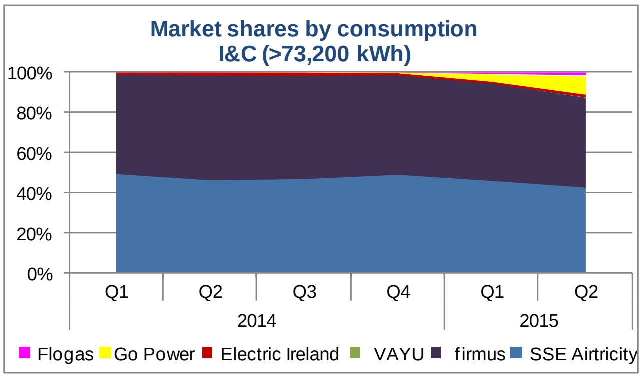
[14] The domestic and small I&C gas market relates to those customers consuming <73,200 kWh/annum.
[15] LCC changed its name to Go Power on 1 August 2015.

Shares by consumption (therms)

Year	2015		
Quarter	Q2		
Suppliers	**Domestic & Small I&C[16]**	**I&C > 73,200 kWh**	**Total**
SSE Airtricity	9,113,672	6,400,428	15,514,100
firmus	4,267,973	6,806,599	11,074,572
VAYU	1,737	10,207	11,944
Electric Ireland	0	287,176	287,176
Go Power	20,342	1,379,671	1,400,012
Flogas	40,428	300,598	341,026
Consumption (therms)	**13,444,151**	**15,184,678**	**28,628,830**

Year	2015		
Quarter	Q2		
% Consumption per supplier	**Domestic & Small I&C**	**I&C > 73,200 kWh**	**Total**
SSE Airtricity	67.79%	42.15%	54.19%
firmus	31.75%	44.83%	38.68%
VAYU	0.01%	0.07%	0.04%
Electric Ireland	0.00%	1.89%	1.00%
Go Power	0.15%	9.09%	4.89%
Flogas	0.30%	1.98%	1.19%





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

Market shares in terms of consumption relate to consumption during Q2 2015.

SSE Airtricity total market share by consumption during this quarter was 54%, showing a small decrease from last quarter (58%). firmus retains 39% of the share by consumption in the total market, while the remaining active suppliers account for 7% of the total market share.

The two new entrant suppliers, Go Power and Flogas, have increased their shares by consumption during quarter two from 2% of the total market to 6% of the total market.

Source: PNGL.

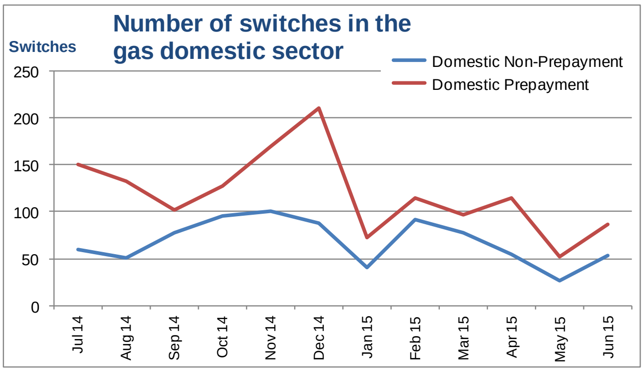
[16] The domestic and small I&C gas market relates to those customers consuming <73,200 kWh/annum.

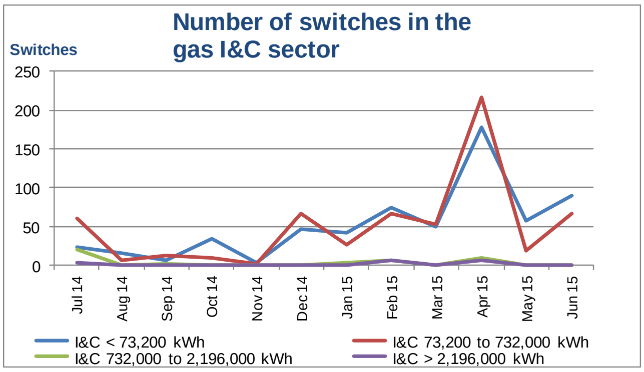
4.4. Gas – Greater Belfast area: market activity

The information below relates to the Phoenix Natural Gas Ltd 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, decreasing slightly in both – prepayment and non-prepayment – markets from Q1. In the I&C sector the level of switching activity has increased gradually over the last year and there was a substantial increase in switching activity during Q2 2015 from the new entrant suppliers, Go Power and Flogas.





The table besides 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 keeps slowly decreasing, while the I&C sector has seen a significant increase in comparison with the previous quarter, from 3.3% to 6.4%.

	% Domestic switching	% I&C switching	% Total switching
2014			
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%
2015			
Q1	0.3%	3.3%	0.5%
Q2	0.2%	6.4%	0.6%

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	Q2		
Suppliers	**Domestic**	**I&C**	**Total**
firmus	24,813	2,222	27,035
SSE Airtricity	0	31	31
Go Power	0	1	1
Flogas	0	148	148
Connections	**24,813**	**2,402**	**27,215**

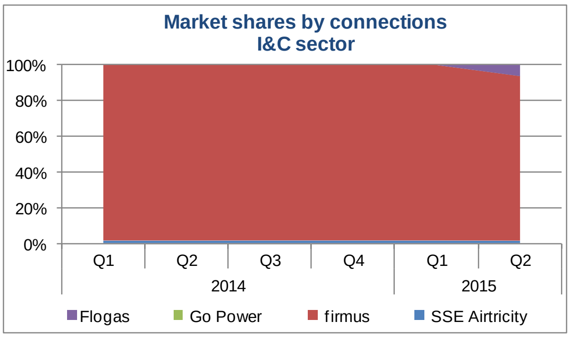
Year	2015		
End of quarter	Q2		
% Connections per supplier	**Domestic**	**I&C**	**Total**
firmus	100.0%	92.5%	99.3%
SSE Airtricity	0.00%	1.29%	0.11%
Go Power	0.00%	0.04%	0.004%
Flogas	0.00%	6.16%	0.54%

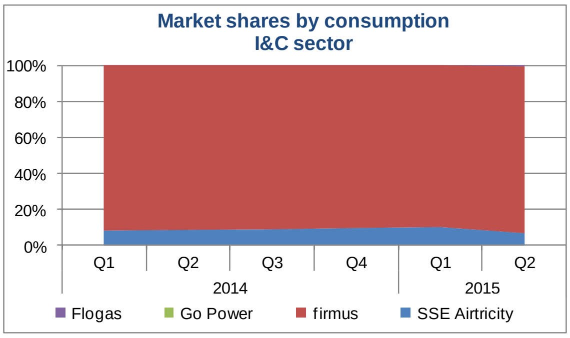
Shares by consumption (therms)

Year	2015		
Quarter	Q2		
Suppliers	**Domestic**	**I&C**	**Total**
firmus	1,673,214	11,455,134	13,128,348
SSE Airtricity	0	877,748	877,748
Go Power	0	3	3
Flogas	0	82,645	82,645
Consumption	**1,673,214**	**12,415,531**	**14,088,744**

Year	2015		
Quarter	Q2		
% Consumption per supplier	**Domestic**	**I&C**	**Total**
firmus	100.0%	92.3%	93.2%
SSE Airtricity	0.0%	7.1%	6.2%
Go Power	0.0%	0.00%	0.0%
Flogas	0.0%	0.7%	0.6%

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





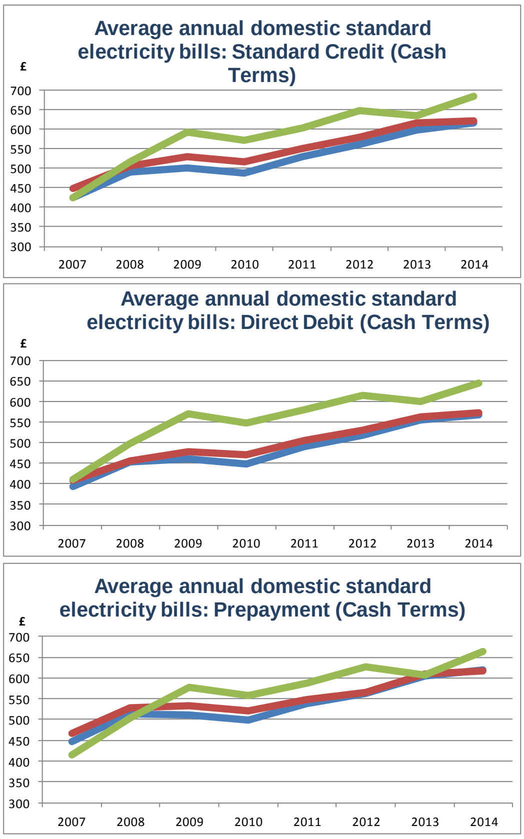
SSE Airtricity entered the large I&C market in January 2013, while Flogas and Go Power entered the I&C market in May 2015 and June 2015 respectively. As at end June 2015, 180 I&C supply meter points had switched from firmus to one of the competing suppliers. This means that at the end of Q2, 7.5% of the I&C connections in the Ten Towns area were supplied by non-incumbent suppliers.

In terms of consumption, firmus retained 92% of the I&C volume in Ten Towns during Q2 2015.

Source: feDL.

5 Domestic prices

5.1 Electricity domestic prices



Average domestic bills are calculated assuming an annual consumption of 3,800 kWh (note that average annual consumption has increased from 3,300 kWh from previous publications due to changes made by DECC[17]). 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.

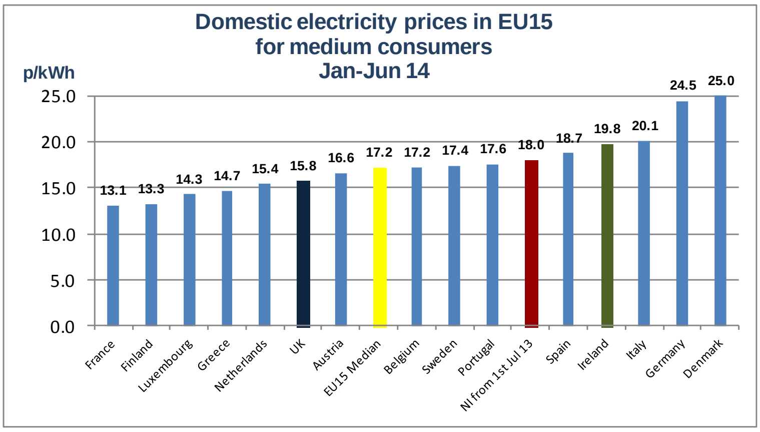
Historically in NI, electricity prices have been higher than in GB. This is mainly because there are higher energy transport costs, small size of the market that reduces chances of economies of scale, difference in fuel mix available for electricity generation, etc.

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

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).

England & Wales   Scotland   Northern Ireland

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 July-December 2014, in which the NI regulated tariff was 18.04 p/kWh (including taxes) [18]. The NI price lies slightly above EU median.



For domestic customers the NI current regulated tariff is, since 1 April 2015[19], 16.38 p/kWh (including taxes).

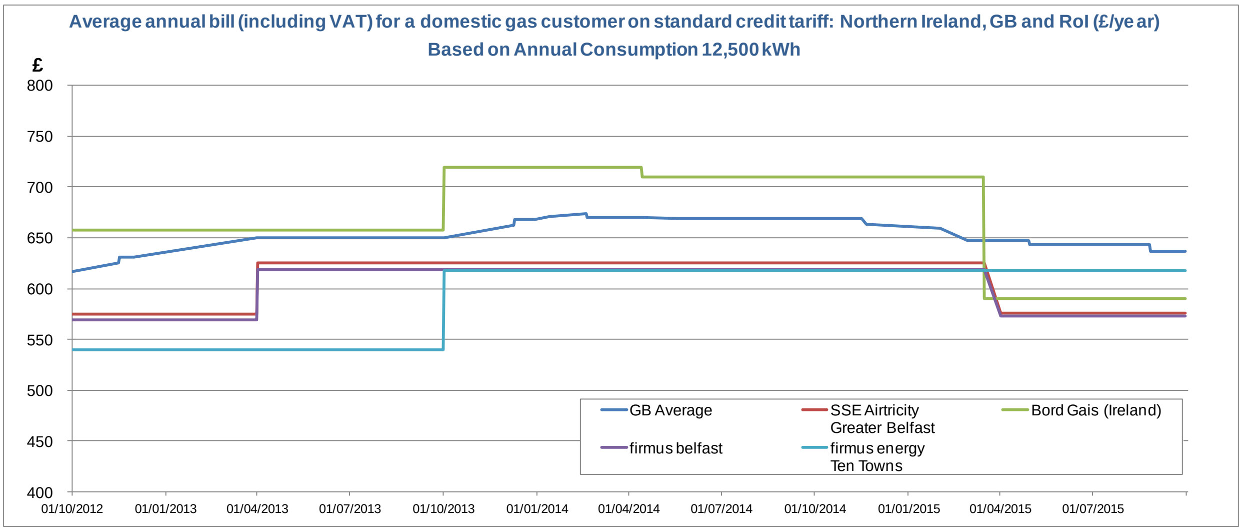
Source: DECC Quarterly Energy Prices. Table 5.6.2. Medium domestic consumers (2,500-4,999 KWh) including taxes.

[17] 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).

[18] http://www.uregni.gov.uk/uploads/publications/Retail_Tariff_Background_Briefing_May_2013.pdf

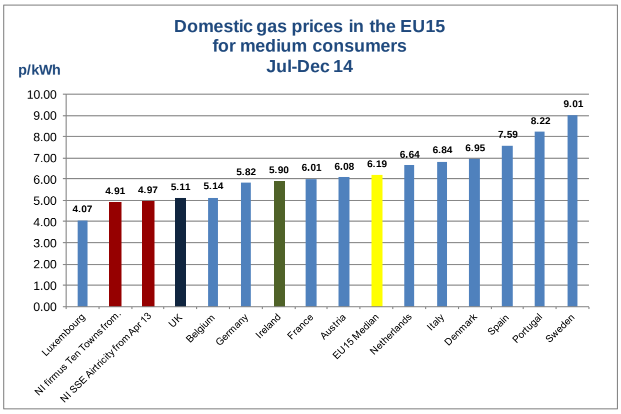
[19] http://www.uregni.gov.uk/uploads/publications/April_2015_Electricity_Tariff_Briefing_Paper.pdf

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[20]. The annual usage estimate used is 12,500 kWh[21].
The tariffs used for comparison purposes are the standard tariff rates for domestic credit customers excluding any discounts available for 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% 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 Pound Sterling using the exchange rate applicable at the date of each tariff change.
SSE Airtricity decreased its domestic tariff in the Greater Belfast area by 7.8% on average from 1 April 2015 while firmus energy decreased its tariffs in the Greater Belfast area by up to 6.38% from the same date. The firmus energy tariffs in the Ten Towns area have remained constant since October 2013.
Source: UR internal data.

The graph below compares NI regulated gas tariffs with the prices for other countries in Europe, including taxes, for the period July to December 2014.



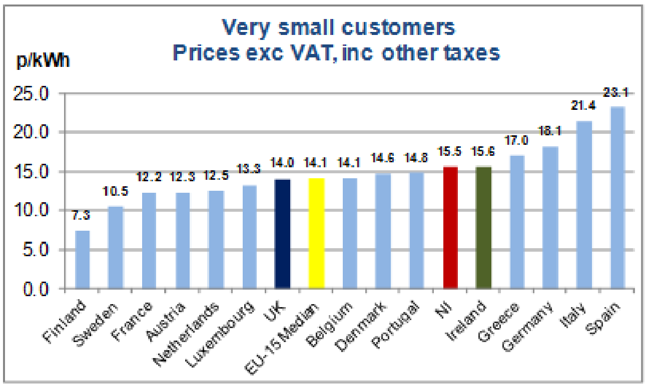
The NI price used in the graph is based on the SSE Airtricity credit tariff applying from April 2013 to March 2015 – not on the current tariff – for a customer on a standard tariff consuming 13,500 kWh per annum (6.957p/kWh for first 2000 kWh, then 4.629p/kWh).
The graph also shows the credit tariff for Ten Towns customers, from 1 Oct 2013: 6.804 p/kWh for first 2000 kWh, and then 4.586 p/kWh.
Source: DECC Quarterly Energy Prices: Table 5.10.2. Medium consumers (5,557-55,556 kWh/annum) including taxes, and UR data.

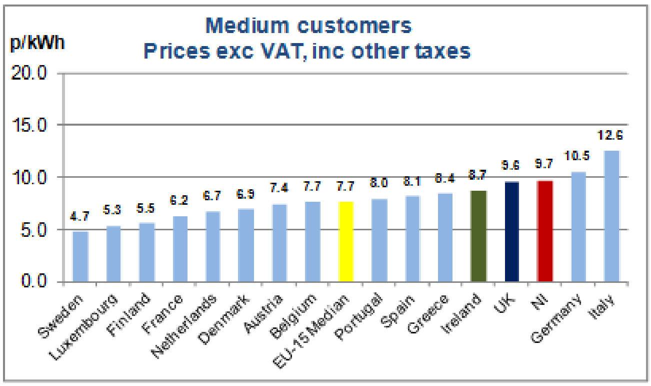
[20] The larger energy suppliers in GB (often called the 'Big Six most of the energy to domestic households in the GB market. They are: British Gas, E.ON UK, Scottish and Southern Energy (SSE), npower, EDF Energy and Scottish Power.
[21] Ofgem has recently reviewed the typical domestic consumption and 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

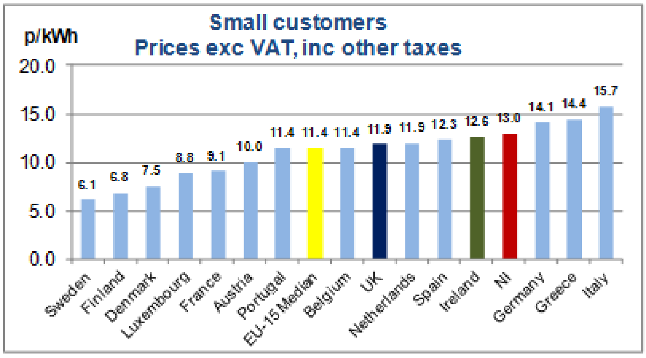
6 Electricity I&C prices

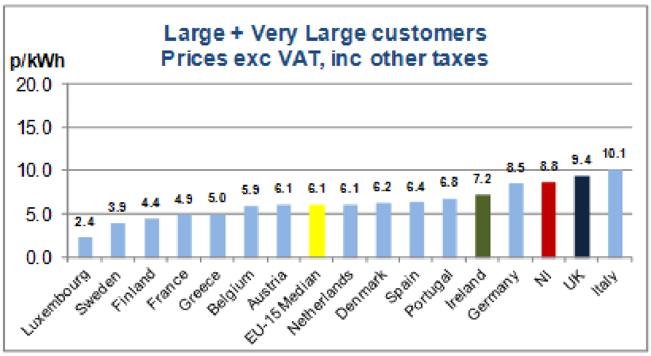
6.1. Price comparison with EU

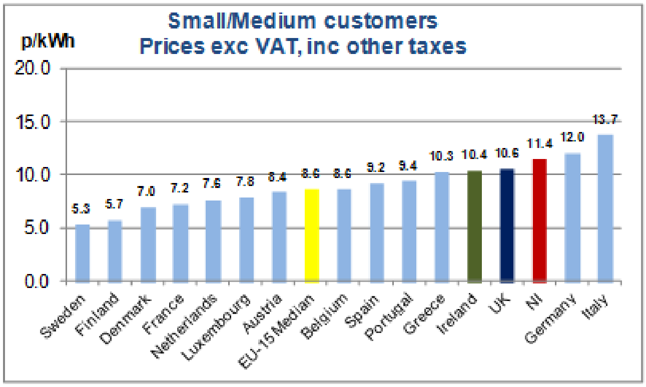
Jul-Dec 2014











Size of consumer	Annual consumption bands (MWh)	% of I&C customers	% of I&C consumpt.
Very small	< 20	65.20%	6%
Small	20 - 499	33.12%	35%
Small/Medium	500 - 1,999	1.24%	16%
Medium	2,000 - 19,999	0.41%	32%
Large + Very Large	> 20,000	0.02%	10%

The graphs above show I&C electricity prices in the 15 EU countries and in NI, per consumption size bands (following EU categorisation). In all categories NI prices are above EU median (as with the domestic comparators shown in Section 5). NI I&C prices however lie close to RoI and UK comparators in all the medium and large I&C categories.

The table above shows percentages of NI I&C customers at the end of December 2014, and percentages of consumption from July to December 2014, 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.
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
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
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
SME	Small and Medium Enterprises
UR	Utility Regulator
VAT	Value Added Tax