

RETAIL MARKET MONITORING
Quarterly Transparency Report
Quarter 4: October – December 2015

Published 29th February 2016



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 relates mainly to market shares, market activity and domestic prices in the electricity and gas retail markets. The data also includes 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, flag potential concerns 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.

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1 Summary of key market indicators

2015 Q4 (Oct - Dec)	Electricity		GAS: Greater Belfast		GAS: Ten towns	
	Domestic	I&C	Domestic and small I&C	Medium and large I&C	Domestic and small I&C	Medium and large I&C
Customer numbers/connections at end of quarter	786,102	70,039	183,703	3,017	26,771	1,139
Consumption in quarter (GWh/thousand therms)	787	1,271	21,800	17,487	2,125	14,309
% of prepayment customers within domestic sector	43%		Domestic: 65%		Domestic 89%	
Number of active suppliers in this quarter	6	8	5	6	4	4
Market shares (by connections) of largest suppliers	Power NI: 66% SSE Airtricity: 25% Budget Energy: 8%	Power NI: 51% SSE Airtricity: 21% Go Power 12%	SSE Airtricity: 73% firmus: 27% Flogas: 0.3%	SSE Airtricity: 41% firmus: 33% Flogas: 15%	firmus: 99.7% Flogas: 0.2% Go Power:0.1%	firmus: 82% Flogas: 14% SSE Airtricity: 2%
Market shares (by consumption) of largest suppliers	Power NI: 63% SSE Airtricity: 28% Budget Energy: 8%	Go Power: 29% SSE Airtricity: 21% Power NI: 19%	SSE Airtricity: 70% firmus: 29% Flogas: 0.7%	firmus: 40% SSE Airtricity: 40% Go Power: 12%	firmus: 99.1% Flogas: 0.8% Go Power:0.1%	firmus: 85% SSE Airtricity: 9.5% Flogas: 5.5%
Quarterly switching rate	3.2%	6.1%	Domestic: 0.2%	All I&C: 1.9%	Domestic: 0%	All I&C: 2.0%

- 1) In gas the domestic and small I&C market relates to those customers consuming less than 73,000 kWh per annum. The medium and large I&C market relates to those customers consuming more than 73,200 kWh per annum.
- 2) Currently there are two gas domestic suppliers in the Greater Belfast distribution area and six I&C suppliers.
- 3) Currently there is only one gas domestic supplier in the Ten Towns distribution area and four I&C suppliers.

1.1 Key points to note during Quarter 4 2015

1. Domestic electricity prices are now reported for all suppliers in NI using DECC's methodology. Semester 1 for 2015 (January to July) show average domestic prices for medium customers (consuming 2,500 – 4,999kWh per annum) as 16.6 p/kWh which are lower than Ireland but remain slightly above the EU median. Recent tariff announcements are not reflected in this QTR.
2. Regulated domestic and small I&C gas prices in both the Greater Belfast and Ten Towns areas were reduced from 1 October 2015 due to falling wholesale costs.
3. Electricity prices for industrial and commercial consumers as a whole remain above the EU-15 median. For the very small category (which represents two thirds of business customers in NI) prices are down from the previous period from 15.5 p/kWh to 14.8 p/kWh and are lower than RoI. For the largest I&C customers, prices are down from the last period, while remaining high comparatively, although lower than the UK overall.
4. The percentage of switching in the electricity market has increased from 2.7% in the previous quarter to 3.4%. This is attributable to an increase in switching in the domestic sector (from 2.8% to 3.2%) and a large increase in activity in the I&C market from 2.3% to 6.1%.
5. In the gas sector, switching activity in the Greater Belfast domestic market (0.2%) has remained unchanged since the previous quarter. The switching rate in the Greater Belfast I&C sector (1.9%) has reduced during Q4 2015 compared to the previous two quarters.
6. Two new suppliers entered the domestic electricity market in October 2015 and their market activity is reflected in the results for this quarter. One of these suppliers has also entered the I&C market.

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 Northern Ireland (NI) electricity and natural gas retail sectors.

The Quarterly Transparency Reports (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 as set out in the *Final Decision on the Implementation of REMM*¹, which was published in June 2015. In the meantime, we will continue to use the 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 (NIEN, PNGL and feDL²).
- Electricity switching analysis has been undertaken with inputs from NIEN. Gas switching inputs are from PNGL and feDL.
- 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.

2.2 Energy suppliers in NI energy market

The electricity and gas (in the Greater Belfast 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 ³ entered the domestic credit segment October 10: firmus ⁴ started supplying Ulster Farmers' Union members, and

¹ <http://www.uregni.gov.uk/retail/reports/>

² Northern Ireland Electricity Networks (referred to as NIEN), Phoenix Natural Gas Ltd (PNGL) and firmus energy Distribution Ltd (feDL)

³ Called Airtricity until 31 January 2014.

⁴ firmus energy (Supply) Limited.

	<p>exited the electricity retail market in June 2015.</p> <p>May 11: SSE Airtricity entered the domestic prepayment segment</p> <p>June 11: Budget Energy entry</p> <p>October 11: Electric Ireland entered the domestic sector</p> <p>October 15: Click Energy and Open Electric enters the domestic market</p>
I&C	<p>Industrial electricity customers become eligible to change supplier from 1999. From 2005, small and medium businesses became eligible too.</p> <p>February 12: VAYU enters the I&C market</p> <p>April 12: Go Power⁵ enters the I&C market</p> <p>June 15: firmus exited the electricity market</p> <p>October 15: Click Energy enters the I&C market</p>

Gas: Greater Belfast Area⁶	
Domestic	<p>Incumbent supplier since September 1996: SSE Airtricity⁷</p> <p>July 10: firmus entered this market segment</p>
I&C	<p>Incumbent supplier since September 1996: SSE Airtricity</p> <p>November 06: energia entered the daily metered I&C market</p> <p>September 08: firmus energy entered the I&C market</p> <p>March 09: VAYU entered the small I&C market</p> <p>May 13: Electric Ireland entered the daily metered I&C market</p> <p>October 13: energia exited the gas market</p> <p>August 14: Go Power⁸ entered the I&C gas market</p> <p>December 14: Flogas entered the I&C gas market</p>
Gas: Ten Towns Area⁹	
Domestic	<p>Incumbent supplier since 2005: firmus</p> <p>Open to competition from April 2015</p>
I&C	<p>Incumbent supplier since 2005: firmus</p> <p>Large I&C market open to competition from October 2012</p> <p>Small I&C market open to competition from April 2015</p> <p>January 13: SSE Airtricity entered the large I&C market</p> <p>May 15: Flogas entered the I&C gas market</p> <p>June 15: Go Power entered the I&C gas market</p>

For more information about the retail energy market in NI, please visit: <http://www.uregni.gov.uk/retail/>

⁵ LCC Power Limited changed its name to Go Power on 1 August 2015.

⁶ The Greater Belfast area is defined in Schedule 1 of the Phoenix Natural Gas Limited conveyance licence.

⁷ 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.

⁸ LCC Power Limited changed its name to Go Power on 1 August 2015.

⁹ The Ten Towns area is defined in Schedule 1 of the firmus energy (Distribution) Limited conveyance licence.

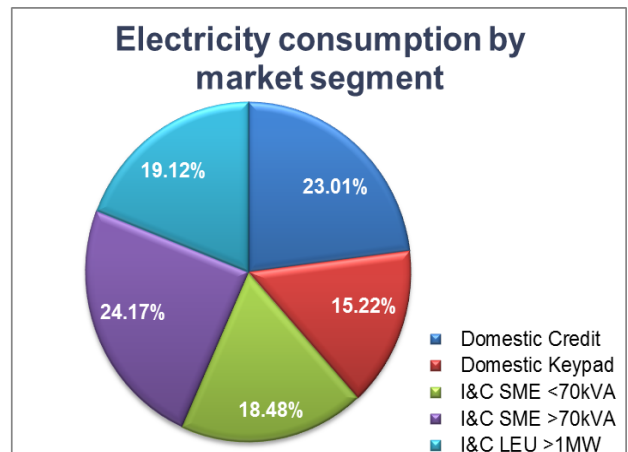
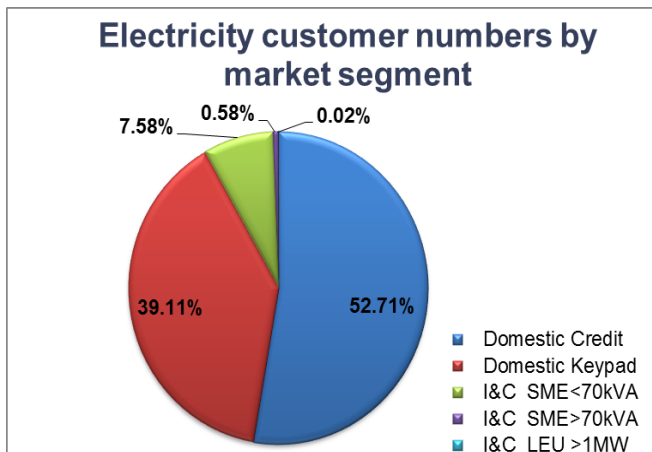
3 NI customer numbers and total consumption

3.1 Electricity

The table below shows electricity customer numbers¹⁰ at end December 2015 and consumption from October to December 2015.

Year	2015	
Quarter	Q4	
Market segments	Customer Numbers	Consumption (GWh)
Domestic credit	451,246	473.5
Domestic prepayment	334,856	313.3
Total Domestic	786,102	786.8
SME <70kVA	64,884	380.4
SME >70kVA	4,953	497.4
LEU >1MW	202	393.4
Total I&C	70,039	1,271.2
Total	856,141	2,058.0

Source: NIEN



Source: NIEN

Of 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 38% and 62% respectively in terms of consumption.

Within the I&C sector, more than 99% of the customers are small and medium enterprises, with 69% of the I&C consumption. The remaining are LEU customers, that consumed 19% of the total NI volume in this quarter, and 31% of the I&C consumption.

¹⁰ Note that long term vacant sites are not included in customer numbers, and that combined premises are included in the SME <70kVA category

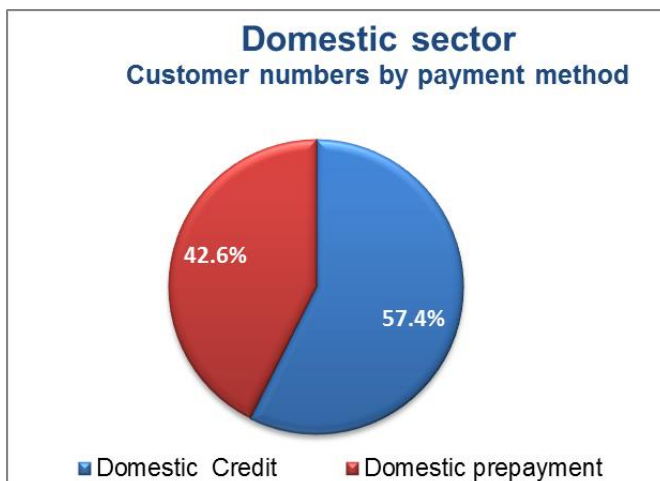
Payment split in the domestic sector

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, 42.6% of the electricity domestic customers were in the prepayment segment. This indicates minimal change from a 42.4% share of the market in the previous quarter.

Year	2015
Quarter	Q4
Market segments	Customers numbers
Domestic credit	451,246
Domestic prepayment	334,856
Total domestic sector	786,102

Source: NIEN



Source: NIEN

3.2 Gas – Greater Belfast and Ten Towns areas

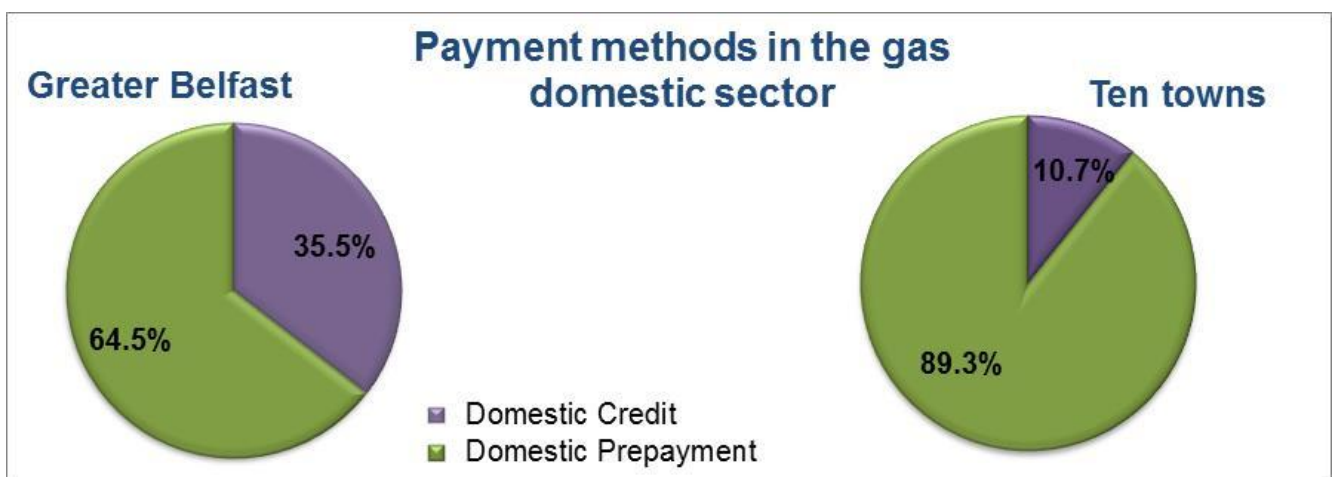
The table below shows gas connections at end December 2015.

Year	2015		
End of quarter	Q4		
	Greater Belfast Connections	Ten Towns Connections	Total Connections
Domestic prepayment	113,541	22,966	136,507
Domestic credit	62,389	2,761	65,150
Total Domestic Connections	175,930	25,727	201,657
I&C < 73,200 kWh	7,773	1,044	8,817
I&C 73,200 - 732,000 kWh	2,618	894	3,512
I&C 732,001 – 2,196,000 kWh	296	155	451
I&C > 2,196,000 kWh	103	90	193
Total I&C Connections	10,790	2,183	12,973
Total	186,720	27,910	214,630

Source: PNGL and feDL.

The number of gas connections are split to show domestic prepayment, domestic credit meters and the number of I&C connections in each size band. In previous Quarterly Transparency Reports, the number of connections in the domestic and small I&C categories was combined in the Greater Belfast area.

In the Greater Belfast area, domestic connections represent 94% of the total connections, while in the Ten Towns area domestic connections represent 92% of the total connections.



Source: PNGL and feDL.

Within the gas domestic sector, prepayment customers represent 65% of the Greater Belfast distribution Licensed area, and 89% in the Ten Towns distribution Licensed area.

The table below shows gas consumption from October to December 2015.

Year	2015		
End of quarter	Q4		
	Greater Belfast Consumption (therms)	Ten Towns Consumption (therms)	Total Consumption (therms)
Domestic prepayment	10,262,566	1,626,021	11,888,587
Domestic credit & small I&C ¹¹	11,537,031	499,300	12,036,331
Total Domestic & Small I&C Consumption¹²	21,799,597	2,125,321	23,924,918
I&C 73,200 - 732,000 kWh	5,599,578	2,722,483	8,322,061
I&C 732,001 – 2,196,000 kWh	2,874,860	1,674,635	4,549,495
I&C > 2,196,000 kWh	9,012,785	9,912,211	18,924,996
Medium and Large I&C Consumption (>73,200kWh)	17,487,223	14,309,329	31,796,552
Total	39,286,820	16,434,650	55,721,470

Source: PNGL and feDL.

The split for gas consumption information provided in the table above has changed compared to the split included in previous Quarterly Transparency Reports. This is a result of the decisions made under the Retail Energy Market Monitoring (REMM) project and subsequent new analysis of consumption amounts.

During Q4, the combined consumption in the domestic and small I&C categories (<73,200 kWh) represented 55% and 13% in the Greater Belfast and Ten Towns areas respectively.

¹¹ The domestic credit and small I&C' category relates to those customers with a credit meter consuming less than 73,200 kWh/per annum.

¹² The domestic and small I&C gas market relates to those customers consuming less than 73,200 kWh per annum.

4 Market shares and market activity

4.1 Electricity shares

Electricity shares by customer numbers¹³

There are currently six domestic electricity suppliers in NI, and eight in the I&C electricity market.

The total number of domestic customers at the end of Q4 was 786,102. A large share of domestic customers remain with the previously incumbent supplier Power NI (65%).

Suppliers	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	340,336	179,250	34,738	1,159	28	555,511
SSE Airtricity	104,604	94,087	13,528	991	33	213,243
Energia	0	0	6,323	951	33	7,307
Electric Ireland	2,185	1,399	2,600	710	45	6,939
Budget Energy	3,378	57,377	323	8	0	61,086
Vayu	0	0	13	9	1	23
Go Power	215	0	7,359	1,125	62	8,761
Open Electric	78	18	0	0	0	96
Click Energy	450	2,725	0	0	0	3,175
Total Market	451,246	334,856	64,884	4,953	202	856,141

Source: NIEN

% cust. No's per supplier	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	75.4%	53.5%	53.5%	23.4%	13.9%	64.9%
SSE Airtricity	23.2%	28.1%	20.8%	20.0%	16.3%	24.9%
Energia	0.0%	0.0%	9.7%	19.2%	16.3%	0.9%
Electric Ireland	0.5%	0.4%	4.0%	14.3%	22.3%	0.8%
Budget Energy	0.7%	17.1%	0.5%	0.2%	0.0%	7.1%
Vayu	0.0%	0.0%	0.0%	0.2%	0.5%	0.0%
Go Power	0.0%	0.0%	11.3%	22.7%	30.7%	1.0%
Open Electric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Click Energy	0.1%	0.8%	0.0%	0.0%	0.0%	0.4%

Source: NIEN

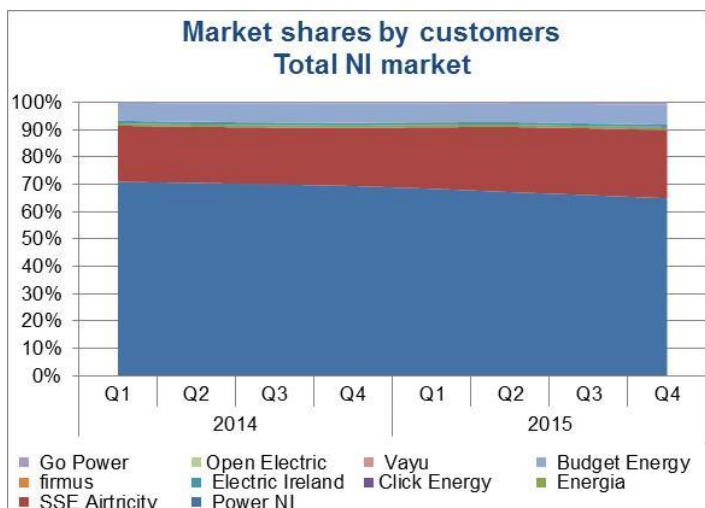
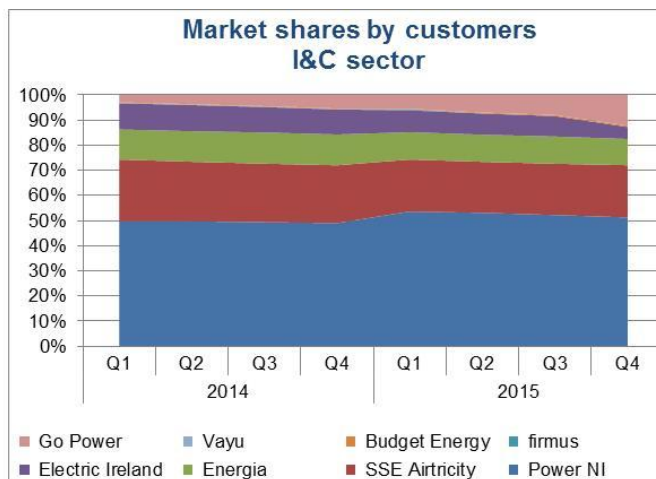
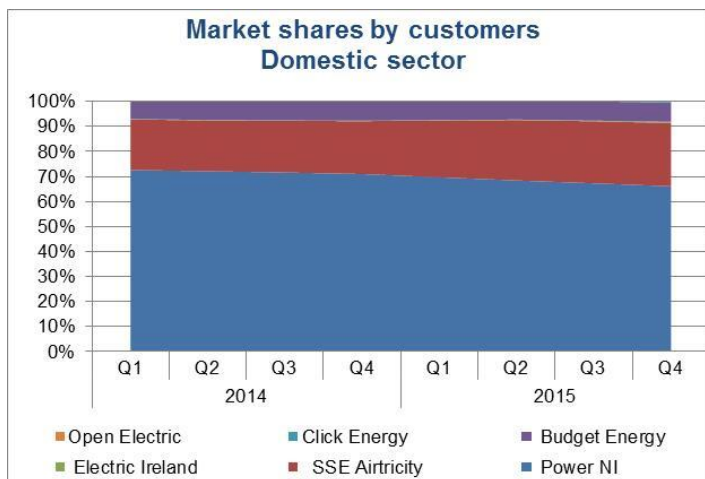
This position has been slowly changing and the percentage of domestic credit (including direct debit) customers supplied by Power NI this quarter was 75.4%, in comparison to a 76.1% share at the end of Q3.

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

Power NI currently supplies 53.5% of prepayment customers, in comparison to 55.2% in the previous quarter.

The current non-incumbent share by customer numbers is 24.6% for credit domestic customers and 46.5% for prepayment customers.

Competition in the I&C market is more developed, and consequently market shares are much more dispersed than in the domestic sector. Out of the eight active suppliers at the end of Q4 2015, based on customer numbers, five of these suppliers have shares in excess of 10% in the two largest business segments. The graphs below show the trends in market shares (by customer numbers) for each active supplier in NI by market segment for the previous two years (2014 and 2015).



Source: NIEN

Electricity shares by consumption (GWh)

Year	2015					
Month	Q4					
Suppliers	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	336.8	162.4	140.0	75.6	28.2	743.0
SSE Airtricity	129.5	92.6	84.0	97.5	90.4	494.0
Energia	0.0	0.0	46.8	103.8	38.9	189.5
Electric Ireland	1.9	1.0	23.3	88.6	82.2	197.0
Budget Energy	4.2	56.2	1.9	0.1	0.0	62.4
Vayu	0.0	0.0	0.0	2.4	0.6	3.0
Go Power	0.8	0.0	83.9	129.4	153.2	367.3
Click Energy	0.2	1.1	0.0	0.0	0.0	1.3
Open Electric	0.0	0.0	0.0	0.0	0.0	0.0
Consumption (GWh)	473.4	313.3	379.9	497.4	393.5	2,057.5

Source: NIEN

Year	2015					
Month	Q4					
% consumption per supplier	Domestic credit	Domestic prepayment	SME <70kVA	SME >70kVA	LEU >1MW	Total
Power NI	71.5%	51.7%	36.9%	15.2%	7.2%	36.1%
SSE Airtricity	27.3%	29.4%	22.1%	19.6%	23.0%	24.0%
Energia	0.0%	0.0%	12.3%	20.9%	9.9%	9.2%
Electric Ireland	0.4%	0.3%	6.1%	17.8%	20.9%	9.6%
Budget Energy	0.9%	17.9%	0.5%	0.0%	0.0%	3.0%
Vayu	0.0%	0.0%	0.0%	0.5%	0.2%	0.1%
Go Power	0.2%	0.0%	22.1%	26.0%	38.9%	17.8%
Click Energy	0.1%	0.4%	0.0%	0.0%	0.0%	0.1%
Open Electric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: NIEN

From October to December 2015 the electricity consumption in NI was over 2,000 GWh, which is an increase from 1,700 GWh in the previous quarter.

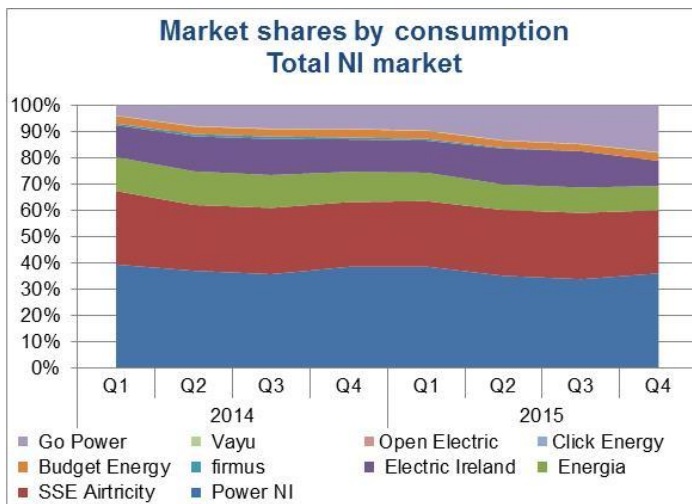
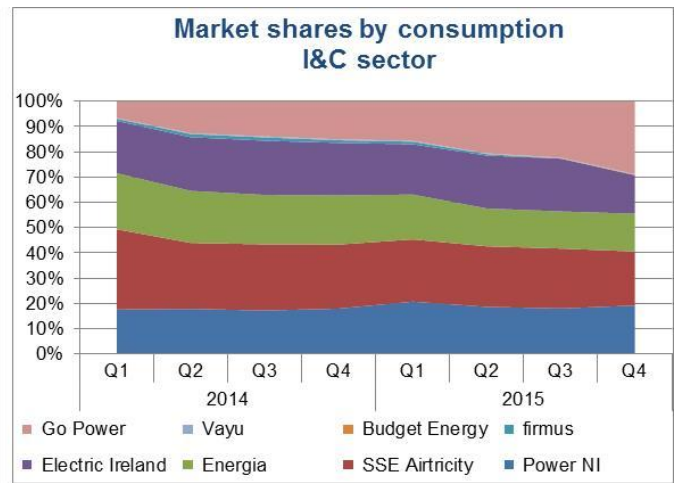
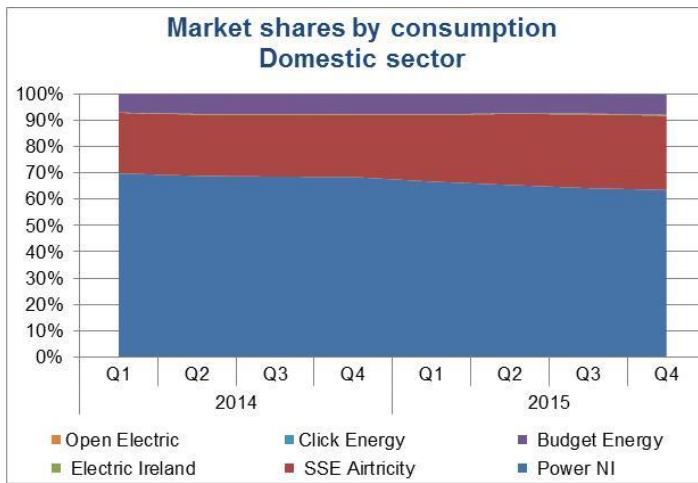
In Q4, Power NI's share of the total market by consumption was 36.1%, while their market share in the domestic market (credit and prepayment) was around 63%.

In the I&C market, the main suppliers by consumption are Go Power (28.8%), SSE Airtricity (21.4%), Power NI (19.2%), Electric Ireland (15.3%) and Energia (14.9%).

On a total market basis, the non-incumbent suppliers had 63.8% of the total NI electricity share by consumption in this quarter. This percentage is mainly split between SSE Airtricity with 24%, Go Power with 17.8%, Electric Ireland with 9.6% and Energia with 9.2%.

The charts below reflect the trends in market share of active suppliers by consumption (sales units in

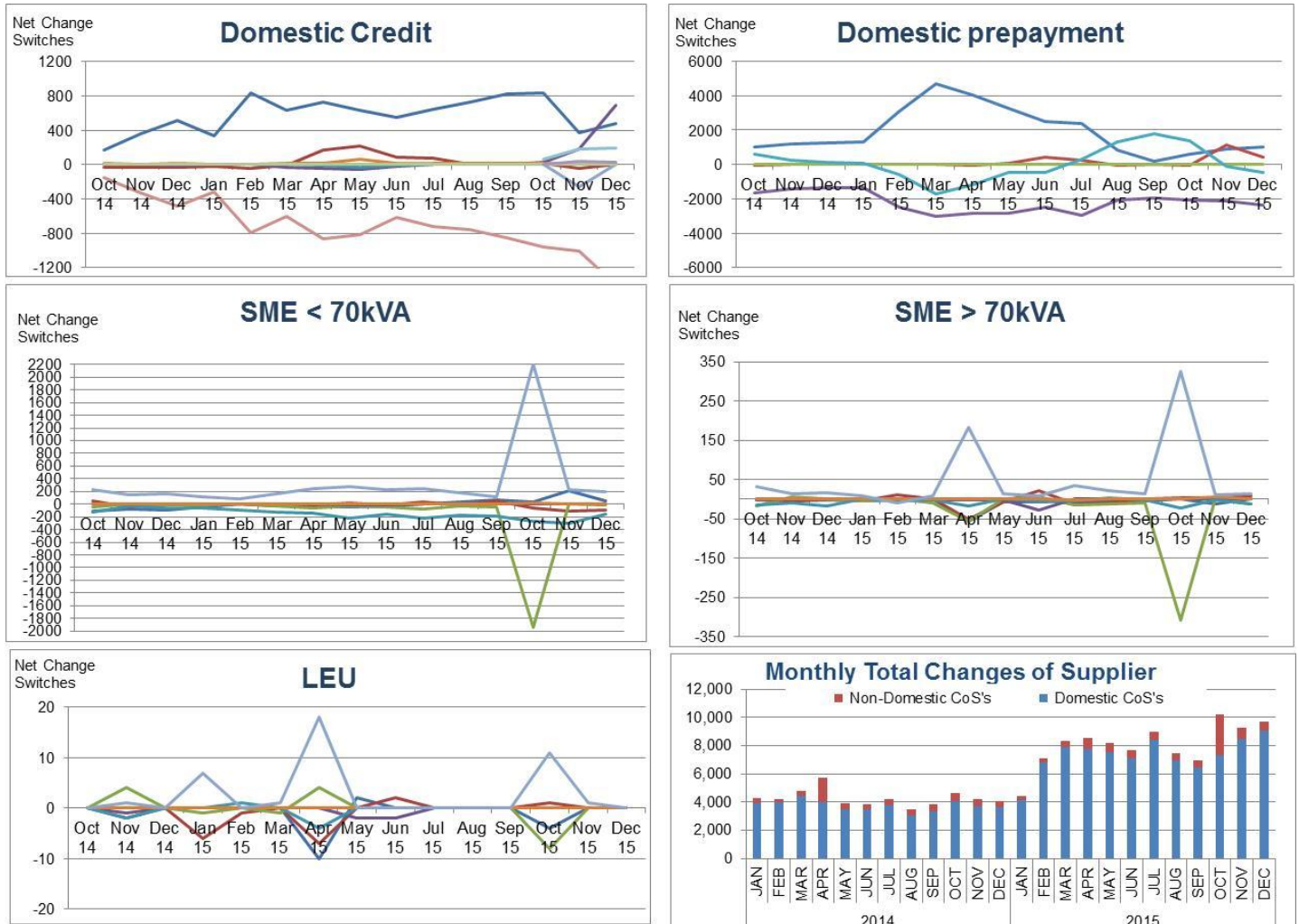
GWh) in the domestic and I&C electricity sectors, and in the total NI market, from Q1 2014 to Q4 2015.



Source: NIEN

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 table shows % rates of quarterly switching. These percentages are calculated using the number of quarterly switches divided by the number of customers at the end of the quarter in the relevant market.



Source: NIEN

	% 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%
Q3	2.8%	2.3%	2.7%
Q4	3.2%	6.1%	3.4%

Source: NIEN

The number of domestic switches over this quarter shows an increase from the previous quarter, with an average of c8,250 switches per month (in comparison to a monthly average of c7,250 in the previous quarter). The percentage of domestic switching is currently 3.2%, an increase from 2.8% in the previous quarter, but over double the market activity when compared to the same period last year (1.4%).

The I&C sector market activity shows a significant increase from the previous quarter in all three size bands. The percentage of switching is now at 6.1% which indicates an almost threefold increase when compared to the previous quarter.

4.3. Gas – Greater Belfast area: shares

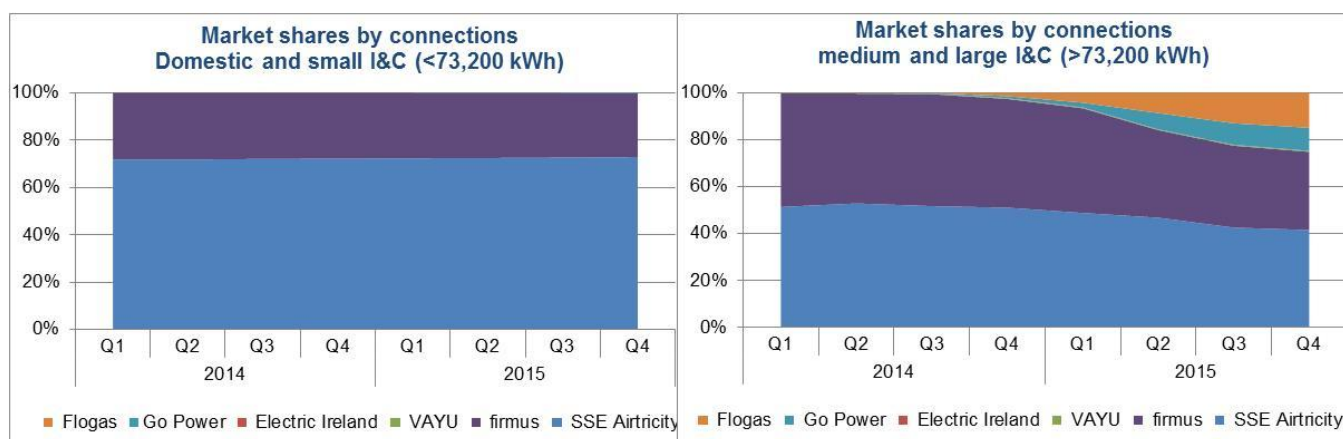
Shares by connections

The information on connections below relates to the Phoenix Natural Gas Ltd (PNGL) distribution Licensed Area. The market shares in terms of connections are as at end December 2015.

Year	2015
Quarter	Q4

Suppliers	Connections			Connections by %		
	Domestic & Small I&C ¹⁴	I&C > 73,200 kWh	Total	Domestic & Small I&C	I&C > 73,200 kWh	Total
SSE Airtricity	133,503	1,252	134,755	72.67%	41.50%	72.17%
firmus	49,336	1,007	50,343	26.86%	33.38%	26.96%
VAYU	13	11	24	0.01%	0.36%	0.013%
Electric Ireland	0	1	1	0.00%	0.03%	0.001%
Go Power	350	297	647	0.19%	9.84%	0.347%
Flogas	501	449	950	0.27%	14.88%	0.509%
Connections	183,703	3,017	186,720			

Source: PNGL



Source: PNGL

Go Power¹⁵ 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 large¹⁶ I&C market.

The shares, in terms of connection numbers, of the two larger suppliers remained very similar to Q3 values. SSE Airtricity has retained 72% share of connections in the total gas market. Their share in the domestic and small I&C market has also remained at 72%, while their share in the larger I&C market (over 73,200 kWh/annum) has slightly decreased from 42.5% at the end of Q3 to 41.5% at the end of Q4. At the end of Q4, firmus had a total share by connections of 27%.

However, Flogas and Go Power market shares, in terms of connection numbers, have increased in the last quarter, particularly in the large I&C market where together they supply c25% of these customers.

¹⁴ The domestic and small I&C gas market relates to those customers consuming less than 73,200 kWh/annum.

¹⁵ LCC Power Limited changed its name to Go Power on 1 August 2015.

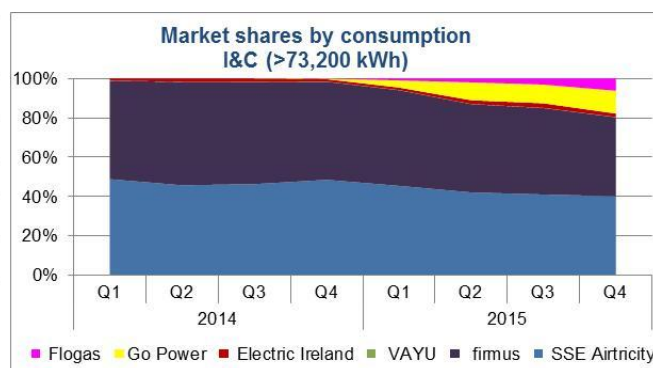
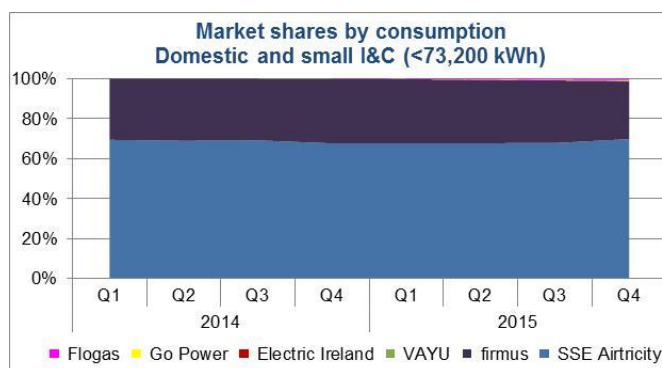
¹⁶ The medium and large I&C market relates to those customers consuming more than 73,200 kWh/annum.

Shares by consumption (therms)

Year	2015
Quarter	Q4

Suppliers	Consumption in therms			Consumption in %		
	Domestic & Small I&C ¹⁷	I&C > 73,200 kWh	Total	Domestic & Small I&C	I&C > 73,200 kWh	Total
SSE Airtricity	15,222,913	7,022,141	22,245,054	69.83%	40.16%	56.62%
firmus	6,358,875	7,023,564	13,382,439	29.17%	40.16%	34.06%
VAYU	3,103	15,917	19,020	0.01%	0.09%	0.05%
Electric Ireland	0	305,046	305,046	0.00%	1.74%	0.78%
Go Power	72,547	2,030,128	2,102,675	0.33%	11.61%	5.35%
Flogas	142,159	1,090,427	1,232,586	0.65%	6.24%	3.14%
Consumption (therms)	21,799,597	17,487,223	39,286,820			

Source: PNGL



Source: PNGL

The information on consumption above relates to the Phoenix Natural Gas Ltd (PNGL) distribution Licensed Area. Market shares in terms of consumption relate to consumption during Q4 2015.

SSE Airtricity total market share by consumption during this quarter was 57%, showing an increase from last quarter (52%). firmus share by consumption in the total market decreased from 39% during Q3 to 34% in Q4, while the remaining active suppliers accounted for 9% of the total market share during Q4.

The two new entrant suppliers, Go Power and Flogas, have increased their combined market shares in the large I&C market (>73,200 kWh) from 13% during Q3 to 18% during Q4.

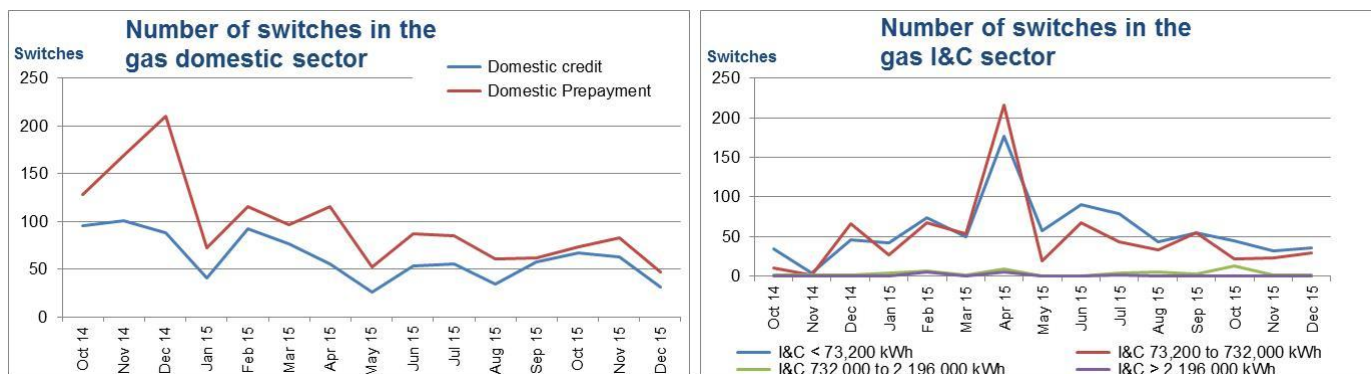
¹⁷ The domestic and small I&C gas market relates to those customers consuming less than 73,200 kWh per annum.

4.4. Gas – Greater Belfast area: market activity

The information below relates to the Phoenix Natural Gas Ltd (PNGL) 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 during Q4. There has also been a slight decrease in the level of switching in the I&C sector during Q4.



Source: PNGL (and gas suppliers for previous quarters).

The table to the right 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.

	% 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%
Q3	0.2%	3.1%	0.4%
Q4	0.2%	1.9%	0.3%

Source: PNGL (and gas suppliers for previous quarters).

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.

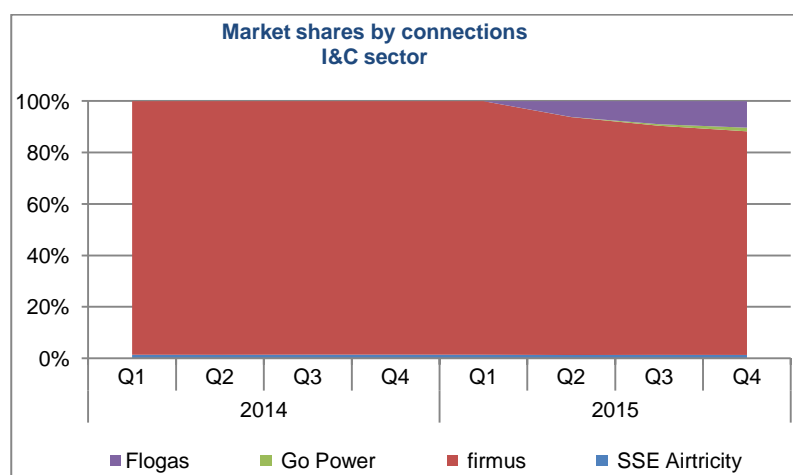
The tables below show absolute and relative numbers in this area by connections.

Shares by connections

Year	2015
Quarter	Q4

Suppliers	Connections			Connections by %		
	Domestic	I&C	Total	Domestic	I&C	Total
firmus	25,727	1,898	27,625	100.0%	86.9%	99.0%
SSE Airtricity	0	29	29	0.00%	1.33%	0.10%
Go Power	0	31	31	0.00%	1.42%	0.11%
Flogas	0	225	225	0.00%	10.31%	0.81%
Connections	25,727	2,183	27,910			

Source: feDL



Source: feDL

The graph above shows trends in connections in the gas I&C market from 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 the end of December 2015, 285 I&C supply meter points had switched from firmus to one of the competing suppliers. This means that at the end of Q4, 13% of the I&C connections in the Ten Towns area were supplied by non-incumbent suppliers (an increase from 11% from the previous quarter).

The tables below show absolute and relative numbers in the Ten Towns area by consumption.

Shares by consumption (therms)

Year	2015
Quarter	Q4

Suppliers	Consumption in Therms			Consumption by %		
	Domestic & Small I&C ¹⁸	I&C > 73,200 kWh	Total	Domestic & Small I&C	I&C > 73,200 kWh	Total
firmus	2,106,190	12,110,618	14,216,808	99.10%	84.63%	86.51%
SSE Airtricity	112	1,359,668	1,359,780	0.01%	9.50%	8.27%
Go Power	2,938	46,739	49,677	0.14%	0.33%	0.30%
Flogas	16,081	792,304	808,385	0.76%	5.54%	4.92%
Consumption	2,125,321	14,309,329	16,434,650			

Source: feDL

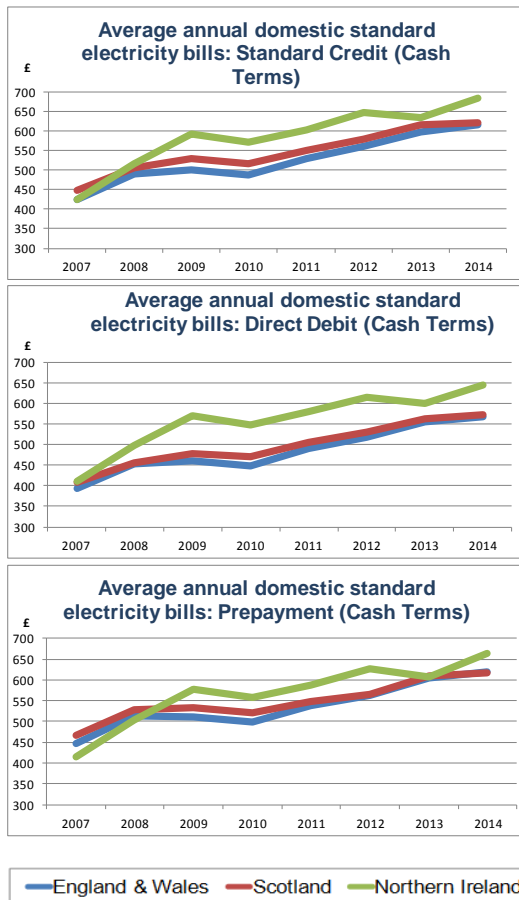
The split for gas consumption information provided in the table above has changed compared to the split included in previous QTRs. Previously the consumption information was shown split by domestic and I&C. This change is a result of the decisions made under the Retail Energy Market Monitoring (REMM) project and subsequent new analysis of consumption trends.

In terms of consumption, during Q4, firmus had 85% of the large I&C volume (>73,200 kWh) while SSE Airtricity had nearly 10% of the share in this market sector.

¹⁸ The domestic and small I&C gas market relates to those customers consuming less than 73,200 kWh/annum.

5 Domestic prices

5.1 Electricity domestic prices



Average domestic bills are calculated assuming an annual consumption of 3,800 kWh¹⁹. 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 Great Britain (GB). This is mainly because there are higher energy transport costs, the small size of the market which reduces the opportunity for 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.

Note that this data is published annually by DECC in their March Quarterly Energy Prices report for the preceding calendar year.

Source: Table 2.2.2 on DECC March 2015 Quarterly Energy Prices Report (<https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/quarterly-energy-prices>).

Price comparison with EU

In previous versions of the QTR we have compared the NI regulated price with the most recent available prices for other countries in Europe. Over the last number of months we have been collecting base figures from all suppliers to establish an average domestic price per unit, categorised in terms of annual consumption. The following graph shows the results of this analysis, for the medium sized domestic customers (annual consumption of between 2,500 and 4,999 kWh), as this consumption category reflects the majority of domestic customers in NI. The NI tariff remains above the EU median, but below the RoI tariff.

In terms of how we derive this price, we follow DECC's format and methodology. As a result the average domestic prices for NI are comparable with prices in other EU countries (those published in

¹⁹ 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).

DECC's Quarterly Energy Prices reports²⁰ and Eurostat data base²¹).

The base figures are now submitted on a quarterly basis by suppliers. The UR performs a high level reasonableness check of the base figures, but the suppliers are responsible for the accuracy of the information that is provided to the UR. The base figures are as follows:

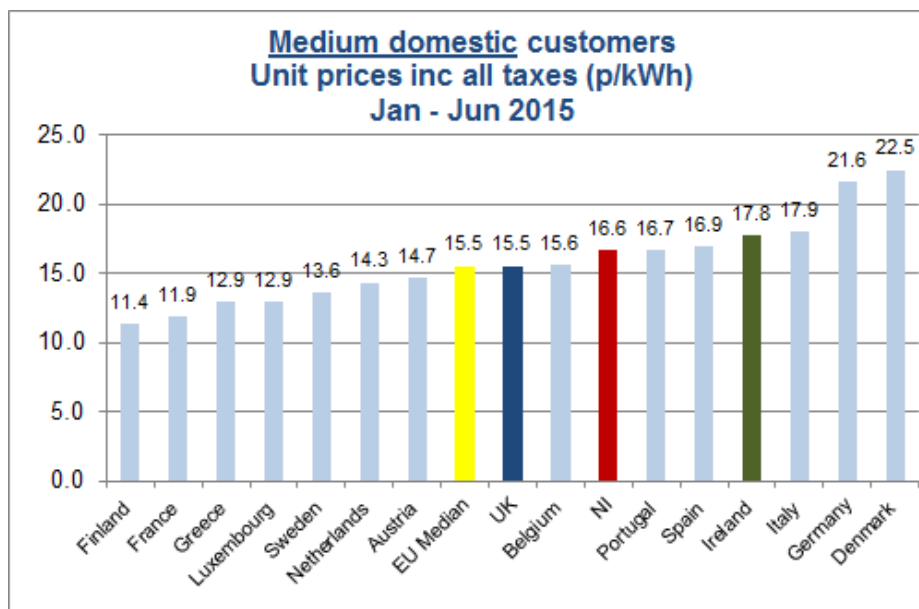
- **Volume** of electricity sold to domestic consumers.
- The **value**, or revenue gained from the sale, split into three categories: excluding all taxes, excluding VAT, and including all taxes.
- The **number** of domestic customers supplied in that particular size category.

The volume and value are used to calculate a NI quarterly average value 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 average value or revenue collected per unit in that particular size category, as per the DECC methodology.

As the Eurostat figures are published on a semester basis (semester 1 (S1) January to June and semester 2 (S2) July to December) we therefore average the two relevant quarters to obtain the comparable six-month period for NI.

In the graphs shown in this report, we use unit prices which include Climate Change Levy (CCL) and include VAT as this reflects the final prices paid by domestic Customers.

Finally please be aware that the comparability of the derived NI prices to the other Member States can be greatly affected by fluctuations in the Euro. For the purposes of tariff comparisons we convert the EU tariffs from Euro to GBP using the monthly average exchange rate applicable for the semester. Therefore tariff movements and comparisons between NI and other Member States can be impacted by both an increase and decrease in a tariff and also by any variation in exchange rates.

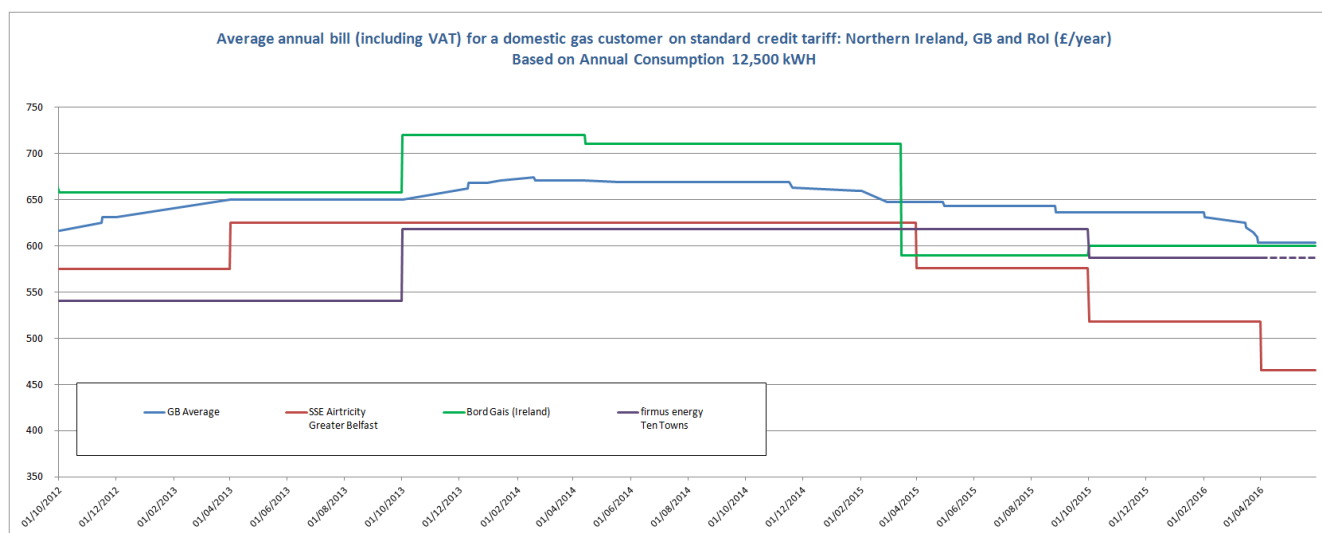


Source: Eurostat and NI Electricity Suppliers. Medium domestic consumers (2,500 – 4,999kWh) including taxes.

²⁰ <https://www.gov.uk/government/collections/quarterly-energy-prices>

²¹ <http://ec.europa.eu/eurostat/web/energy/data/database>

5.2 Gas domestic prices



Source: UR internal data

The graph above compares gas domestic prices for standard gas tariffs. It shows a GB average which includes the 'Big Six' suppliers²². The annual usage estimate used is 12,500 kWh²³.

The tariffs used for comparison purposes are the standard tariff rates for domestic credit customers excluding any discounts that might be available such as payment by direct debit, viewing bills online etc.

Each of the Big 6 Suppliers in GB has recently announced decreases to their domestic gas tariffs which take effect between 1st February 2016 and 29 March 2016. These decreases range from 5% to 5.4% and are reflected in the graph above.

In the Republic of Ireland (RoI) Bord Gais announced a reduction of 2.5% off its gas tariffs from 1 October 2015. This reduction is included in the figures used to plot the graph above but is displayed as an increase. This is because, for the purposes of tariff comparison, we convert the RoI tariff from Euro to Pound Sterling using the exchange rate applicable at the date of each tariff change.

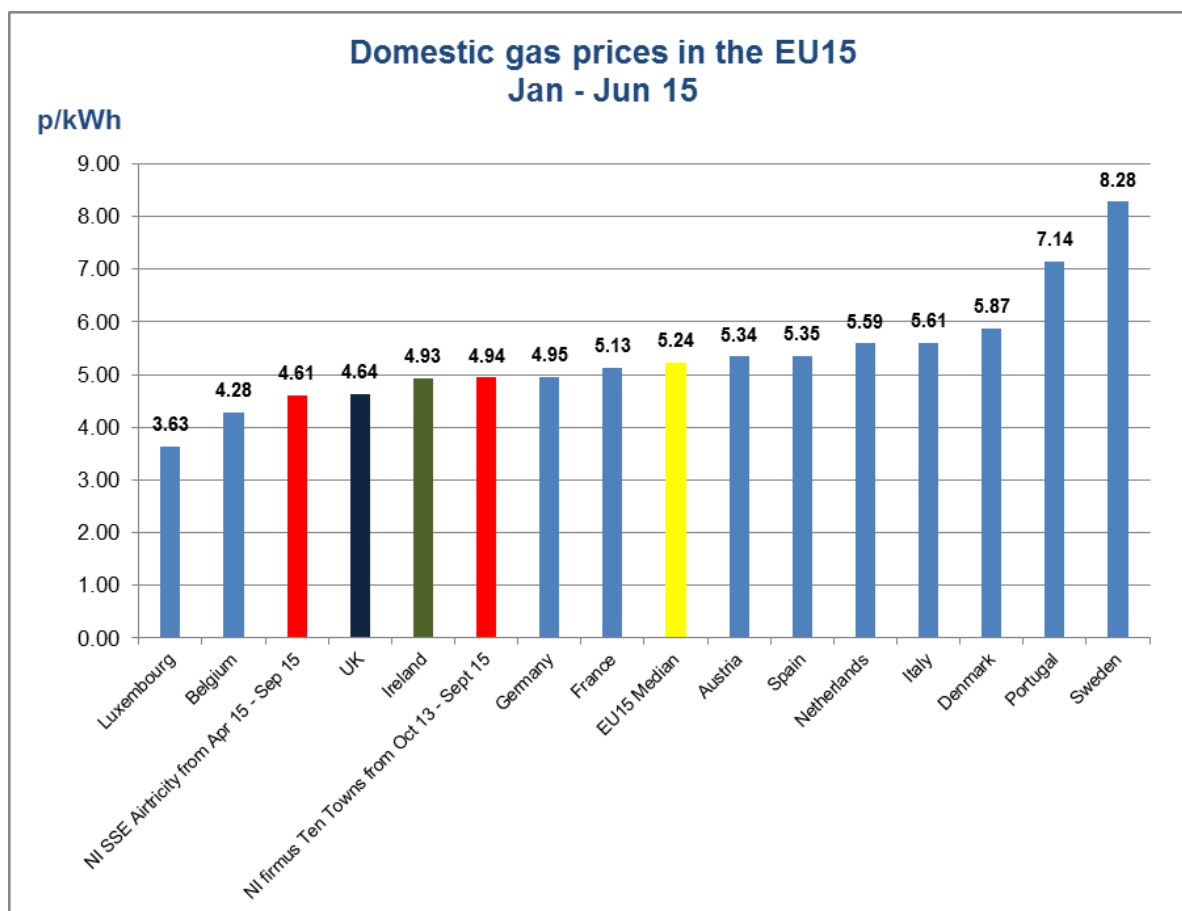
In NI, SSE Airtricity decreased its domestic tariff in the Greater Belfast area by 10% from 1 October 2015. SSE Airtricity has also announced a further decrease to its tariffs of 10.2% in the Greater Belfast area. This decrease will take effect from 1 April 2016. The decrease is reflected in the graph above.

The firmus energy tariffs in the Ten Towns area were reduced by 5% from 1 October 2015. firmus energy is currently reviewing their tariffs in the Ten Towns area with the Utility Regulator. An announcement on the firmus energy tariff is expected over the next few weeks with any change in tariffs taking effect from 1 April 2016.

²² The larger energy suppliers in GB (often called the 'Big Six') are the companies that hold supply licences and supply 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.

²³ 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

The graph below compares NI regulated gas tariffs with the prices for other countries in Europe, including taxes, for the period January to June 2015.



Source: DECC and UR data

The NI prices used in the graph are the standard credit tariffs of SSE Airtricity in Greater Belfast and firmus energy in the Ten Towns, including VAT, that applied during January to June 2015. They are calculated based on a customer using 12,500 kWh per annum:

- The SSE tariff that applied during the period Jan-Mar 2015: 6.957 p/kWh for first 2000 kWh, and then 4.629 p/kWh (note that this is not the current SSE tariff in the Greater Belfast area).
- The SSE tariff that applied during the period Apr-Jun 2015: 6.261 p/kWh for first 2000 kWh, and then 4.291 p/kWh (note that this is not the current SSE Airtricity tariff in the Greater Belfast area).
- The firmus energy tariff that applied during the period Jan-Jun 2015: 6.804 p/kWh for first 2000 kWh, and then 4.586 p/kWh (note that this is not the current firmus energy tariff in the Ten Towns).

The prices for the EU countries shown in the graph above are the average domestic gas prices for medium consumers (5,557-55,556 kWh per annum). These prices include taxes. These prices are published by the Department of Energy & Climate Change (DECC) in their Quarterly Energy Prices, Table 5.10.2.

6 Electricity I&C prices

6.1. Price comparison with EU

The NI non-domestic electricity prices produced in this report are based on the average electricity revenues per unit supplied to I&C consumers, categorised in terms of their annual consumption. These are derived directly from suppliers' submissions to UR and are not based on a survey of actual prices that are charged.

In terms of how we derive these prices, we follow DECC's format and methodology.

Consequently, the NI prices used in this report are comparable with prices in other EU countries (those published in DECC's Quarterly Energy Prices reports²⁴ and Eurostat data base²⁵).

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 submitted on a quarterly basis by suppliers. The UR performs a high level reasonableness check of the base figures, but the suppliers are responsible for the accuracy of the information that is provided to the UR. The base figures are as follows:

- **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.

The volume and value are used to calculate a NI quarterly average value 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 average value or revenue collected per unit in that particular size category, as per the DECC methodology.

As the Eurostat figures are published on a semester basis (semester 1 (S1) January to June and semester 2 (S2) July to December) we therefore average the two relevant quarters to obtain the comparable six-month period for NI.

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. This therefore reflects the final prices paid by I&C Customers.

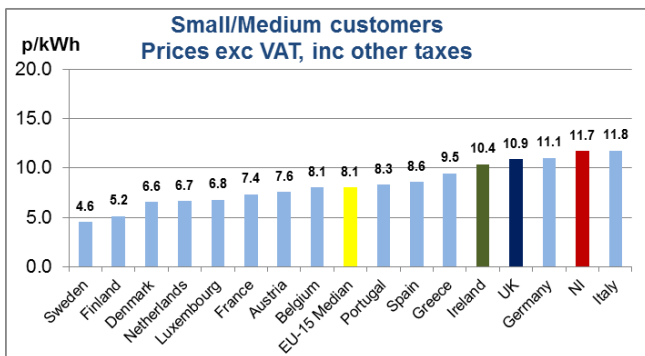
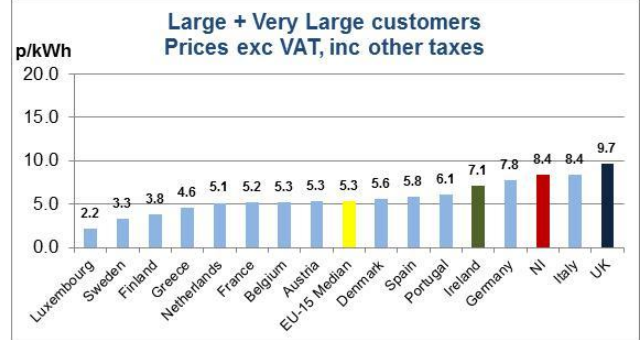
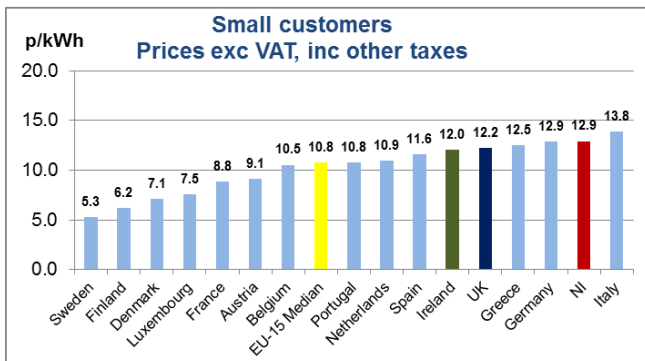
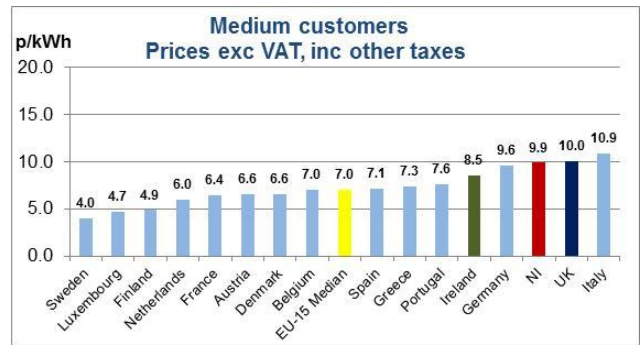
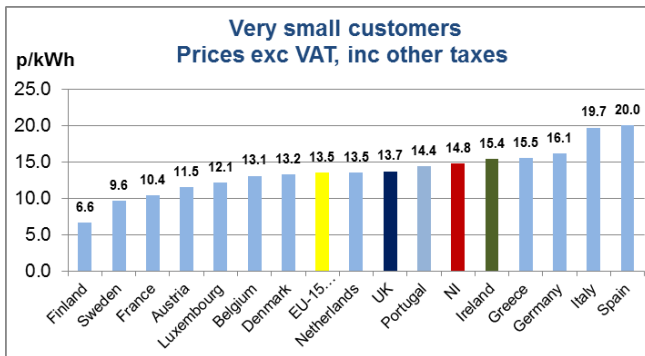
We also amalgamate the two largest categories of annual consumption (large and very large customers) to avoid any confidentiality issues in sectors where there are a small number of customers and suppliers involved.

Finally please be aware that the comparability of the derived NI prices to the other Member States can be greatly affected by fluctuations in the Euro. For the purposes of tariff comparisons we convert the EU tariffs from Euro to GBP using the monthly average exchange rate applicable for the semester. Therefore tariff movements and comparisons between NI and other Member States can be impacted by both an increase and decrease in a tariff and also by any variation in exchange rates.

²⁴ <https://www.gov.uk/government/collections/quarterly-energy-prices>

²⁵ <http://ec.europa.eu/eurostat/web/energy/data/database>

January - June 2015



Size of consumer	Annual consumption bands (MWh)	% of I&C customers	% of I&C consumpt.
Very small	< 20	66.43%	7%
Small	20 - 499	31.94%	35%
Small/Medium	500 - 1,999	1.19%	16%
Medium	2,000 - 19,999	0.41%	30%
Large + Very Large	> 20,000	0.03%	12%

Source: NI electricity suppliers, Eurostat and UR internal calculations

The graphs above show I&C electricity prices in the 15 EU countries and in NI, per consumption size bands (following standard EU categorisation).

For the Very Small I&C Category the NI prices are above EU median, though marginally so, and are lower than RoI (two thirds of I&C customers in NI are in this size category). For the larger I&C customers, prices lie above those in RoI but are lower than in the UK overall.

The table above shows percentages of NI I&C customers at the end of June 2015, and percentages of consumption from January to June 2015, 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.

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.
C	Circa
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
GBP	Great British Pound
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
NIEN	Northern Ireland Electricity Networks
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
Rol	Republic of Ireland
S1	Semester 1
S2	Semester 2
SME	Small and Medium Enterprises
UR	Utility Regulator
VAT	Value Added Tax