

UR NEWS

Guaranteed service standards in gas under consultation



On 25th July, the Utility Regulator published a consultation on the 'Guaranteed service standards for gas' and is looking for your input. At present there are no guaranteed service standards in the NI gas industry and the Utility Regulator is enforcing its statutory powers to make individual standards of performance regulations for industry. This consultation outlines the UR's determination of overall standards of performance as well as setting the general expected service levels gas companies should be achieving. The paper sets out what form these service standards should take and seeks views and comments on the proposed approach.

The main issues discussed in this paper in relation to implementing a standards of performance regime are:

- The base standards of service which should be guaranteed to all customers;
- The appropriate amount of customer compensation upon poor performance in individual cases;
- Whether such payments should be automatic or claimed;
- How the scheme should be funded;
- The general targets for overall standards of performance.

Responses are to be received by 19 September. To view the consultation please click the link below:

http://www.uregni.gov.uk/news/utility_regulator_consults_on_proposals_for_guaranteed_service_standards_for_gas_customers_in_ni/

Utility Regulator consults on Regulatory Approach to Energy Supply Competition in NI

Until very recently, there has been a lack of competition in the electricity retail market in Northern Ireland, particularly for domestic customers. The Utility Regulator has actively pursued a policy centred on creating a fertile environment for greater levels of electricity supply competition to emerge. Based on previous consultations on delivering effective energy retail competition, the Utility Regulator's strategic policy drivers and underlying legislative framework both locally and at an EU level, as well as wider national and EU policy frameworks, the Utility Regulator has published a position paper for consultation.

The paper outlines the Utility Regulator's proposed policy position on energy supply competition over the next three years, set in the context of the current and expected development of the domestic and non-domestic energy markets. The paper sets out the Utility Regulator's future vision for customers' experience of a competitive energy market in NI, as well as initial thinking on energy supply market sub-sectors that need to be monitored going forward. The paper also outlines initial thinking on the market monitoring framework going forward and sets out the UR thoughts on policy for the current NI supply market in the short to medium term.

To view the consultation document please visit http://www.uregni.gov.uk/news/regulatory_approach_to_energy_supply_competition_in_northern_ireland_position_paper_for_consultation/

Please note the closing date for responses is 23 September 2011.



Shane's welcome

Welcome to the latest edition of the Utility Regulator E-zine. Through this publication we aim to keep you informed on the work of the UR and provide you with an insight into key workstreams.

In this edition we take a closer look at consumer switching habits, discuss the mid-term review of our corporate strategy and highlight some key areas of our recently published forward work plan. We also take a closer look at some key open consultations.

If you have any queries, comments, or would prefer to be removed from the mailing list, please contact Barbara Stevenson at barbara.stevenson@uregni.gov.uk

Reflecting on our corporate strategy

During June, we commenced a mid-term review of our Corporate Strategy 2009-14. This follows a commitment made in our current Forward Work Plan.

The focus of the review is about assessing the strategic environment that we work in, and assessing the impact on our overall direction since 2009.

We developed a discussion paper to inform the review and organised a workshop with stakeholders on 30 June. Thirty representatives from stakeholder organisations attended the workshop, and provided useful feedback on our corporate strategy.

The discussion paper http://www.uregni.gov.uk/uploads/publications/Mid_term_review_140711.pdf was published on 14th July and we welcome comments by 9 September.

www.uregni.gov.uk

Utility Regulator probes consumer switching attitudes

In December 2010, the Utility Regulator (UR) commissioned Social Market Research (SMR) to conduct research among electricity and gas customers in Northern Ireland.

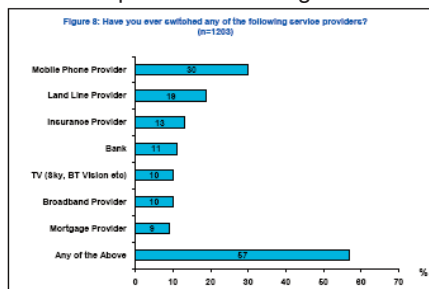
The primary objective of the research was to "inform the development of a number of consumer projects going forward" with the research outcomes also informing policy and decision making across electricity and gas projects, such as implementation of the EU 3rd Energy Package, market entry, smart metering, retail market monitoring and billing clarity.

The research was based on a survey of a sample of 1203 electricity and natural gas customers. This included a booster sample of 400 natural gas customers, giving that just 15% of NI households use natural gas as their main energy source. Fieldwork on the survey was conducted in February and March 2011 with respondents interviewed on a face to face basis in their own homes. The Utility Regulator published the findings in May 2011.

The research identified that 58% of respondents were aware that it is possible for households in Northern Ireland to switch electricity supplier. Just 29% of natural gas customers are aware that it is possible to switch natural gas supplier in Northern Ireland.

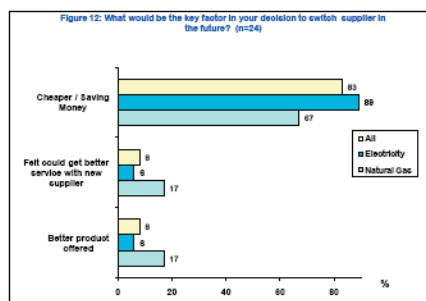
Of those however that are aware that consumers in Northern Ireland can choose their electricity and natural gas providers, only 5% have switched supplier in the past year.

This trend provides a stark contrast when compared to switching rates of



other service providers. 57% of those surveyed had switched at least one of the service providers listed.

Looking closer at the consumer switching behaviour of consumers, the research identified that price was by far the most important factor for consumers when choosing a supplier (83%). This finding was reinforced when 88% of those who had switched supplier revealed that they did so because of cost. Further investigation also discovered that 89% stated that cost would be the key factor in their decision to switch suppliers in the future.



Despite this key focus of price, 77% of respondents who had not switched supplier stated that they had never thought about switching. Indeed, 50% said they are unlikely to switch their main energy supplier in the future with just 19% stating they are likely to do so. The research has clearly indicated that NI energy consumers continue to show reluctance to switching their energy supplier.

This research also delved into the views of consumers in relation to billing, as well energy efficiency.

Through this research, it was identified that the majority of consumers are satisfied with the information contained in their bills, with price and payment date the most important details. 66%

stated their preference for receiving their bill the post, with just 12% preferring e-mail.

Turning to energy efficiency, over half of the respondents (53%), would consider changing their behaviour to use less energy, with 34% saying they would consider having energy efficiency measures installed.

The Single Electricity Market Committee (SEMC) has continued to focus on understanding the extent to which consumer demand impacts on the operation of the Single Electricity Market. Known as Demand Side Vision (DSV), the SEMC has been investigating ways in which consumers can contribute to the lowering of energy costs by making choices about how they use their energy. Part of this work has seen a trial of Smart Meters commence in Northern Ireland. Smart Meters are technology which can be used to help customers monitor their energy usage. This research identified that over half of respondents (57%) are interested in a real time device to help them use energy more efficiently at home with 89% stating they would find it useful if information were provided on discounts for using energy at different times. 91% would also find it useful to receive information on how to reduce their bills. However there is only limited support for paying for a number of energy efficiency measures, with even less support when asked to pay to help NI meet its energy efficiency and renewable energy targets.

This research will help to inform the development of a number of consumer projects going forward.

The complete report can be found by clicking here:

Report on Views and Experiences of Electricity and Gas Customers in Northern Ireland

European Water Association bestows honorary membership on Professor Peter Matthews



At the recent European Water Association (EWA) Council meeting in July, Utility Regulator Chairman Professor Peter Matthews, was acknowledged for his work and contribution to the EWA for the last 30 years and was bestowed as an honorary member.

Professor Matthews has been involved in the water industry for over 40 years and was appointed as the EWA President in 1997. In 2007 he was awarded an OBE for his services to the water industry and the environment. In 2010 he was awarded with the William Dunbar Medal for this contribution to the field of water and wastewater technology and management.

FWP published

The Utility Regulator recently published its Forward Work Plan (FWP) 2011-2012.

The publication of the plan followed a 12 week consultation which attracted responses from a range of stakeholders.

The FWP sets out the projects the Utility Regulator intends to undertake throughout the year, and the allocation of resources for achieving these. The key projects for 2011-12 are:

- Protecting consumers by ensuring utility monopolies act efficiently
- Environmental sustainability and security of supply
- Protecting vulnerable consumers
- Boosting competition in wholesale and retail sectors
- Harmonising energy markets and use of infrastructure
- Evolving our regulatory framework and own organisational development

Performance against the targets outlined in the FWP will be set out in the Utility Regulator's Annual Report 2011-12.

To view the FWP please visit
http://www.uregni.gov.uk/publications/view/2011_12_forward_work_plan_published/

SONI Price Control decision paper published

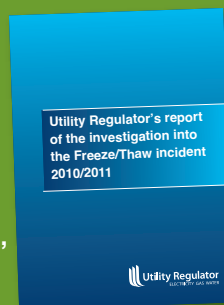
The Utility Regulator recently published its decision on the SONI price control for April 2010 – September 2015. Following detailed scrutiny of SONI's submission, we decided to allow SONI £70.1m to operate its business over the period to 2015. This represents a saving of 15% on SONI's proposal of £84.6m.

As part of the price control process, the Utility Regulator rigorously assessed SONI's projected operating costs, capital expenditure, cost of capital and depreciation proposals as well as suggestions for incentives which could be applied to the company. To view the decision document please visit

http://www.uregni.gov.uk/uploads/publications/SONI_Price_Control_decision_Paper_-_FINAL.pdf

NI Water makes commitment to Regulator on freeze/thaw action plan

In March, we published an investigation report into the freeze/thaw incident during the December 2010-January 2011 period. Since then we have been engaging with NI Water and other bodies to ensure that the Recovery Action Plan, contained in the investigation report is advanced.



On 8 July we announced that NI Water had formally committed to the delivery of the actions under the Recovery Action Plan in full. Furthermore, the company has also committed to the specific, time bounded actions associated with progress reporting on the delivery of the Recovery Action Plan. Letters between the Chairman of the Utility Regulator and the Chairman of NI Water were published on 8 July www.uregni.gov.uk/news/freeze_thaw_recovery_action_plan_formal_commitment/

We will report progress on the on delivery of the Recovery Action Plan publicly over the coming months.

UR Board visits Dorisland and Giant's Park Regeneration project

Located on the outskirts of Carrickfergus, Dorisland Treatment Works has been treating water for consumers for around 100 years, with Belfast Water Commissioners building the original works in the early 1900s. The Utility Regulator Board recently visited the facility to see first hand the water treatment process – right from source to distribution to consumers homes.

A £12million refurbishment and expansion project was completed at Dorisland in 2002, with the works now capable of supplying over 30,000 consumers.

North Foreshore Giant's Park is Belfast City Council's regeneration initiative to transform a former landfill site to create a public open space and an innovative environmental recovery park. Located beneath the Cavehill on the western shores of Belfast Lough, comprising 340 acres, North Foreshore Giant's Park is the largest regeneration site in Belfast.

Closed to dumping in 2007, the Utility Regulator board saw how Belfast City Council works with Renewable Power Systems to extract methane gas, a bi-product of the organic waste, to generate green electricity. The Landfill Gas Electricity Generation Power Plant became operational in September 2009. The renewable electricity is sufficient to power 6000 homes.



L-R Susan Quail (Belfast City Council), Alan Rainey (UR), Peter Matthews (UR Chairman), Etain Doyle (UR), Richard Rodgers (UR), Clive Elphick (UR), Philip Johnson (UR) and Tom Cowan (Belfast City Council).

Open Consultations

Utility Regulator Consults on Proposals for Guaranteed Service Standards for Gas Customers in NI

Consultation for Electricity Licence – Phoenix Supply Ltd

Corporate Strategy Mid-term review

Regulatory Approach to Energy Supply competition in Northern Ireland – Position Paper

CAG: Harmonisation of Capacity Commodity Ratios, Non-Annual Capacity Products and Hub Concept

Implementation of IME3

RP5 stakeholder events

Regulatory period 5 (RP5), the next Northern Ireland Electricity Transmission & Distribution (NIE T&D) price control, is due to be implemented in 2012. The Utility Regulator is currently gathering information to inform its decision on the price control. In conjunction with the Consumer Council NI, the Utility Regulator has hosted a series of interactive stakeholder events as part of this process. These events have attracted representatives from industry and consumer groups and help to ensure that all interested parties are informed of ongoing developments which may affect the price control, and encourage a consultative approach to identifying information needs.

To date, the events have focused on connections and network investment with presentations made by NIE, NIRIG and SONI. Further events will be held during 2011 with the RP5 consultation paper to be issued in the autumn.

In brief



NIE starts to read keypad meters

Northern Ireland Electricity, the electricity network business, announced recently that it would be reading keypad meters from May 2011. There are around 250,000 keypad consumers in Northern Ireland with the meters providing a pre-payment system so that users pay upfront for their electricity usage.

The NI electricity market is now open for competition and following the introduction of a new supplier in June 2010, consumers now have a choice of electricity supplier. In order to ensure that all customers are able to switch suppliers should they wish to do so, there is now a need for keypad meters to be read by NIE. Regular meter readings need to be taken to ensure accurate readings are available to suppliers if and when a consumer chooses to switch their electricity supplier. This will ensure that all consumers are able to avail of the benefits of competition.

Keypad meter readings, as with standard meter readings, will now take place every 13 weeks. An NIE meter reader will call to read the meter however should consumers wish to provide their own meter reading they can do so by e-mail, phone or online. If you have any queries you can contact NIE on 08457 643 643 or via e-mail at customercontact@nie.co.uk

Utility Regulator delegates attend leading Women's Conference

To mark the 100th anniversary of International Women's Day, the IoD and Women in Business worked in collaboration recently on "Women creating the new economic future" – the 4th annual IoD Women's Leadership conference. Tanya Wishart, Utility Regulator Acting Director of Electricity and Nicola Cherry, Utility Regulator HR Manager, were among the 300 senior business women from across NI who attended the event.

With a wide range of speakers including body language expert David Meade, Angela McGowan, Chief Economist at the Northern Bank and leadership trainer Kate Marshall from MaST Ireland, the delegates discussed a wide range of topics that effect women in business today. Local business leaders led panel discussions, with sessions helping to identify strategies for increasing the number and success of women at board level in private, public and third sector organisations.



NIE Energy becomes Power NI

Northern Ireland Electricity Energy Supply, the largest electricity supplier in Northern Ireland, announced recently that it is to change its name to Power NI.

The change follows the sale of its sister organisation NIE to ESB at the end of 2010. The Utility Regulator welcomes the move as it will help to reduce confusion between the supply and transmission and distribution company, helping to promote competition and deliver choice for consumers.

The Power NI name came into use on July 25th, but will be dual branded with NIEES for a number of months to help minimize customer confusion.



DETI publishes Gas extension consultation

The Department for Enterprise, Trade and Investment recently published its consultation on the possibility of extending the natural gas network in Northern Ireland. The consultation has been informed by a joint Utility Regulator and Department commissioned feasibility study, "Potential Extension of Natural Gas and Related Services in Northern Ireland", that was carried out in 2010.

The consultation paper can be viewed at <http://www.detini.gov.uk/1011.pdf> with responses due by 30th September 2011.