

Briege Tyrrie  
The Utility Regulator  
Queens House  
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Kilbegs Road  
Antrim  
BT41 4LZ

16 February 2018

Dear Briege,

### **Draft Forward Work Programme 2018-2019**

Firmus energy operates a bundled distribution and supply business within our Ten Towns Licensed Area pursuant to an established regulatory framework, made up of the terms of the licences granted in March 2005 and the legislative regime set down in the Gas (Northern Ireland) Order 1996 (as amended). In the Greater Belfast and Larne Area firmus energy has held a gas supply licence since February 2006.

Firmus energy is committed to working with the Utility Regulator (UR), Department for the Economy (DfE), the Consumer Council for Northern Ireland (CCNI) and other stakeholders in order to provide the benefits of natural gas to as many consumers as possible in Northern Ireland – in a socially responsible and consumer focused manner. To this end, we welcome the opportunity to respond to the UR's consultation on the draft forward work programme 2018-2019.

### **UR Business Plan Projects and Resources**

We recognise the importance of the business plan projects relating to the natural gas industry that will be addressed during 2018-2019 and have provided comments accordingly.

We also welcome the UR's acknowledgement that most of the FWP projects will take at least a full year to advance and, as such, recognition of the implications for their stakeholders. Subsequently, we support the UR's commitment to considering ways of providing stakeholders with advance timing on consultations. It is imperative that meaningful stakeholder engagement is employed at the earliest stage to ensure that firmus energy, and other key stakeholders, can align the UR's projects to their own internal workstreams and manage their resources efficiently and effectively. This will positively contribute to the UR's delivery of FWP projects.

### **Strategic Objective 1: Promoting efficient and effective monopolies**

#### **Ref 1: Advance Supply Price Controls**

Firmus energy Supply Ltd will continue to proactively engage with the UR in relation to the price control framework, price control reconciliations and tariff reviews to ensure improved processes throughout the SPC17 period (2017-2019) and beyond. This will be to the benefit

of both consumers and suppliers. Such on-going engagement, alongside the lessons learnt from SPC17, will enable preparation for the 2020 natural gas supply price control to begin on a sound footing.

We are mindful that amendment to any future regulatory frameworks could have implications for the tariff review process and maximum average prices. Firmus energy recognises that continued close cooperation and engagement between the company and the UR is essential in order to ensure a robust tariff review process.

#### **Ref 6: Develop annual cost and performance reports across all network companies**

Firmus energy supports the UR in its objective to improve reporting processes and requirements. At present firmus energy Distribution Ltd is required to submit Annual Cost Reports (ACR), Regulatory Accounts and the non-monetary Retail Energy Market Monitoring (REMM) information. These are used as both performance indicators and for comparison against price control targets. We will continue to engage with the UR and other DNOs in order to develop and realise more streamlined cost and performance reporting. In addition, we recognise the importance of engaging with the UR on the best approach and the data to publish in annual reports for consumers and stakeholders. The UR must be cognisant of firmus energy's (and all stakeholders') internal processes and recognise that any reporting requirements are aligned to these processes and firmus energy's proficiencies – especially in 2018. Furthermore, we would request that reporting requirements are proportional and reflective of the relative size, scale and scope of the business.

#### **Ref 7: Review Network Price Control Approach**

Similar to the Supply Price Control Project, firmus energy Distribution Ltd will continue to proactively engage with the UR in relation to the price control framework and the future price control approach. Such on-going engagement, alongside the lessons learnt from GD17, will enable preparation for the 2023 natural gas distribution price control (GD23) to begin on a sound footing.

### **Strategic Objective 2: Promote efficient and competitive markets**

#### **Ref 5: Comply with market development and consumer protection arrangements.**

Firmus energy continues to engage with the UR and relevant stakeholders to ensure any relevant EU network code requirements and possible IME4 obligations are examined, addressed and implemented as necessary.

#### **Ref 6: Develop and implement Retail Energy Market Monitoring (REMM): Consumer Insight and Market Analysis (CIMA)**

Firmus energy (Distribution Ltd and Supply Ltd) has been submitting quarterly and annual REMM reports since Q3 2015. We will continue to engage with the UR to help promote transparency, assist consumer empowerment and improve supplier compliance analysis. We would also highlight the importance of meaningful engagement to determine the most appropriate methodology and processes necessary for test audits. In addition, we would welcome further clarification of the nature of these test audits.

## **Ref 8: Complete arrangements to continue to provide access to GB gas markets after 2021**

The new transmission arrangements (implementing the Single Gas Market Operator) came into effect in October 2017. These new arrangements are still in their infancy and as a result, relevant market participants could face unforeseen challenges over the next year. Firmus energy will continue to work with the UR, the TSOs, GMO NI and other stakeholders to ensure the continued smooth transition to the new transmission arrangements and the subsequent improved trading arrangements for the benefit of consumers, DNOs and gas suppliers.

## **Strategic Objective 3: Protecting the long-term interests of business and domestic consumers**

### **Ref 2: Implement improved market measures for small businesses**

Firmus energy fully supports the UR's intention to assess the protection available to non-domestic energy consumers and has taken part in a workshop hosted by the UR (June 2017). In addition, over the last year, through engagement with the UR and other stakeholders, we successfully realised the deregulation of IC2 customers in Ten Towns network area. There are approximately 1,000 IC2 customers in this Ten Towns market sector.

### **Ref 3: Implement Consumer Protection Strategy (CPS) Action Plan in line with project timetable**

Firmus energy continues to work with the UR's Retail Directorate to assist with the implementation of the Consumer Protection Strategy. We welcome the opportunity provided to have significant input into this project to the benefit of Northern Ireland energy consumers.

## **Corporate Projects and Objectives**

### **Ref 3: Review NISEP Funding**

Firmus energy acknowledges the DfE's direction to UR in July 2017 to extend the Northern Ireland Sustainable Energy Programme Funding for another year – until March 2019

Firmus energy recognises that the NISEP scheme remains under annual review and is likely to be replaced in future. We would highlight that the original proposals for the HeAT Scheme and the EnergyWise require significant further development. Therefore we would support the continuation of NISEP until such time as a suitable replacement scheme is identified. We would highlight that, even with its limitations, that ultimately excludes many worthy individual households, NISEP still benefits many low income and vulnerable customers throughout Northern Ireland. As a result, we believe NISEP should not be discontinued without due consideration and consultation. Firmus energy had, by the end of the 2016/17 scheme, assisted 5,171 households since 2009 through NISEP funding. In the last financial year alone (2016/17) firmus energy facilitated grants for more than 800 households.

## **Conclusion**

Firmus energy welcomes the opportunity to respond to this consultation and recognises the important role to be played in assisting the UR in implementing the 2018/2019 strategic

objectives referenced above. Should you have any further questions, please do not hesitate to contact me.

Yours sincerely,



Niall Martindale  
**Director of Regulation and Pricing**