

10th November 2008

Alison Farr
Social and Environmental Branch
Utility Regulator
Queen's House
Queen Street
Belfast
BT1 6ER

Dear Alison

Re: NI Energy Efficiency Levy Strategic and Operational Review 2008

Thank you for providing this opportunity to respond to the above.

firmus energy has considered questions outlined in the paper and provided comment, where appropriate, below:

(i) Who can bid?

firmus energy is wholly supportive of NIE energy's project management of the energy efficiency levy.

(ii) Retain current size of levy?

firmus energy would support an increase to levy funding to £10 average per household. However in the current economic climate, an increase to householders already struggling with household bills may not be welcomed. However, this should be kept under review.

(iii) Focus on Priority Group?

firmus energy supports the current 80% ring-fencing for priority (vulnerable) domestic customers. However, the current economic climate is very uncertain and the latest NEA report suggests that there are a significant number of households in Northern Ireland who are deemed to be the "working fuel poor". This could suggest that the criteria for vulnerable domestic customers should be altered to reflect the increasing number of working fuel poor households.

We would also note the following, which we feel, needs to be considered in the context of this review;

- **Oil to natural gas conversions are currently excluded from heating replacement schemes. In a market dominated by old, inefficient oil systems and the impact oil has across the Northern Ireland landscape, we would question this approach. Indeed, we would suggest that future schemes make provision for Economy 7, coal, no heating & OIL households to convert to natural gas**
- Economy 7, coal and no heating conversions are around a £1,000 more expensive than oil conversions (due to no central heating pipe work in situ or alterations to pipe work). Therefore, schemes offering cash back should be weighted to encourage these conversions
- The income criteria, applicable to current schemes recipients - £12,000 for a single person and £18,000 for a couple would appear to be too restrictive. The threshold needs to be increased to take into account the working fuel poor, as the latest NEA Report suggests that 30% of working fuel poor do not qualify for any assistance. This report states that the average income for this group is approx £15,000 which should be taken into account when addressing future vulnerability criteria

The extension of the gas industry will undoubtedly help to address fuel poverty in Northern Ireland. This is possible by offering vulnerable households an affordable, highly efficient heating source coupled with flexible payments methods.

This will be especially true for areas that have previously had to endure significant carbon pollution from burning coal and where purchasing hyper-inflated 20 litre oil drums costing approx £1.07 per litre, has been the only means of budgeting fuel consumption.

(iv) Less emphasis on Whole House Solutions?

firmus energy supports the emphasis towards whole house solutions.

Installing new natural gas heating systems and upgrading insulation to current standards is proven to reduce energy consumption resulting in a reduction in fuel bills.

firmus energy believes that the timescales involved in launching and closing schemes could be amended to maximise scheme uptake.

Indeed, considering that referrals must be submitted by the end of October, when most households are only starting to consider their fuel usage and heating options, it could be more beneficial if the schemes were launched at the beginning of September when people are starting to think about heating conversions.

I trust you will find these comments useful. Should you wish to discuss any of the points raised, please feel free to contact me direct.

Yours sincerely

Michael

Michael Scott
Business Development Manager