

1 August 2008

Sarah Brady
Social & Environmental Branch
Utility Regulator
Queen's House
14 Queen Street
Belfast
BT1 6ER

Dear Sarah

Re: Sustainable Development – The Regulator's Role.

Thank you for providing firmus energy with this opportunity to respond to the above.

firmus energy is broadly supportive of the approach being proposed by the Utility Regulator to promote Sustainable Development.

Recognising that the Utility Regulator's principle role is to promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland, it is encouraging that the Regulator is keen to ensure that regulated industries are sustainable.

Government targets to reduce carbon by 50% by 2050 are challenging. In Northern Ireland, which has traditionally been a heavy carbon economy, we now have the opportunity to roll out the gas network so that the economic, social and environmental benefits of natural gas can be realised by as many homes and business as possible.

We also note the Utility Regulator's statutory duty to protect vulnerable groups. Indeed, we offer a wide range of measures that assist vulnerable groups.

These include;

1. Prepayment meters:
 - Prepayment meters help fuel poor households to manage their gas consumption on a "pay as they go" basis
 - Oil companies do not provide prepayment facilities and charge around 3 times the standard pence per litre rate for a 20 litre "emergency" oil drum on garage forecourts
 - Prepayment meters continue to be used as an effective budgeting tool in many households across the 10 towns

2. Prepayment tariffs:
 - firmus energy does not charge any premium for using prepayment meters
 - This is contrary to GB where a premium is charged.

3. Inefficient heating systems:
 - firmus energy works closely with CORGI and the installer network to promote the installation of high efficiency Sedbuk “A” rated boilers plus full system controls (time clocks, room thermostats and Thermostatic Radiator Valves)

4. firmus care scheme:
 - Free gas service:
 - We offer a free annual service to firmuscare customers
 - Password scheme:
 - We can agree a pre-arranged password with older or vulnerable customers to give added peace of mind
 - Special controls and adaptors:
 - We provide special controls, if customers have difficulty turning appliances on or off, free of charge, if available to us
 - Talking Bill Service:
 - We can contact firmuscare customers to talk through their bill and can provide energy efficiency advice
 - Nominee scheme:
 - We can arrange for bills to be sent to a relative, friend or neighbour
 - Moving a gas meter:
 - Gas meters may be repositioned, if it is difficult to access, subject to technical survey, free of charge

We note that natural gas has and will continue to play an integral role in helping to reduce the carbon footprint in Northern Ireland, Indeed, we have seen a 42,000 tonne displacement of CO₂ by homes and businesses, since our licence was awarded.

It is therefore somewhat disappointing that 2 hospitals, Antrim Area and Altnagelvin, continue to burn coal even though they are readily connectable to our gas network.

- *We would be keen to discuss with you how we could influence policy and decision makers within all public sector estate to make the switch to natural gas.*

We also note that the network companies are charged with protecting the interests of older, disabled or more vulnerable customers. We would therefore question an approach seeking voluntary agreement by the non network suppliers. We do not believe that a voluntary code will offer vulnerable households the required level of consumer protection.

This approach has been proposed for the GB market. However, applying this approach to the Northern Ireland energy sector fails to take account of the non network companies supplying 70% of the domestic heating market.

- *We feel that this proposal is unworkable and will fall short of offering consumer protection to many Northern Ireland households.*

We note the Utility Regulator’s planned contribution to sustainable Development.

These include;

1. Gathering and publishing more evidence:
 - We would welcome this so long as there wasn't duplication of roles with other agencies who compile cost comparison, fuel poverty and housing data
2. Contributing expertise and experience to wider Government policy:
 - Again we would welcome this. We would also be keen to see the Utility Regulator promoting the benefits of natural gas and challenging policy makers to choose natural gas a low carbon alternative to coal and oil
3. Regulating differently:
 - We feel that the Utility Regulator needs to send the right signals to the market. Therefore we would be very keen to work with your office on;
 - Promoting the benefits of natural gas
 - Extending the gas network
 - Facilitating and encouraging competition in a fair and transparent manner
 - Encouraging and rewarding innovation
 - Encouraging market development

You can contact me direct on 9442 7840, should you wish to discuss this response in detail.

Yours sincerely

Michael

Michael Scott
Business Development Manager