

Gerry Donnelly
Room 4
5th Floor
Queen's House
14 Queen Street
Belfast
BT1 6ER

Date: 30 June 2006

Dear Gerry,

Re: The Northern Ireland Energy Efficiency Levy – A Review

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

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

- (i) Is there a continuing justification for a levy on customers?

firmus energy fervently believes that the levy is justified as it has provided a framework to significantly impact on fuel poverty in Northern Ireland.

- (ii) Is there a case for a further annual increase in the levy to say, £10 per customer?

firmus energy would be supportive of such a measure.

- (iii) Should there be an equivalent levy on natural gas customers?

Given the embryonic nature of the natural gas industry in Northern Ireland and the current wholesale gas market, firmus energy does not believe that gas consumers should incur increased bills as a result of an equivalent levy.

- (iv) Are there alternative models for supporting energy efficiency and fuel poverty e.g. the GB ECC model?

firmus energy believes that the Northern Ireland model has worked well and therefore we continue to offer our support to NIE's project management of the levy.

- (v) Given that Government through the Department of Social Development has significantly upped its contribution to the eradication of fuel poverty in Northern Ireland (up from £3.4m in 2001 / 02 to £20.4m for 07 / 08), which was not the case when Ofreg committed levy money of £1.6m pa in 2001/02, should the emphasis of levy money not switch away from fuel poverty now and focus on energy efficiency and carbon savings?

Recent figures would suggest that around 50,000 households have been helped out of fuel poverty. However, these figures do not take account of recent fuel price increases nor the likely impact that water charges will have on vulnerable households.

With at least 150,000 households still currently exposed to fuel poverty, it would be unhelpful to deviate significantly away from existing Government policy.

That said, the extension of the gas industry outside Greater Belfast, will undoubtedly help to address fuel poverty in Northern Ireland. This will be achieved by offering vulnerable households an affordable heating source coupled with flexible payments methods.

This will be true for areas that have previously had to endure significant carbon pollution from burning coal and where purchasing hyper-inflated 20 litre oil drums was the only means of budgeting fuel consumption.

- (vi) Is the administration of the levy carried out in a sufficiently transparent manner that suppliers / project co-ordinators are comfortable with?

firmus energy is comfortable with the current administration of the levy.

- (vii) Given that the levy is well established, successful and accepted in its current format, is change required?

This could potentially be considered as part of NIE's levy seminar, usually held around September time.

I trust you will find these comments useful.

Yours sincerely,

Michael

Michael Scott
Regulatory Affairs Manager