

Date: 1 April 2009

Susan Stewart
Energy Division
Department of Enterprise, Trade and Investment
Netherleigh
Massey Avenue
Belfast
BT4 2JP

Dear Susan

Re: Consultation on Draft Gas (Supplier of Last Resort) Regulations (Northern Ireland) 2009

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

We understand that DETI proposes to introduce Supplier of Last Resort (SoLR) provisions and to appoint the Utility Regulator as the body responsible for monitoring SoLR arrangements.

It is also proposed that any direction by the Utility Regulator in appointing a SoLR would be effective for a period not exceeding 6 months.

This consultation is set against a legislative context whereby Northern Ireland gas licence holders could have their licence revoked by DETI or the Utility Regulator should they become insolvent. Currently there is no provision for the Utility Regulator to appoint a SoLR.

In drafting the proposed regulations two options have been considered, including "doing nothing" and maintaining the status quo or alternatively "introducing regulation" so that an alternative supplier can be appointed.

However, we feel that there is a third potential option whereby *the Regulator could invite expressions of interest from suppliers interested in becoming SoLR, as is the case in Rol.*

Before any regulations are finalised, we feel that a number of issues need to be fully considered.

These include;

- How would customers, already in debt with the defaulting supplier, be treated?
- Following a SoLR direction (being no longer than 6 months) what contractual arrangement would customers enter into – would a new contract be required?
- What tariff would be charged to customers after the 6 month period?
- How would the supply businesses under / over recoveries be treated?

- How would additional costs (IT development, additional manpower etc.) be recovered by a SoLR?

Therefore, we believe that a guidance document outlining core responsibilities and accountabilities needs to be developed to coincide with any changes to SoLR legislation.

We would welcome the opportunity work with DETI and/or the Utility Regulator in developing such a document should this be felt to be helpful.

I trust you find these comments useful.

Yours sincerely

Michael

Michael Scott
Business Development Manager