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Re: Call for Input - Review of the Regulation of the Non-Domestic Energy Retail Market

Dear Team,

In addition to your engagement with us in 2023, thank you for advancing this Call For Input.

FSB

FSB is the UK's grassroots business organisation. We are a cross-party non-profit body that represents small business and self-employed members in every nation and region. For 50 years, we have been an authoritative voice on policy issues affecting the UK's 5.5 million small businesses, microbusinesses and the self-employed. We are focused on achieving change which supports smaller businesses to start and reach their ambitions.

FSB has 160,000 SME members across all sectors in the UK and 6,000 of those members are in Northern Ireland. SMEs make up 99% of all businesses in NI, employing more people than large business and the public sector combined.

To this end, FSB members can be significantly impacted by regulated sectors such as those under the purview of UREGNI. We are determined to use the experience of our local and national members and staff to help in the context of this workstream.

Overall

We note this *"Call for Input marks the first open, external engagement of the Review of the Regulation of the Non-Domestic Energy Retail Market"*. The review, and developments leading from it, are very much required and welcomed.

Aside from the recent rises in energy – not within scope of this Call for Input - FSB members in NI have long questioned elements of the non-domestic energy market. There is, at the very least, a lack of understanding and transparency in the NI market.

Furthermore, FSB members like all consumers - want to have confidence they are getting great choices and fair deals. This is a key aim of the UK Competition and Markets Authority (CMA) on behalf of all consumers in UK markets. Given the acknowledgement by UREGNI on the need for this Call For Input, combined with member feedback – we propose the threshold of ‘confidence and fairness’ is not yet being met for non-domestic consumers in NI.

The aspiration of transparency and for ‘fairness’ should act as guiding principles for UREGNI in its work, and we welcome the strategic aim as outlined:

“The strategic aim of this work is to identify and remedy gaps in the existing non-domestic regulatory framework to ensure fair engagement and outcomes in the retail energy market for business consumers.”

We also welcome the aim of this *specific* Call for Input in advancing the *strategic* aim:

“The aim of this piece of work is to identify areas where the existing regulations are inadequate and require strengthening or enhancement to provide sufficient protections to non-domestic consumers.”

Specific recommendations

We are content with the direction of the overall non-domestic review, at this stage. We have decided not to repeat the range of information shared in oral and written form during the first consultation phase. This included reference to a series of GB-related comparisons and recommendations - some of which we can see highlighted in the Call For Input.

However, we do not judge that there is a sufficient public record or understanding of the GB/NI non-domestic energy markets available to the range of NI stakeholders affected. This Call For Input notes some of the relevant developments, but is non-exhaustive or comparative. Therefore, we have decided to focus on recommending improved structures and publication of independent information before commenting further.

We make three recommendations below which we believe will increase the chances of UREGNI successfully meeting its aims as outlined. In time, as the official consultation(s) process continues during the ‘DEVELOP’ AND ‘CONSIDER’ stages, FSB will feedback in further detail.

Recommendation one - adjust the strategic aim:

We propose adjusting the strategic aim of this work to include the word **transparency**

*“The strategic aim of this work is to identify and remedy gaps in the existing non-domestic regulatory framework to ensure fair engagement, **transparency** and outcomes in the retail energy market for business consumers.”*

Recommendation two - Create a Non-Domestic Energy Market Stakeholder Group

There is a clear and growing need for the establishment of a non-domestic energy market stakeholder group in NI – at least on a temporary basis. If UREGNI is not minded to establish a group with *Terms of Reference* then at a minimum, a quarterly stakeholder meeting should be held with consultees outlined in the Call For Input. This could provide an equal forum to update on progress, increase understanding and share ideas as the process develops.

Recommendation three - help stakeholders understand the non-domestic energy market

Per objective 3 (IDENTIFY) in the Call For Input, we recommend UREGNI draws up or commissions a comparison of GB, NI and RoI non-domestic regulations – to include specific proposals and protections for microbusinesses in those respective jurisdictions.

Although the Call For Input outlines some of the GB developments, we believe a succinct comparative 'side by side' study would allow stakeholders to more clearly understand differences, and therefore comment on questions or determine whether protections would work in practice. UREGNI has done this on successfully on a number of occasions previously - for example, on recent proposals for SONI Governance structures in NI.

Conclusion

We are grateful for the UREGNI engagement with stakeholders on this topic. However, without implementation of recommendations such as those outlined above, we believe there is an increased risk of this process falling short of its intended aims.

In the meantime, we wish you well with the process as it continues to develop.

Yours faithfully,

Team FSB NI

For more information and engagement please contact neil.hutcheson@fsb.org.uk

ENDS