

29 January 2024

Colin Magee  
Utility Regulator  
Queens House  
14 Queen Street  
Belfast  
BT1 6ED

Dear Colin

firmus energy welcomes the opportunity to respond to the Utility Regulator's Call for Input on the Review of the Regulation of the Non-Domestic Energy Retail Market.

We set out below our responses to the Call for Input questions.

**Q1. Do you agree with the four areas of focus identified in this paper? Please provide any additional information to support your view, including any additional areas that you feel should be of focus.**

The Utility Regulator's Call for Input focuses on four areas:

- Operation of Third-Party Intermediaries (TPIs)
- Treatment of debt
- Transparency and information
- Contract terms

firmus energy agrees that these are key areas for non-domestic energy consumers however we would also be keen to see some input from consumers around their concerns, if any, with the current market dynamics, barriers to switching and access to information from suppliers.

Energy consumers in Northern Ireland, domestic and non-domestic, tend to be relatively passive. They are slow to switch suppliers, even when more favourable terms could be achieved through switching. Whilst some of this "stickiness" could be attributed to improved customer service from their current supplier, there may be other reasons that are preventing the consumer from switching. It would be beneficial for consumers and suppliers if these influences to not switching were identified.

Another area that is becoming increasingly important to all consumers is the availability of greener alternative forms of energy or green(er) tariffs. firmus energy would be keen to understand the views of non-domestic consumers on green energy:

- Is having green energy an important factor for their business currently?
- Would they be prepared to pay a premium to avail of a greener energy supply?
- Should suppliers be required to offer green tariffs or have green sources as a percentage of their supplies?

The gas industry is currently reviewing the prepayment meter offered to domestic consumers, with the intention that it will be replaced by a smarter meter offering the option for remote/on-line top-up and potentially the ability for the gas supplier to toggle the meter between prepay and credit

depending on the customer's requirements. Having never had the option of a prepayment meter, it would be good to understand if smaller, non-domestic consumers would welcome and utilise a prepayment option.

**Q2. Do certain groups of customers require specific additional levels of protection (e.g. small and medium sized businesses) beyond what is currently provided? Please provide your rationale.**

In the Northern Ireland gas supply market, the majority of small and medium sized businesses (IC1 and IC2) are on rolled-up tariffs as opposed to a contract.

Over the last couple of years, firmus energy has worked with the Utility Regulator to simplify these tariffs by removing minimum consumption charges and tariff bandings.

Small and medium sized businesses on these tariffs are free to move between gas suppliers with no break frees or penalties.

The government support schemes have been very beneficial to non-domestic customers over the last couple of years, however they have added a layer of complexity to bills and calculations of gas costs that has been very difficult for consumers to follow.

While we agree that additional levels of protection could be required, we believe that any measures introduced would benefit all gas customers and there are no groups of non-domestic gas customers that require specific additional levels of protection.

**Q3. Is the current level of competition in gas and electricity retail markets sufficient to produce positive outcomes for non-domestic consumers? i.e. around matters such variety of offers, tender responses, service, etc. Please provide any additional information to support your view.**

Focusing on the non-domestic gas retail market, while there are not a large number of suppliers, there is a relatively healthy level of competition and consumers have the option to shop around and/or tender for a new supplier.

Larger consumers can avail of a variety of gas supply contracts including different options for commodity purchasing while small and medium sized businesses can compare between the tariffs of several suppliers.

Gas commodity costs make up the majority of consumers' gas bills and unfortunately Northern Ireland gas suppliers have little influence over these costs.

firmus energy prides itself on its level of customer service and we will always continue to strive to improve this. The Utility Regulator has recently commenced a review of energy supplier customer service levels and hopefully this will help standardise and improve service levels across the industry.

**Q4. Do non-domestic consumers require regulatory protection when engaging with TPIs in the energy market in Northern Ireland? Please provide any information to support your answer.**

The employment of a Third-Party Intermediary (TPI) can be advantageous for a large energy user as they may not have the necessary in-house skills or capacity to monitor energy markets, seeking to minimise their energy costs.

firmus energy would note, however, that Northern Ireland energy suppliers have the experience, expertise, and resources to assist their customers and they all have to comply with their Licence requirements and multiple Codes of Practice (CoP). Establishing the appropriate contractual arrangements or even just a higher level of trust between customers and energy suppliers could avoid the need for a TPI.

Whilst it would be preferable to have a mandated code of practice or regulation of Third-Party Intermediaries (TPIs) / Brokers, we recognise the constraints faced by the Utility Regulator in this regard.

If the Utility Regulator is unable to regulate TPIs or resource the establishment of a Voluntary Industry CoP for TPIs, then hopefully another government body or third party (not-for-profit organisation) could take this forward in the same way that the Retail Energy Code Company (RECCo) have done in Great Britain. Having already drafted a voluntary CoP, which applies to TPIs operating in the non-domestic gas and electricity supply market in GB, there would hopefully be a lot of material that could be easily replicated for Northern Ireland.

**Q5. If you answered yes to Q4, what additional protections do you feel would benefit consumers in Northern Ireland? Please provide examples to support your answer where necessary.**

Consumers need to be able to trust their energy suppliers and any TPIs that act on the consumer's behalf.

Establishing a Code of Practice for TPIs could only help to reassure consumers that the TPI will act in their best interest. As noted above, if the Utility Regulator does not have the resources to establish this Industry CoP for TPIs, then an alternative body could be sought to develop and introduce a TPI CoP assurance and accreditation framework.

**Q6. What are your views / experiences of the treatment of non-domestic consumers in debt by suppliers in the retail energy market in Northern Ireland? Please provide examples where possible.**

As a gas supplier, firmus energy is in regular contact with its customers and we have a lot of experience of working with consumers in debt, domestic and non-domestic.

Gas commodity costs make up the majority of consumers' gas bills and unfortunately Northern Ireland gas suppliers have little influence over these costs. The last few years have seen very high wholesale energy prices, and we appreciate the strain that these higher energy costs place on our customers.

firmus energy will always work with our customers to discuss any issues they are having with payment of their gas invoices.

As noted in the Call for Input, for domestic consumers the CoP Minimum Standards on Payment of Bills outlines the minimum requirements to fulfil the supplier licence obligations and includes a number of standards, for example, how suppliers identify customers in difficulty, processes for payment arrangements, ability to pay, and monitoring of debt and disconnections. firmus energy endeavours, wherever possible, to apply these same principles to non-domestic customers.

As a gas supplier, our main issue in this area is where a customer does not or will not engage with us and therefore, we don't have the ability to discuss the situation and agree a way forward. We would encourage all customers struggling with making payments to talk to their suppliers and keep the lines of communication open.

firmus energy offer a variety of payment solutions and payment plans over a number of weeks or months that work for our customers.

It is only in very exceptional circumstances that we would ever seek to disconnect any customer and it is in everyone's best interest to work together and come up with an agreed debt management/payment plan.

**Q7. Are there certain supplier behaviours and / or debt collection processes that require enhanced regulation to better protect non-domestic consumers? If so, please specify, with examples.**

The Call for Input notes that 'With regard to the collection of debt, the approach and practices of some suppliers were described as "aggressive" in several interviews, especially around the language and tone used in the correspondence' and that 'some suppliers were said to be reluctant to offer payment plans'.

These are not practices adopted by firmus energy and whilst we will seek to obtain payment in full for invoices, we will always work with customers to agree payment plans or alternative payment solutions.

As noted above, the vast majority of our issues in this area, as a supplier, are where a customer doesn't or won't engage with us and therefore, we don't have the ability to discuss the situation and agree a way forward. We would encourage all customers struggling with making payments to talk to their suppliers and keep the lines of communication open.

**Q8. Should certain non-domestic consumers (such as small and microbusinesses) be provided a similar level of protection as domestic consumers regarding treatment of debt? (e.g. as is provided in CoP on the Payment of Bills).**

As noted in the Call for Input, for domestic consumers the CoP Minimum Standards on Payment of Bills outlines the minimum requirements to fulfil the supplier licence obligations and includes a number of standards, for example, how suppliers identify customers in difficulty, processes for payment arrangements, ability to pay, and monitoring of debt and disconnections. firmus energy endeavours, wherever possible, to apply these same principles to non-domestic customers.

firmus energy would welcome the provision of a similar level of protection as domestic consumers regarding treatment of debt for small and microbusinesses (IC1 customers, <73,200 kWh per annum). These customers are included under our price control regulation in the Ten Towns network area.

**Q9. To what extent do you believe the communications from suppliers to non-domestic consumers are clear and transparent (e.g. billing, renewal agreements, etc)? Please provide examples where possible.**

In the Northern Ireland gas supply market, the majority of small and medium sized businesses (IC1 and IC2) are on rolled-up tariffs as opposed to a contract.

Over the last couple of years, firmus energy has worked with the Utility Regulator to simplify these tariffs by removing minimum consumption charges and tariff bandings.

The government support schemes have been very beneficial to non-domestic customers over the last couple of years, however they have added a layer of complexity to bills and calculations of gas costs that has been very difficult for consumers to follow.

Non-domestic gas bills are required to display a large amount of essential information:

- Bill date, bill number and VAT number
- Account number
- Contract details
- Billing period
- Opening and closing meter reads (accurate/estimated)
- Outstanding charges from previous bills
- Charges for the billing period
- VAT charges
- Total amount due
- SMP Number
- Breakdown of charges

Bills for contract customers can have the added complexity of individual cost line items including the following:

- Commodity costs
- Transmission costs (Capacity and Commodity)
- Distribution costs (Capacity and Commodity)
- Other charges (e.g. shipping costs, trading costs, margin, etc)
- VAT
- Climate Change Levy

All of the above items lead to a level of intricacy that can make bills hard to follow. Anything that can be done to standardise bills or make them clearer and more transparent will be beneficial for consumers and suppliers.

firmus energy endeavour to make all of their communications with consumers as clear and transparent as possible and we are always happy to walkthrough these communications with consumers via email, over the phone or in person.

Any feedback or recommendations on how communications can be made clearer will be greatly appreciated.

**Q10. Do you believe that there is sufficient market information available for nondomestic consumers to make informed choices around their energy needs? Please provide details and your reasons.**

There is a large amount of market information available for domestic consumers and a lot of recent focus has been on improving market information for the domestic market and, in particular, for vulnerable customers.

The Utility Regulator and Consumer Council for Northern Ireland have developed workstreams to provide market information for non-domestic consumers with information coming from a variety of sources, including energy suppliers.

firmus energy publishes its business tariffs on its website together with the terms and conditions applicable to those tariffs. Creating this transparency across all suppliers would help consumers to make informed choices.

**Q11. Are you aware of any onerous or unfair contract terms which impact a nondomestic consumers ability to engage with the retail energy market in Northern Ireland fairly, or are there any contract terms and conditions that you have concerns about? Please provide evidence for your views and details of any specific examples.**

As with any contract, it is important that customers agree to and understand the terms and conditions of that contract before signing up.

firmus energy has four values that reflect what we are, how we do things, and where we increasingly want to be. These values are Clarity, Empathy, Integrity and Teamwork and we strongly believe that we should always embody these values when working with our customers.

When agreeing a contract with a new customer or renewing one with an existing customer, we will be clear and transparent around the contract and its terms and conditions. We will happily take the time to walk through the contract, highlighting the key terms and discussing any concerns that the customer may have.

Contracts are individual to each customer, and we are always open to tailoring our contracts to best meet the needs of the customer.

**Q12. In terms of protecting the short-term and long-term interests of non-domestic consumers, is there anything else not covered by questions 1-11 that UR should consider?**

The last number of years have been particularly challenging for all businesses and especially those smaller businesses that are unable to pass on increasing overheads. As noted in the Call for Input, higher energy costs have been a critical concern for the hospitality sector, with many of these businesses struggling and falling into debt.

As a gas supplier, our key piece of advice for consumers is to communicate any difficulties early and keep the lines of communication open. It is in nobody's interest to see a business close, and we will always try and support our customers and work with them to agree a way forward. We can only do this if the customer remains in contact with us.

We are very keen to receive any feedback from this Call for Input and will continue to work with the Utility Regulator, the wider industry, consumer bodies and consumers to ensure we adopt best practice and offer the best service we can for our customers.

If there are any aspects to this response or from the Call for Input that you would like to discuss further, please do not hesitate to contact me.

Kindest regards,

A handwritten signature in blue ink, appearing to read 'Mark W. Stevenson', with a stylized flourish at the end.

Mark Stevenson  
Director of Regulation