

DECISION PAPER

Co-ordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area

February 2011

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- 1.1 The Utility Regulator issued a consultation paper on 24 August 2010, seeking the views of stakeholders on the options for coordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area¹. In total we received 17 responses, and we carefully reviewed and considered each.
- 1.2 A statutory public consultation on the necessary modifications to firmus energy's gas conveyance licence was published in December 2010². The statutory public consultation expired on 31 January 2010. An associated "minded to" paper was also published explaining the changes with the rationale for them³.
- 1.3 The Utility Regulator's decision is to implement the proposed changes to firmus energy's licence as presented in the statutory public consultation.
- 1.4 To recap, the reason for considering consolidation of market opening dates by better coordinating market opening is to avoid a prolonged opening up of the ten towns over at least eight years. This prolonged opening has the potential to produce a difficult and uncoordinated market opening experience for all involved as different categories and different towns open at different times. It would also result in some unnecessary development costs which would ultimately be borne by customers. We also want to make the market attractive to as broad and wide a range of supply companies as possible in order for effective competition to develop.
- 1.5 The decision is to replace the existing staggered timetable for the relinquishing of firmus energy's supply exclusivity such that the large Industrial and Commercial (I&C) market in the ten towns area opens in October 2012 and the small I&C and domestic market opens in April 2015. We consider that this provides a good balance as dates that lie in the middle of the previous market opening dates.
- 1.6 There were three specific responses to the statutory consultation from the Consumer Council for Northern Ireland (CCNI), firmus energy and Phoenix Supply Ltd. (PSL).

¹ ["Consultation on the options for coordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area," August 2010.](#)

² ["Statutory public consultation on the necessary modifications to firmus energy's gas conveyance licence." December 2010](#)

³ ["Minded To Paper: Options for coordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area." December 2010](#)

- 1.7 Both the CCNI and firmus energy were in support of the proposed changes. PSL reiterated points made in their previous response and we met with them to further consider their issues.
- 1.8 PSL considered that we had not addressed a number of issues to their satisfaction in the “minded to” paper. Primarily they focused on competition issues.
- 1.9 PSL considered that supply exclusivity granted to firmus energy disadvantages them in respect of being able to make an offering in the ten towns area. We are satisfied that granting a period of supply exclusivity underpins the development of the new network in the ten towns area. PSL availed of a period of supply exclusivity in the Greater Belfast area in order to develop the network. This review was concerned with the coordination of the timetable for the relinquishing of supply exclusivity rather than looking at the established model for rolling out a new network.
- 1.10 PSL considered that the benefits of introducing competition earlier were not considered sufficiently.
- 1.11 We considered that, given the small customer base, it was clear that a coordinated approach would be cheaper to implement than an uncoordinated approach.
- 1.12 Responses from large I&C customers and customer representatives affected by this were in favour of the timeline proposed for the coordinated approach. Additionally PSL’s response failed to acknowledge the large number of customers that would avail of competition earlier under the proposal.
- 1.13 Whilst we welcome PSL’s enthusiasm to enter the ten towns market as soon as possible we are satisfied that the coordinated approach to market opening will allow more customers to avail of effective competition earlier and at the lowest cost in terms of implementation.