



1 March 2017

Paul Harland  
Finance and Network Assets  
Queens House  
14 Queen Street  
Belfast  
BT1 6ED

By email to : [Paul.Harland@uregni.gov.uk](mailto:Paul.Harland@uregni.gov.uk)

Our Ref: PD20010 2659

**Proposed Licence Modifications – firmus energy Professional and Legal services in relation to GIS**

The Consumer Council welcomes the opportunity to respond to the Utility Regulator's (the Regulator) consultation on its Proposed Licence Modifications - firmus energy Professional and Legal services in relation to GIS.

The Consumer Council recognises the importance of ensuring that Firmus Energy has sufficient allowances in order to operate its network efficiently.

It is notable that the Regulator cites a lack of explanation or rationale from Firmus Energy within its GD17 Business Plan for its requested increase of 38% in GIS costs. The Consumer Council would expect a detailed explanation or rationale from a company when seeking uplift in costs. We do however acknowledge that the Regulator now has evidence and is satisfied that an allowance for Firmus Energy's GIS costs is warranted.

In responding to the Utility Regulator's GD17 Price Control, the Consumer Council obtained expert analysis of costs and their impact upon current and future consumers from Reckon LPP. We acknowledge this paper serves to implement aspects of GD17 as indicated in the Regulator's decision paper of 28 October 2016. However, regrettably, due to time and costs we are unable to obtain the same expert analysis in order to consider these proposed GIS costs for Firmus Energy.

The Regulator's proposed cost allowance of £853k for GIS costs falls short of Firmus Energy's submission for £1.11m. We agree with the Regulator's view that network growth does not necessarily equate to increased costs and confirms its application of the frontier shift, consistent to its overall GD17 approach.

Should you have any further queries regarding any aspect of this response please do not hesitate to contact me on (028) 9025 1640.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Williams', with a stylized, cursive flourish at the end.

**Richard Williams**  
Head of Energy