

Northern Ireland Policy Unit

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Briege Tyrrie
The Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

27 January 2014

Dear Briege,

Re: Draft Forward Work Programme 2015-2016

The Federation of Small Businesses is Northern Ireland's largest business organisation with around 7,000 members from across all sectors of industry, and over 200,000 members throughout the UK.

It exists to protect and promote the interests of the self-employed and all those who run their own business and we lobby decision-makers to create a better business environment for them.

We welcome the opportunity to briefly outline our considerations on the Utility Regulators Draft Forward Work Programme for 2015-16 and I trust you find our comments helpful.

The FSB commend the Regulator for taking on such a large body of work particularly given the expectation that it will be completed within their existing budget of around £8 million.

We note the 28 projects which are planned for next year including 9 which are considered flagship Business Plan projects. These will be carried out alongside existing statutory functions as well as aspects of monitoring and compliance which continue on an ongoing basis.

Given our significant membership of small businesses throughout Northern Ireland, we have a particular interest in a number of the projects which are being taken forward including;

- Extension of the gas network brings the potential of a variety of advantages to small businesses. We would call for training for small and micro businesses to take up the business opportunities that will become available, for example gas engineers and boiler installers, as well as consideration of business incentives to convert from heavy fuel oil/power to gas.
- The process for a mid-term review of PC15 is important as any financial over performance against the plan should result in tangible benefits for the end user, preferably lower water bills.
- The sixth price control for NIE is vital in ensuring that consumers receive value for money and this is increasing important for small businesses who continue to struggle with volatile electricity prices.
- A number of FSB members have expressed concerns about the connection of micro and small scale renewable generation to the electricity grid, not least in terms of cost and delay. Utility Regulator work around connections to electricity networks including contestability must result in solutions in this area.
- A review of the effectiveness of competition in retail electricity and gas markets is a necessary requirement following the development of these markets in recent years. We note the CMA is required to publish a final report on its investigation into the GB energy market by 25th December 2015 and the completion of the NI review would ideally coincide with that.
- A new Consumer Protection Strategy should take full account of the fact that small businesses can have similar energy consumption levels to domestic consumers and are often more vulnerable than large users and in need of protection.
- The risks associated with the continuing failure to expedite a second North South Interconnector need to be addressed. Work on electricity security of supply is therefore a central consideration.

The FSB also welcome the fact that a list of additional projects has been produced at annex 1 in the Forward Work Programme. This is important for transparency and allows more effective scrutiny of the streams which have been selected as priorities for the year ahead.

Given that Northern Ireland is clearly behind the rest of the UK and ROI in the roll out of smart metering, we consider this an area in which decisions are necessary. Obviously there are major resource implications in taking this policy forward but it also offers small businesses the chance to take more control of their energy consumption, increase their energy efficiency and reduce their costs. Further clarity would be appreciated on how this is expected to develop. As a UK wide organisation we will monitor how smart metering in the rest of the UK impacts on our members.

We would also like to see more attention given to regulatory protections for small I&C consumers under reference 5 in annex 1. Further detail on any proposals which the Utility Regulator has in this area would be helpful.

Lastly, given the conclusions reached within the report by Cornwall Energy which showed that there are very low (and declining) levels of switching both gas and electricity provider by small and micro businesses, we believe that work around energy consumer education programmes and tariff comparison website/accreditation would be the ideal response to the findings of that report. We would welcome information on how the Utility Regulator plan to address this in the absence of these projects being taken forward next year.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Wilfred J. Mitchell', written in a cursive style.

Wilfred Mitchell OBE
Northern Ireland Policy Chairman