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Utility Regulator
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4th March 2016

Dear Barbara,

RE: CONSULTATION ON PROPOSED MODIFICATIONS TO GAS AND ELECTRICITY LICENCES

Thank you for providing firmus energy with the opportunity to respond to the proposed modifications to gas and electricity licences.

Firmus energy has taken this opportunity to respond to the elements of the consultation that are specific to our gas supply licences in the Ten Towns and Greater Belfast, our Ten Towns distribution network licence and our electricity supply licence.

Licence modification 1: to ensure suppliers must not block or prevent prepayment meter customers from vending/topping up

Firmus energy supports the licence modification to ensure that prepayment meter customers cannot be blocked or prevented from purchasing gas or topping up their meters. Firmus energy has never sought to impose this restriction on any of its Pay-As-You-Go (PAYG) customers.

Licence modification 2: to ensure that prepayment meters must not be calibrated to recover more than 40% of any outstanding charge in any single transaction as a payment of or towards that charge

Firmus energy supports the licence modification limiting any debt recovery to a maximum of 40%. This is in line with current firmus energy business practice. Firmus energy will ensure that debt recovery is tailored to suit the specific circumstances of each customer that is in arrears.

Please note - Firmus energy can only increase the debt recovery level above 40% on Quantum meters in the Belfast Licensed Area. In the Ten Towns Licensed Area, firmus energy recovers debt through an agreed increased Libra PAYG meter tariff. This tariff which does not exceed the maximum 40% debt recovery maximum cannot be increased at a customer's request. This is due to the logistical issues and significant costs of setting up a revised tariff on the PayPoint system. Firmus energy can however assist these customers through other payment means at their request. For example, monthly direct debits, standing orders and one-off payments. The licence condition modification should therefore be amended to remove the restriction that the energy supplier must comply with any written request from a customer to increase the debt recovery level.

Licence modification 3: to ensure after closing an account with a supplier, any refunds are passed back to consumers within 6 weeks of account closure and treatment of dormant accounts

Firmus energy's billing department currently uses best endeavours to ensure that any closed account outstanding credit is refunded within 6 weeks. Firmus energy is therefore content with this licence modification.

Licence modification 4: to change the period in which supply companies must inform consumers they are coming to the end of a fixed term contract

Firmus energy supports this modification to its gas supply licences. The modification, amending the notice period from 28 to 21 days, will prove beneficial for any fixed term tariff contracts that are aligned to April or October regulated tariff changes.

Licence modification 5: to place a duty on gas suppliers to offer terms to any domestic consumer (Gas only – new condition)

Further to the pre-consultation briefing in July 2015 at the Gas Market Opening Group (GMOG), firmus energy Supply Ltd remains content with the new 'Duty to Offer Terms' condition.

Licence modification 6: to amend the definition of domestic consumer in gas supply and gas conveyance licences

Firmus energy agrees that, contrary to the previous definition, a customer's gas usage should not be used to make a determination as to the tenure of the property. Furthermore we support the decision to align the gas distribution and supply licences to ensure definition consistency and clarity throughout the marketplace.

As discussed in the consultation and articulated by firmus energy in previous forums, we advise caution when considering exceptions to the domestic and business customer classifications. Further discussions are required at industry level to ensure that network operators and suppliers are classifying customers in the same categories, especially those customers that could be considered both domestic and business customers.

Given that a gas supplier may only have completed new entrant market assurance for the business sector, it is vital that all distribution and supply companies in the Licensed Area classify the meterpoints correctly and consistently. This should ensure a business gas supplier does not breach its licence by unintentionally switching domestic customers.

Firmus energy recognises further consultation on this matter occurred at industry level as part of the October and November GMOG forum, however we request that the topic is addressed again to ensure clarity and consistency throughout the market. We also welcome UR's approach to DETI to amend the 'domestic premises' definition in the Gas (Applications for Licences and Extensions) (Amendment No. 2) Regulations (Northern Ireland) 2013.

Licence modification 7: to align the provision of switching information by distribution companies with the timetables outlined in REMM

Firmus energy Distribution Ltd welcomes the alignment of the provision of switching information with REMM.

Licence modification 8: to provide a reference to the minimum standards in the Codes in gas and electricity supply licences

In order to ensure maximum clarity for licence holders, new entrants and consumers, we are content with the reference to the minimum standards in our supply licences. Furthermore, we welcome UR's statement that no additional requirement will be placed on licence holders as a result of this modification.

Licence modification 9: to remove duplications in Marketing Condition

Firmus energy welcomes this 'tidy-up' modification.

Licence modification 10: to ensure correct references are made to the NIE distribution licence

Firmus energy welcomes this 'tidy-up' modification.

Licence modification 11: to reflect correct legislation references in electricity supply licences

Firmus energy welcomes this 'tidy-up' modification.

Licence modification 12: to reflect correct legislation references in gas supply licences

Firmus energy welcomes this 'tidy-up' modification.

Licence modification 13: to ensure consistent use of terms in gas supply licences

Firmus energy welcomes this 'tidy-up' modification.

Licence modification 14: Removal of redundant Special Conditions which are no longer in effect

Firmus energy welcomes this 'tidy-up' modification.

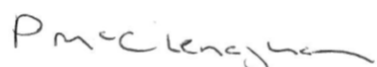
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In conclusion, firmus energy considers the proposed licence changes regarding the definition of a domestic consumer to be appropriate, however, it is felt that further work is required within industry to establish an agreed and consistent approach to the classification of domestic consumers. Firmus energy would also reiterate its comments relating to the debt recovery obligations to PAYG customers.

Overall, firmus energy welcomes the modifications to its licence but acknowledges there remain outstanding issues to be addressed. Although we recognise that the implementation of further licence modifications as part of this consultation will not be captured, we would request further engagement with UR to ensure a number of other 'house-keeping' amendments, specific to the firmus energy licences, resultant from recent market developments will be part of any future licence modification consultations.

We hope that these comments prove useful.

Yours sincerely,



Peter McClenaghan
Regulatory Affairs Manager
Firmus energy