

Christopher Osborne

From: Campbell, Michael (Utility Regulator) <Michael.Campbell@uregni.gov.uk>
Sent: 20 October 2016 15:28
To: Christopher Osborne
Cc: Shiels, Kevin
Subject: RE: De-Regulation of Power NI in the Small Business Market

Christopher

Thanks for this response from UFU. We will revert in due course should we have any queries or points to raise with you.

Kind Regards
Michael

From: Christopher Osborne [mailto:christopher@ufuhq.com]
Sent: 20 October 2016 15:13
To: Campbell, Michael (Utility Regulator)
Cc: Shiels, Kevin
Subject: RE: De-Regulation of Power NI in the Small Business Market

1

Good afternoon Michael.

Please find attached a copy of the UFU response to the Consultation. Please note that there is also a hard copy in the post.

If you have any queries give me a call.

Chris

From: Campbell, Michael (Utility Regulator) [mailto:Michael.Campbell@uregni.gov.uk]
Sent: 12 October 2016 12:49
To: Christopher Osborne
Cc: Shiels, Kevin
Subject: De-Regulation of Power NI in the Small Business Market

Hi Chris

Thank you for your thoughts on our phone call today. It was good to hear that UFU are supportive of the proposal to de-regulate the non domestic business market which is outlined in the attached consultation paper. The main reason for the de-regulation is to forward the policy of promoting competition which is a statutory duty of the UR. As Power NI are no longer dominant in the small business market, having lost over 50% of the market to other competing suppliers, it is

2



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11 June 2015

Ronan McKeown
Electricity Branch
Utility Regulator
Queens House
14 Queens Street
Belfast BT1 6ER

Dear Ronan,

Contestability in Connections – Proposed Next Steps Paper

The Ulster Farmers' Union welcome the opportunity to contribute to this next steps paper.

The UFU are disappointed that the review has not gone far enough in assessing what is contestable and this could represent a missed opportunity for the land based small scale renewable sector we represent. For example, the UFU would have wished to see that the process of making the final connection to the existing system has not been deemed to be contestable.

In relation to accreditation, whilst the UFU did indicate that they were in favour of the GB model in relation to ICPs and IDNO's our response on 26 February should not be taken as a clear endorsement of the need for a blanket roll out of accreditation. The UFU wish to make it clear that whichever format of accreditation is chosen, it must not hinder the roll out of contestability. Any accreditation should not be costly and should be timely in how it is applied.

The UFU would have concerns about the limiting nature of NIE and SONI and only considering the Lloyds Register, which in itself could create unnecessary delays to contestability, there are other accreditation bodies and by widening the engagement review of potential bodies, will enhance the options available to developers. In addition, accreditation should not be applicable to all developers and a derogation could be applied dependent upon scale and capacity.

If you have any queries at this stage do not hesitate to get in contact.

Yours sincerely,

Chris Osborne
Senior Policy Officer

appropriate that price regulation is removed from them and the market is allowed to operate as any other normal competitive market would with suppliers competing for customers business.

By way of background there are c.27,000 farms in Northern Ireland. Of these c20,000 are on normal domestic tariffs and the majority of these are with Power NI. Power NI domestic regulated tariffs will continue to remain regulated. Of those 7,000 farms who have declared themselves as non domestic customers (citing that they use more electricity for business than domestic purposes) around 90% are still with Power NI. These customers are currently on the Power NI "Farm tariff" which is a regulated farm specific tariff.

Following de-regulation of the non domestic market, and the removal of the regulated farm tariff Power NI will enter the competitive arena and those 7,000 farms will be free to negotiate bespoke or affinity deals with Power NI. This is one of the main benefits of deregulation and those farms which are declared as non domestic will be free to accept competitive offerings from Power NI. You mentioned these benefits in our call and they was also talked about by other small business representatives at the round table meeting the UR held during this proposals consultation period.

We also discussed during our call the issues of farm being businesses that very often include domestic premises and have animal welfare responsibilities. For these reasons disconnection of supply could have more far reaching consequences for a farm than a normal small business customer. With this in mind the UR has demanded written commitments from Power NI with respect to farm premises that are deemed to be non domestic. These are as follows:

- The continuation of Farm specific tariffs
- The adoption of a non disconnection policy for Farms

3

- The application of the current domestic licence condition regarding deposits (this means that if Power NI require a deposit from a new farm customer it must be a maximum of the value of 3 months electricity consumption – this does not preclude Power NI as for a lesser amount or indeed not requiring a deposit at all).

I hope that these commitments will assure UFU that the UR has ensured that the unique nature of the farm industry in NI has been taken into consideration and we have put in place an extra layer of customer protection to ensure that farm businesses can enjoy the benefits of a competitive market in the knowledge that they are protected from the more severe consequences of an unregulated sector.

You mentioned that you will forward us a paragraph in response to the attached consultation paper outlining your thoughts. We would appreciate this.

Best Regards
Michael

Michael Campbell
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4

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20 October 2016

Nicola Sweeney
The Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Dear Nicola,

Power NI Supply Price Control 2017 (SPC 17)

The Ulster Farmers Union welcome the opportunity are the largest landowner/farmer representative in Northern Ireland. According to the 2015 DAERA Census, there are 24,907 active farm businesses in Northern Ireland and the majority of these are with Power NI.

There are 7,000 farms who have declared themselves as non-domestic customers and 90% are with Power NI. These customers are currently on the Power NI "Farm Tariff" which is a regulated farm-specific tariff.

Following de-regulation of the non-domestic market, the most significant development which will arise from deregulation of the non-domestic market and the removal of the regulated farm tariff is that the 7,000 farms will be free to negotiate bespoke or affinity deals with Power NI. In addition, this would open the possibility for the UFU to offer an affinity deal to our members.

The UFU welcomes the fact that the Utility Regulator asked Power NI to provide written commitments specifically in respect to farm premises that are deemed to be non-domestic;

- The continuation of Farm specific tariffs
- The adoption of a non-disconnection policy for farms
- The application of the current domestic licence condition regarding deposits

However, this is one point we wish to specifically address as our Legislation Committee felt that the deposit required by all electricity companies should be less and went onto question why there should be any type of deposit. We would wish for this to be noted and recorded.

That aside, deregulation of the non-domestic market should allow our members to avail of the benefits of a competitive market and the above points will provide added assurances that their specific requirements are protected from the more severe consequences of an unregulated sector.

If you have any queries, give me a call.

Chris Osborne
UFU Senior Policy Officer

Christopher Osborne

From: Campbell, Michael (Utility Regulator) <Michael.Campbell@uregni.gov.uk>
Sent: 12 October 2016 12:49
To: Christopher Osborne
Cc: Shiels, Kevin
Subject: De-Regulation of Power NI in the Small Business Market
Attachments: SPC17 Power NI Price Control Consultation V1.0.pdf

Hi Chris

Thank you for your thoughts on our phone call today. It was good to hear that UFU are supportive of the proposal to de-regulate the non domestic business market which is outlined in the attached consultation paper. The main reason for the de-regulation is to forward the policy of promoting competition which is a statutory duty of the UR. As Power NI are no longer dominant in the small business market, having lost over 50% of the market to other competing suppliers, it is appropriate that price regulation is removed from them and the market is allowed to operate as any other normal competitive market would with suppliers competing for customers business.

By way of background there are c.27,000 farms in Northern Ireland. Of these c20,000 are on normal domestic tariffs and the majority of these are with Power NI. Power NI domestic regulated tariffs will continue to remain regulated. Of those 7,000 farms who have declared themselves as non domestic customers (citing that they use more electricity for

1

business than domestic purposes) around 90% are still with Power NI. These customers are currently on the Power NI "Farm tariff" which is a regulated farm specific tariff.

Following de-regulation of the non domestic market, and the removal of the regulated farm tariff Power NI will enter the competitive arena and those 7,000 farms will be free to negotiate bespoke or affinity deals with Power NI. This is one of the main benefits of deregulation and those farms which are declared as non domestic will be free to accept competitive offerings from Power NI. You mentioned these benefits in our call and they was also talked about by other small business representatives at the round table meeting the UR held during this proposals consultation period.

We also discussed during our call the issues of farm being businesses that very often include domestic premises and have animal welfare responsibilities. For these reasons disconnection of supply could have more far reaching consequences for a farm than a normal small business customer. With this in mind the UR has demanded written commitments from Power NI with respect to farm premises that are deemed to be non domestic. These are as follows:

- The continuation of Farm specific tariffs
- The adoption of a non disconnection policy for Farms
- The application of the current domestic licence condition regarding deposits (this means that if Power NI require a deposit from a new farm customer it must be a maximum of the value of 3 months electricity consumption – this does not preclude Power NI as for a lesser amount or indeed not requiring a deposit at all).

I hope that these commitments will assure UFU that the UR has ensured that the unique nature of the farm industry in NI has been taken into consideration and we have put in place an extra layer of customer protection to ensure that farm

2

businesses can enjoy the benefits of a competitive market in the knowledge that they are protected from the more severe consequences of an unregulated sector.

You mentioned that you will forward us a paragraph in response to the attached consultation paper outlining your thoughts. We would appreciate this.

Best Regards
Michael

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