



The Consumer Council

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3 March 2010

Ref: PD20010785

Colin Broomfield
Utility Regulator
Queens House
10-18 Queen Street
BELFAST
BT1 6ED

Dear Colin,

Re: Contracts for Differences – Option for Directed Contracts 2011/12

The Consumer Council is a Non-Departmental Public Body set up in legislation to safeguard the interests of all consumers, and particularly the vulnerable and disadvantaged. The Consumer Council is an independent organisation which operates to promote and protect the consumer interest.

We welcome the opportunity to respond to this consultation on Contracts for Differences – Option for Directed Contracts 2011/12.

With fuel poverty levels in Northern Ireland at 44 per cent, many households are struggling to adequately heat their home, it is important that the regulatory structures look to minimise the cost of energy to consumers.

The Consumer Council believes that any changes to the current process for Directed Contracts should only be undertaken if it will provide benefits for consumers. Ultimately benefits for consumers will be realised through lower prices.

Adopting shorter term Directed Contracts has the potential to ensure the pricing of the contracts is more accurately aligned to real time. Through more accurate and transparent pricing of Directed Contracts the level of risk and therefore the risk premium should be lower. Reducing the risk around the wholesale price for suppliers and generators in the SEM should result in lower costs. The benefits of lower costs must be passed onto the final consumer through their bills.

I hope that these comments are helpful and are given due consideration.
Please contact me if you require any clarification.

Yours Sincerely,

Andrew Murray
Senior Consumer Affairs Officer