



The Consumer Council

Elizabeth House,
116 Hollywood Road,
Belfast BT4 1NY
Tel 028 9067 2488
Fax 028 9065 7701
e mail info@consumercouncil.org.uk

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Ref: PD20010669

Jody O'Boyle
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Dear Jody,

Re: CPM Medium Term Review Work Package 7 – BNE Calculation Methodology

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 discussion paper on the Capacity Payment Mechanism (CPM) Medium Term Review Work Package 7.

It is the position of the Consumer Council that any decision about the regulatory structure of the Northern Ireland Energy Market should only be undertaken in the interest of the consumer. With fuel poverty levels at 44 per cent in Northern Ireland 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 would like to ensure that the benefits to consumers will be seen equally in Northern Ireland and the Republic of Ireland with neither receiving greater benefits than the other.

Work Package 7 reviews the BNE Calculation Methodology used within the CPM. The Consumer Council believes it is appropriate to carry out research into international markets and how they are operated. This will allow best practice methodologies to be examined and ensure decisions are made from an informed position.

The consultation paper notes that price-based capacity mechanisms are better at delivering capacity but at a higher market price. SEM currently operates under a price based mechanism. The Regulator Authorities should be minded to consider alternative mechanisms only if they will provide benefits to consumers through lower prices.

The Regulator Authorities should also consider how each option will be impacted upon by proposals put forward in the EU's 3rd Package (IME3) as well as in the Strategic Energy Framework (SEF) for Northern Ireland. With renewable generation targets currently in place incentivising investment in renewable generators should also be investigated.

The Consumer Council would like the Regulator Authorities and the Transmission System Operators to keep in mind that the primary objective of any decision is to protect the consumer.

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