



Energy efficiency the
Regulator's perspective.
Protecting customers and in
particular vulnerable
customers.

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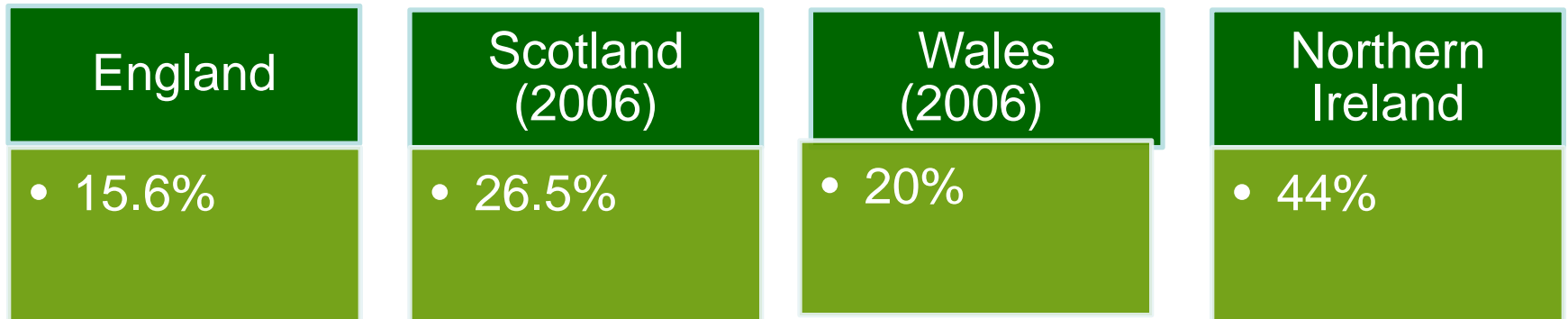
The Northern Ireland Authority for Utility Regulation

- Our duties
- The benefits of energy efficiency as it relates to our duties and mission
- The NISEP
 - History and overview
 - Benefits
- Comparison with GB

Our Duties

- Duty to protect the interests of customers where appropriate by promoting competition;
- Subject to this a duty to have due regard for (among other things);
 - Vulnerable customers
 - The efficient use of energy
 - The environment
 - Energy Security

Fuel Poverty by Region



Northern Ireland Fuel Poverty History

Year	%
• 2001	• 27
• 2004	• 23
• 2006	• 34
• 2009	• 44

NISEP

- Introduced in 1997/8 as the Energy Efficiency Levy the aim of implementing energy efficiency measures in domestic and non domestic properties.
- 2002 in response to concerns about vulnerable customers 80% of the funding was ring fenced for the vulnerable.
- Reviewed in 2009 competition introduced and wider range of measures including renewables permitted.
- The strategic objectives NISEP:
 - i. Efficiency in the use of energy;
 - ii. Socially and environmentally sustainable long-term energy supplies; and
 - iii. The above at best value to customers whilst also having due regard to vulnerable customers.

Benefits of NISEP

Protect present and future customers, particularly vulnerable customers

Reduce consumption

Reduce dependence on imports of fossil fuels

Reduce need for new investment in fossil fuel generation

Reduce price volatility and carbon

Generation costs and grid costs

Lower Retail Prices

Reduce bills

Reduce debt, reduce debt management costs, reduce bad debt,

Reduce Supply Company Costs

Energy Providers

- Marketing and good relationships with customers.
- Where price control exists can be structured to ensure returns are not related to increased volumes.
- Licence conditions or scheme set up can ensure supply companies have an incentive to carry out work.
- Tariff structures should be such to ensure that increase volumes are not encouraged.

NISEP Benefits

2007-08 to 2009-10

Benefits Per Scheme Year		Lifetime Savings		
Scheme Year	EEL Funding (£)	GWh	Carbon (Tonnes)	Gross Customer Benefits (£)
2007-08	5,629,739	576.645	122,368	55,222,786
2008-09	5,837,593	717.656	149,037	58,501,419
2009-10	5,676,318	708.919	142,765	61,760,474
Total	17,143,650	2003.220	414,170	175,484,679

Benefits from Energy Efficiency Levy 2007-08 to 2009-10

Benefits Per Type of Scheme		Lifetime Savings		
		GWh	Carbon (Tonnes)	Gross Customer Benefits (£)
Type of Scheme	EEL Funding (£)			
Priority Domestic	13,903,554	926.431	190,584	67,945,819
Non-Priority Domestic	1,819,992	522.606	109,510	48,094,971
Commercial	1,420,104	554.183	114,076	59,443,889
Total	17,143,650	2,003.220	414,170	175,484,679

GB Approach different from Northern Ireland

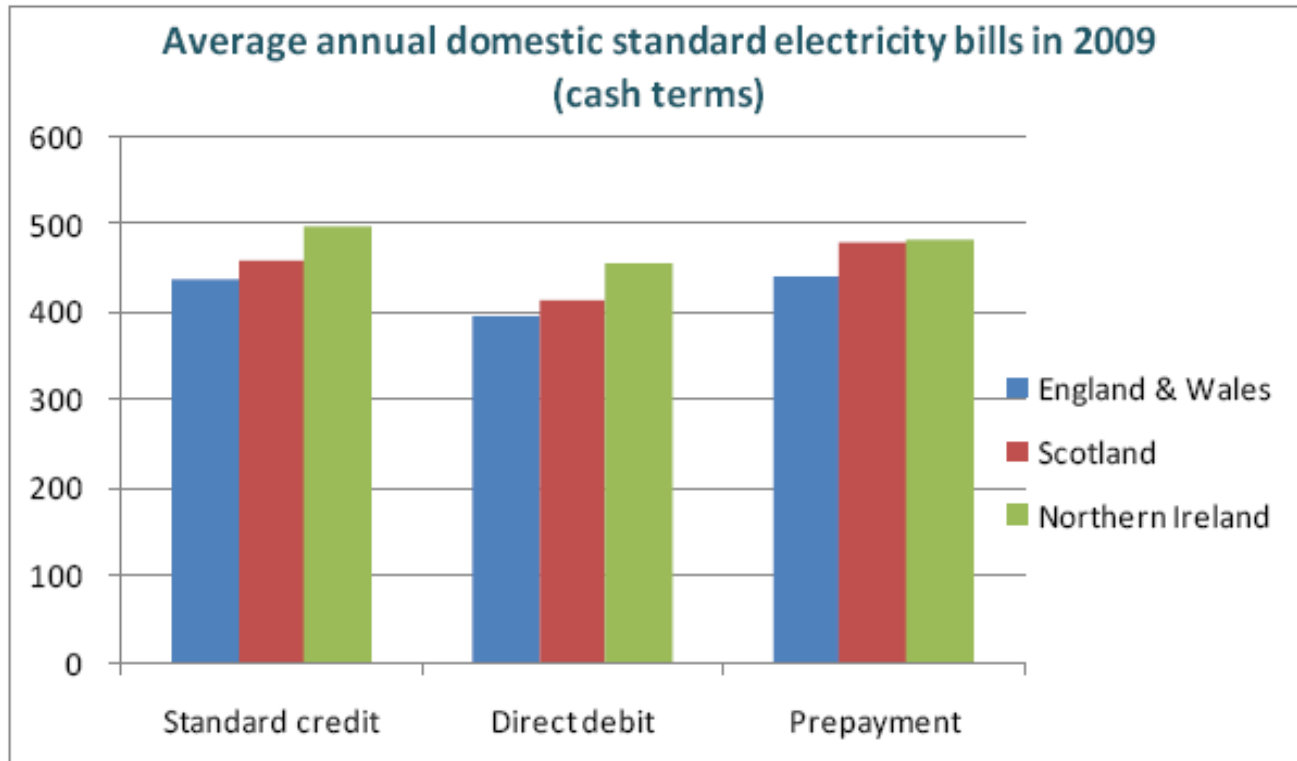
CERT/CESP

- Obligation on suppliers
- Costs in supply business are passed on to customers through normal competitive process.
- Reporting and Auditing with Ofgem
- CERT 40% of funding ring-fenced for vulnerable.
- CESP area based approach at deprived communities.
- Competition between suppliers drives efficiency.

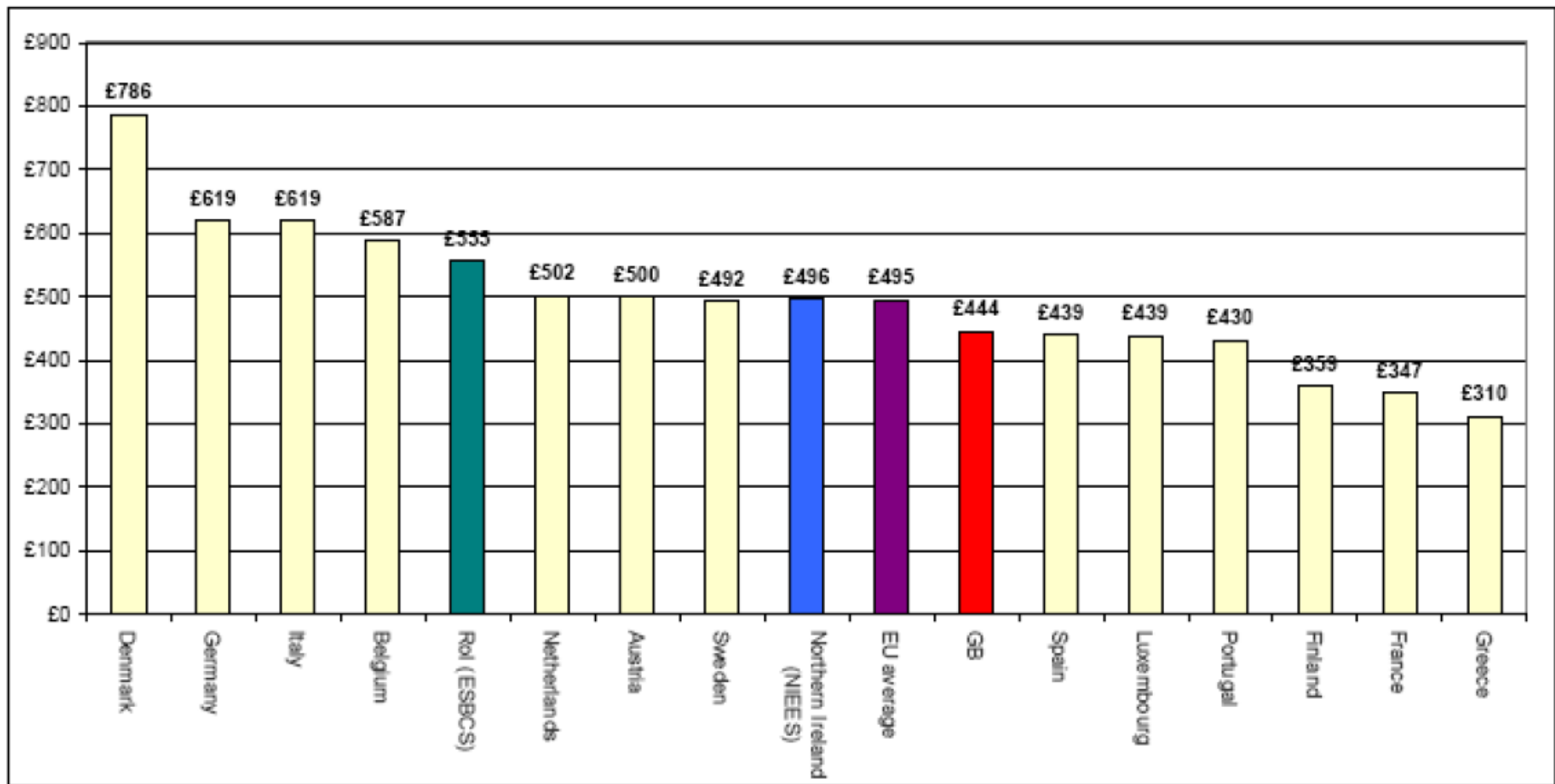
NISEP

- Suppliers and others join in because of incentive mechanism, corporate responsibility, builds good customer relationships
- Costs passed through to customers in the form of a PSO
- Reporting to NIAUR with help from EST
- 80% of funding ring-fenced for vulnerable
- Competition between bidders, regulatory oversight and incentive mechanism drive efficiency.

Electricity Bills Compared



NIEES Tariffs Per Annum for the Average Customer Compared to RO, GB, EU



Source: NIEES and Eurostat.

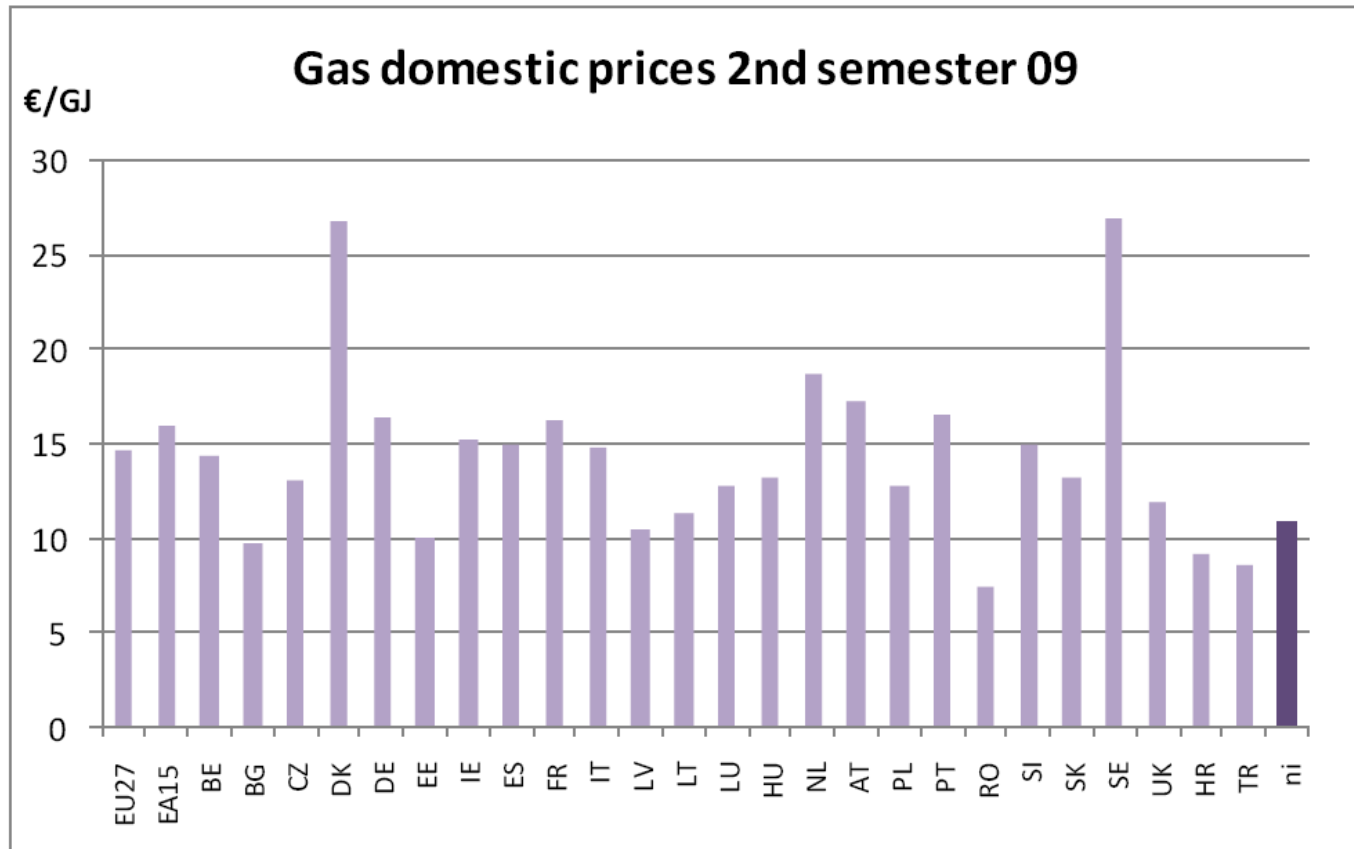
Average Annual Gas Bill Compared

Gas year (runs from Oct to Oct)	Phoenix Supply	
	Home Energy	Prepayment
2003-04	398	403
2004-05	443	448
2005-06	651	658
2006-07	717	725
2007-08	771	779
2008-09	841	850
2009-10	636	643

	Pounds					
	Standard Credit		Direct debit		Prepayment	
	England & Wales	Scotland	England & Wales	Scotland	England & Wales	Scotland
Cash terms						
1998 ⁽³⁾	315	313	277	275	331	331
1999	304	307	268	268	318	318
2000	295	297	264	262	311	310
2001	293	295	266	263	309	308
2002	310	311	281	279	327	327
2003	320	320	292	291	336	335
2004	333	332	309	305	351	351
2005	386	384	353	347	401	400
2006	475	469	425	418	498	501
2007	553	547	498	487	589	588
2008	570	563	527	504	618	612
2009	718	710	650	635	745	754
2010	684	674	633	620	688	690

Source: Phoenix Supply and DECC

Gas Price Comparisons at EU Level



Source: Eurostat Data in focus 21/2010