



The Consumer Council

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Ref: PD20090 318

To: Kevin O'Neill

Dear Kevin,

Re: Fixed Cost of a Best New Entrant Peaking Plant and Capacity Requirement for the Calendar Year 2010 Consultation

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 this opportunity to comment on this consultation.

It is the position of the Consumer Council that any change to Northern Ireland's energy market needs to fully take account of the needs of the consumer, and that it looks to build accuracy, standardisation, transparency and best practice within the ever changing energy environment.

In carrying out their functions the primary objective of the Regulatory Authorities is to protect the interests of the consumer. The Capacity Payment Mechanism has a significant impact on the final price of electricity and the Regulatory Authorities must seek to minimise this whilst balancing the business requirements of the electricity industry.

The McIlldoon Report was critical of the some aspects of the structure of the electricity industry in Northern Ireland and concluded that consumers are paying more than they need for electricity.

Within this report Douglas McIlldoon stated that:

"the core of the problem is the haphazardly extravagant way in which we procure and reward generation. This in turn is causing us to drift towards a bilateral market lacking both transparency and genuine competition."

On the Capacity Payments Mechanism, the McIlldoon Report suggests that under the current system customers are paying twice and at a premium, for older power stations. The Consumer Council would urge that as the Regulatory Authorities and the SEM Committee seek to develop the potential of the SEM for the benefit of the consumer,

they consider if and how recommendations from the McIldoon Report can be taken forward. This consideration should be conducted in a public and transparent debate.

The Consumer Council would therefore ask that in taking forward this work, that the Regulator ensures that the final outcome is fair and in the best interests of the consumer, and it looks to minimise any cost to consumers.

Yours Sincerely,

Richard Williams,
Senior Consumer Affairs Officer