



14 November 2012

Kenny Dane
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Re: Treatment of Gas Transportation Capacity Costs (SEM-12-089)

Dear Kenny,

Moy Park are an established employer in the Province and avail of natural gas on several sites with ambitions to expand the remaining facilities onto this lower carbon fuel once infrastructure has been developed. We see the supply of natural gas as a long term contributor to our carbon reduction programme and improved thermal demand cost control, these factors form part of our NI Sustainability Strategy.

Moy Park Ltd welcomes the opportunity to comment on the consultation in respect of the Treatment of Gas Transportation Capacity Costs (SEM-12-089).

Comments on the Consultation

- Moy Park was alerted to the consultation by CBI. Although the consultation was available on the website, given the significant impact this is likely to have on large energy users we would have expected at a very minimum to have been advised of the significance of this consultation, and furthermore that workshops would have been organised to inform key stakeholders.
- We appreciate that the regulator did grant a one month extension to the consultation. However, the lack of information provided in the consultation to allow us to fully respond to the consultation still remains.
- The technical and legalistic nature of the consultation makes it very difficult for non-experts to fully understand or appreciate the significant impact this will have on average electricity prices. More must be done to bridge the gap between industry experts and industry users to ensure that the consultation is fully understood by all, and in particular the potential impacts of proposals on consumers as well as the electricity industry.

- We attended a CBI prompted workshop for large energy users on 7 November to allow them an opportunity to understand the consultation. Many of our large energy users requested if modelling had been done to understand fully the cost implications for users. We were informed that no modelling had been done and that the “worst case” scenario would be a 9% increase in the average pool price. Energy costs remain a key issue of competitiveness for Moy Park are directly competing with lower cost competitors in GB . It is essential that we continue to protect our energy intensive industry in Northern Ireland - a 9% increase in average electricity price threatens to undermine their competitiveness, future investment plans.
- There is growing concern that the cumulative impact of energy policies - such as the European target market and in particular the proposed carbon floor price - risks making our industrial base further uncompetitive within the SEM as well as globally.

Recommendations:

- The SEM committee must extend the period of consultation to allow for proper cost modelling
- The regulator must host a workshop with large energy users, and other key stakeholders, to inform them of the “true” cost implications.
- On a more general point the regulator should provide key stakeholders with the one page summary of all existing consultations that is currently provided to the NIAUR board
- The regulator should implement a traffic light system for each consultation that would clearly highlight to large energy users, and other consumers, the risk impact on electricity costs.

It is with regret that we were unable to fully engage in this consultation process due to lack of information and an ill- informed consultation process. We look forward to the opportunity to engage with you further to discuss our concerns further.

Yours sincerely,

John Kennedy
Group Energy Manager
Moy Park Ltd