



Review of the Northern Ireland Energy Retail Market

State of the Market Assessment
& Utility Regulator Position

March 2021



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1. Introduction

About this Document

- 1.1 This paper examines the existing state of domestic energy retail markets in Northern Ireland (NI) and associated key consumer aspects. The analysis outlines the context to the regulatory approach to retail market regulation; and also provides relevant information on the developments of competition in the electricity and gas retail markets. This work is guided by Utility Regulator's (UR) strategic objectives and Forward Work Programme and assesses a number of indicators expected from well-functioning and competitive electricity and gas retail markets.
- 1.2 The paper is intended to be background to, and a precursor of, ongoing and further work to ensure our general regulatory approach to retail market regulation remains valid and up-to-date; and in particular that our approach to regulating end prices for the majority of consumers remains valid.
- 1.3 The aims of this paper are to:
1. Provide background and context on UR's existing regulatory approach and past relevant works, as well as an overview of the NI market factors that drive that approach. **(Section 2)**.
 2. Analyse key domestic retail market indicators, including:
 - Market shares and concentration **(Section 3)**;
 - Switching statistics **(Section 4)**;
 - Levels of disengaged customers **(Section 5)**; and
 - Retail prices over time **(Section 6)**.
 3. Provide conclusions on the state of competition in the retail domestic market **(Section 7)**.
 4. Consider the policy implications that result from the findings of this paper. This includes an assessment of the current regulatory framework as well as identifying potential new interventions **(Section 8)**.
- 1.4 The main data sources for this review are as follows:
- Retail Energy Market Monitoring (REMM) data received by UR from suppliers and the electricity and gas DNOs
 - Northern Ireland Electricity Networks (NIEN) for electricity market data



- Phoenix Natural Gas Limited (PNGL) and Firmus Energy (Distribution) Limited (feDL) for gas market data
- Energy UK and the Commission for Regulation of Utilities (CRU) websites
- NI domestic electricity and gas prices derived directly from Price comparison tables from the Consumer Council for Northern Ireland (CCNI)
- EU domestic prices derived from Eurostat

Scope

- 1.5 This paper looks at the how the domestic retail markets have developed over time and some key consumer and market metrics. It examines the state and impact of competition, for example on domestic prices seen in the marketplace, as well as other key factors such as incidence of consumers switching/attaining new offers. These factors are important to understanding the outcome of current UR approaches to retail market regulation and supply price control frameworks, and set the context for defining the next steps in UR's regulatory approach.
- 1.6 Domestic customers are the focus of this paper. Whilst we recognise there are comparable market regulation and price regulation matters for small business customers, this analysis does not cover small I&C customers. We will review the position on that in future workplans.

Comments

- 1.7 UR welcomes any comments from stakeholders on any of the findings or conclusions detailed within this paper.



2. Context

- 2.1 We set out below a number of contextual issues relevant to this paper. These represent important background to the subsequent analysis.

Utility Regulator Policy and Legislative Context

- 2.2 A key strategic objective of UR is to “promote markets that deliver effective competition, informed choice and fair outcomes”¹. In tandem, the objectives of protecting customers and facilitating effective competition feature highly in our formal statutory duties. Therefore, monitoring the evolution and performance of the NI electricity and natural gas retail sectors is key when complying with our strategic and statutory goals.
- 2.3 The electricity and gas (in the Greater Belfast area) markets for domestic customers have been open to competition since 2007. However, there were no competing suppliers until 2010. There are now a number of suppliers competing in the domestic electricity sector (as shown further below). However, in the domestic gas market, Firmus Energy currently remain the only competitor to the incumbent, SSE Airtricity; whilst also being the monopoly domestic supplier in the Ten Towns gas market.
- 2.4 In order to meet Strategic and legislative (including EU Directive) requirements in relation to the domestic energy markets, since the liberalisation of the energy retail markets UR has followed a three-pronged approach to retail market policy. This has been centred on:
- (i) **Monitoring, Reporting, and Compliance** - Retail/Consumer Market monitoring, reporting and compliance through the REMM framework; QTR/ATR publications; Consumer Insight Tracking surveys; and supplier compliance monitoring and enforcement.
 - (ii) **Price Controls and Tariffs** - Specific Regulation (Supply price controls; regulated tariffs; business separation) of the price-controlled, dominant suppliers in electricity and gas; together with various work streams aimed at making the retail markets as competitively effective for consumers as possible.
 - (iii) **General Customer Protection** - Protection of consumers in general, and vulnerable consumers in particular, via the Consumer Protection Programme (and its antecedents), Suppliers Codes of Practice, Supply licence Conditions, etc.

¹ <https://www.uregni.gov.uk/sites/uregni/files/media-files/Corporate%20Strategy%202019-24%20final%20for%20web.pdf>

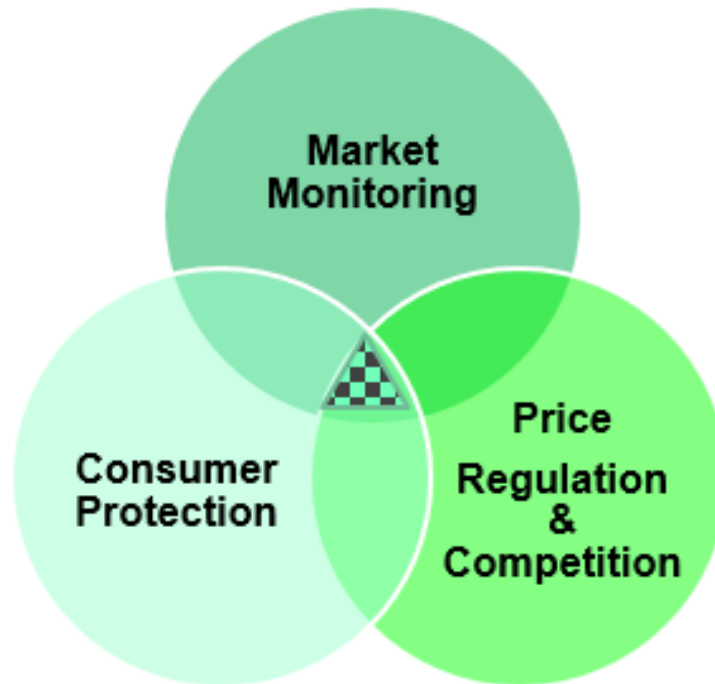


Figure 1: UR three-pronged regulatory approach

2.5 This three-pronged approach has served NI consumers well; specifically in terms of consumer satisfaction, trust in suppliers, price level comparisons, ease of switching, and views from consumer organisations. This approach remains the cornerstone of UR's approach to retail markets. In addition to this, there have been a number of specific and relevant regulatory interventions which suppliers must adhere to in accordance with their electricity and gas supply licenses:

- Suppliers must publish and be compliant with Codes of Practice on payment of bills, vulnerable customers, efficient use of electricity and gas, complaints handling and prepayment meter customers.
- UR publishes and mandates a code of practice on marketing to domestic customers.
- Suppliers must provide assistance and advice information, giving details on how to switch and informing customers there may be cheaper tariffs available.
- Suppliers must inform the customer and make readily available the energy consumer checklist published by UR and CCNI.
- Suppliers must notify customers in advance of the expiry date of any contract with a fixed term period.
- Suppliers must inform customers of any contract changes, including prices, in advance – with the option for customers to then cancel the contract free of charge.
- A requirement that contract terms are reasonable.



- 2.6 This paper assesses the retail domestic market primarily through the lens of (ii) Price Controls, and prices. However, later in 2021, we intend to publish further papers on the other two aspects of our three-pronged approach: Monitoring, Reporting, and Compliance; and General Consumer Protection which will take forward enhanced work in both of these areas. For example:
- (I) we are reviewing how we monitor and report on Code of Practice performance of Suppliers via REMM; and also reviewing how to optimise our external reporting of REMM information.
 - (II) we are reviewing our Consumer Protection Programme and taking forward priority consumer protection projects on consumer protection “best practice” frameworks across electricity, gas and water, as well as new Guaranteed Standards of Service in electricity. These will be publically consulted on in due course during 2021/22.

Strategic Focus on Prices

- 2.7 Ensuring fair and transparent tariffs for customers is a key goal of UR policy and of consumer empowerment and protection. The continued regulation of dominant Suppliers’ tariffs remains a crucial aspect of our policy approach; and the recent reintroduction of supply price regulation (via “tariff caps”) in GB highlights how other regulators are also currently following a similar approach to domestic price regulation. This approach means that, for domestic customers, there are three price regulated energy supply companies in NI:
- Power NI Ltd (Power NI) in the electricity supply market;
 - SSE Airtricity Gas Supply (NI) Ltd (SSE Airtricity) in the gas supply market in Greater Belfast and the West of NI; and
 - Firmus Energy (supply) Ltd (Firmus) in the gas supply market in the Ten Towns area.
- 2.8 This price regulation ensures there is a regulated and transparently set price that customers can avail of should they remain with the incumbent Supplier and/or should the competitive market not provide reasonable offerings. It has also acted to set a “benchmark” tariff at which the market can price above and below across different time periods and tariff offerings. The model allows UR to meet its primary statutory duty to deliver customer protection whilst also promoting effective competition where possible.
- 2.9 However, if the incumbent suppliers are deemed to be no longer dominant then retaining price controls on these suppliers alone may no longer be appropriate. This places a focus on reviewing the effectiveness of competition, guided by effective retail energy market monitoring. This has led



to a number of reviews as discussed further below and this current assessment will add to those.

- 2.10 Related to this, in our Forward Work Programme 2020-2021, UR has committed to an assessment of the current supply price control frameworks (Strategic Objective 1.2). This would ensure that the supply price control regimes are still fit for purpose and that the interests of consumers are protected. This paper will provide that assessment, the outcome of which is discussed in Section 8.

Socio-economic Context and “Affordability”

- 2.11 UR’s regulatory approach to Retail Markets does take into account wider socio-economic factors. We engage heavily with stakeholders, including other government departments and consumer representatives. Domestic energy consumers in NI are clearly impacted by wider socio-economic factors which can impinge on more energy-specific issues. The general impact of high unemployment, low incomes, high benefit dependency etc. have been found to be substantial factors underlying previously reported high levels of fuel poverty. This may also exacerbate consumer vulnerability concerns for regulators and policy makers.
- 2.12 When viewed against the 11 other regions in the UK, NI ranks consistently low on household financial resilience, a summary of which is detailed below. Where not detailed below, regional rankings are available in Annex A.
- 2.13 Over the last 20 years, the median gross weekly earnings for full-time employees has increased by an average of £11 each year in NI. At April 2019, weekly earnings were £535. However, this was the second lowest of the 12 UK regions and £50 (8.6%) lower than the UK median (£585)².
- 2.14 In addition, over the 10 years in the run up to the financial crisis of 2008, the gap between UK earnings and earnings in NI averaged £75 a week. In the 10 years post financial crisis, that gap had widened to £91 a week³.
- 2.15 The proportion of adults who are over-indebted⁴ in NI stands at 20%, the highest of the 12 UK regions. Closely linked is the high proportion of adults who are either in financial difficulty or surviving and therefore have the lowest levels of financial resilience. At 39% this is the second highest of the 12 UK regions.
- 2.16 An important feature of financial resilience is access to liquid savings. In

² <https://www.economy-ni.gov.uk/news/northern-ireland-annual-survey-hours-and-earnings-statistics>

³ <https://www.barrowcadbury.org.uk/wp-content/uploads/2018/10/The-Financial-Inclusion-Centre-Brexit-report-Final-Exec-Summary.pdf>

⁴ Defined as considering a heavy burden keeping up with domestic bills and credit commitments.



2017, 12% of households in NI were without savings.

- 2.17 Whilst this review will show that energy prices for domestic customers in NI are relatively low in comparison with neighbouring countries, fuel poverty levels remain high in NI. Data from the 2016 House Condition Survey, the most recent available, estimated that approximately 22% of households were in fuel poverty, higher than the UK average of 20.5%⁵.
- 2.18 Given the above, consumer protection on price remains very important in the NI context. In addition, it also points to the requirement for consumer protection policies to help alleviate the wider socio-economic impacts on energy consumers – especially given the “essential service” nature of energy and the fact that energy use may be higher for vulnerable consumers (e.g. older, sick, with mental illness, with life-saving medical equipment, etc.) than the average.

New DfE Energy Strategy and the energy “Transition”

- 2.19 The UK government has set a net zero target for carbon emissions by 2050 and delivering net zero is central to the energy transition. The transition to a low carbon future will transform how consumers engage with and use energy. Adapting to this change (such as through innovation and harnessing new technologies) will be a key strategic issue and supporting consumer empowerment in this journey will be a UR priority. Technological and social change will drive consumer choices about utility services.
- 2.20 As a result, the Department for the Economy (DfE) is developing a new energy strategy. UR is committed to supporting DfE in developing and implementing this strategy and there will be a need for us to be flexible in reflecting the evolving strategic landscape in our regulation of retail markets. Undoubtedly relevant aspects such as consumer protection, consumer empowerment, retail market regulation, etc. will be impacted by the new energy strategy and by the industry changes coming about as a result of the Strategy and the energy transition more widely. Indeed scoping those changes and requirements is a key goal jointly being worked on by DfE and UR.
- 2.21 UR is cognisant of this and we will consider whether any significant changes to the retail regulatory framework can or should be deferred at this stage until they can be more properly considered alongside any wider industry changes driven by the energy transition. This is important as making change now, before we can observe what a new retail market will look like in the move to a more dynamic energy industry/consumer relationship, runs the risk of such

⁵ <https://www.nea.org.uk/wp-content/uploads/2019/09/Fuel-poverty-monitor-high-res.pdf>
Fuel poverty rates based on differing definitions and data availability within each nation



changes being poorly informed and possibly counterproductive.

Relevant Previous Work

2.22 UR has undertaken various pieces of work over recent years looking at Retail Market outcomes. This has included direct survey fieldwork with consumers themselves (2019 Domestic Tracker); as well as more policy-orientated work looking at the state of competition in NI markets and the implications for regulatory approaches.

(i) Review of the Effectiveness of Retail competition

2.23 Independent research carried out for UR by Cornwall Energy in 2014 had previously found that:

- Competition was becoming established in the domestic electricity market, with switching delivering benefits for customers. However, it was expected that switching rates were unlikely to continue at that level, as those customers who wished to switch had arguably already done so.
- Power NI still retained the majority share of the domestic electricity market with a lot of pricing strategies of competitors focused on discounting the Power NI price at this time. Similarly, gas incumbent shares remained high. Both markets were found to be highly concentrated with a limited number of suppliers.
- Cornwall Energy stated that given the structural characteristics of the NI market and the lack of sufficient critical mass to attract a larger number of suppliers, relying on competition alone to protect customers was not enough to effectively protect customers.

(ii) Regulatory Options Following the Removal of Supply Price Controls

2.24 In September 2016, Cornwall Energy published a report referring several potential future retail market regulatory options to the UR for consideration. The options could be introduced, in isolation or combination, to the NI gas and electricity retail markets should the current retail price controls be removed. These options were:

- Significant Market Power - Undue preference and undue discrimination licence obligations would be switched on for any supplier deemed by UR, under established and transparent criteria, to have significant market power (SMP)
- Default tariff - For those consumers unwilling or unable to engage with the market. All suppliers (not just incumbents as with the inactive customer tariff below) will be responsible for setting their own



“fair/reasonable” default tariff and have to clearly show and justify its constituent parts, including the margin being taken under the tariff

- Inactive Customer Tariff - For incumbent suppliers’ disengaged customers (not all suppliers as with the default tariff). This option would only apply to the former incumbent energy suppliers- “disengaged” would need to be clearly defined
- Dominance Thresholds - Setting market thresholds above which if a supplier or suppliers are deemed sufficiently dominant to be able to exert market power, regulatory solutions may be implemented

(iii) Internal UR analysis on gas market outcomes

2.25 In November 2017, UR commenced a review of the competitiveness of the domestic gas markets in NI. All suppliers in the market were invited to engage bi-laterally with UR on this review, to give their opinions regarding the reasons for the lack of competition in the gas market. This review, the results of which were communicated to UR Board, found that:

- Given the fundamentally small size of the gas sector, there was a lack of market activity in the domestic gas markets in NI with no recent new entrants, a lack of competitive activity and very low levels of switching.
- Despite this, the prices customers pay for gas in NI were amongst the lowest in Europe and UR was of the view that gas customers in NI had been well served by the current regulatory approach and market outcomes.

(iv) Domestic Consumer Outcomes from Specific Survey Work

2.26 In 2019. UR carried out a survey of domestic energy customers in NI to better understand and monitor consumer outcomes, attitudes and behaviours over time. The Domestic Consumer Insight Tracker (CIT), which outlined the survey results, was communicated to UR Board and also published. It found that:

- Trust and satisfaction with suppliers is relatively high and a majority of those who have switched have had a positive experience.
- However, a significant number of consumers have never switched electricity or gas supplier, with nearly a quarter of this group not aware that they could switch or how to switch.
- Just under half of all consumers say that they sometimes struggle or always struggle to pay their energy bills with a quarter of consumers also stating that they have gone without energy due to cost regularly or at



least a few times a year.

- Of those who read supplier correspondence, the majority understood all or most of it. However, perhaps more interesting and concerning is that just over half of consumers did not read correspondence at all, particularly in relation to a promotional offer ending. Linked to this, the majority of consumers were on a standard variable tariff.

2.27 In summary, the previous work, briefly touched on above, has tended to reaffirm the position that UR's three-pronged approach to retail markets—including price/tariff regulation—remains appropriate and is delivering well for NI consumers. However, ongoing efforts are needed in several areas such as consumer education, information provision, and supplier communication.

2.28 This work also points to a number of factors which may impinge on the outcomes of consumers from the marketplace; and the consequent need for ongoing policy focus. We return to the policy implications in the final section of this paper.

2.29 The following sections build on the work described above, and provide up-to-date analysis on several factors affecting domestic consumer outcomes in the regulated energy sectors.



3. Market Share and Concentration

- 3.1 In both the NI electricity and gas domestic supply markets new entrants have emerged that have introduced a choice of providers. However, incumbent suppliers still remain dominant in each of their respective markets. The electricity retail domestic market has a higher number of suppliers than gas, likely due to the larger number of customers relative to the much smaller domestic gas market.
- 3.2 Figures 2 and 3 show the trend in market share from Q4 2015 to Q4 2019 in the domestic electricity and gas retail markets. Taken as part of the analysis of market concentration and the Herfindahl-Hirschman Index (HHI), they can give further insight into the development of the market over time.
- 3.3 The HHI index is a widely accepted measure of market concentration. The index is calculated by finding the sum of the squares of the market shares of the companies' active in the market. An index of 10,000 denotes a monopoly market, an index above 2,500 is considered to be a highly concentrated market and an index between 1,500 and 2,500 a moderately concentrated market. An index below 1,500 represents an un-concentrated market with many participants, with none holding a large market share.

Market Size

Domestic Electricity Market

- 3.4 At the end of Q4 2019, the total NI domestic electricity market consisted of 816,055 customers. This represents an increase of domestic customers of 3.8% from Q4 2015. There are 5 active domestic suppliers including the incumbent Power NI, Budget Energy, Electric Ireland, SSE Airtricity and Click Energy.
- 3.5 NI is one of the smallest electricity and gas markets in the European Union. In customer number terms, the NI electricity market is just over a third of the size of the Republic of Ireland (RoI) market and around 3% of the GB market.
- 3.6 However, at 0.61 suppliers for every 100,000 customers, the domestic electricity market in NI has a comparable number of suppliers per capita to that of RoI and a larger number than GB. In the RoI and GB there are 0.62 and 0.17 suppliers for every 100,000 customers, respectively.

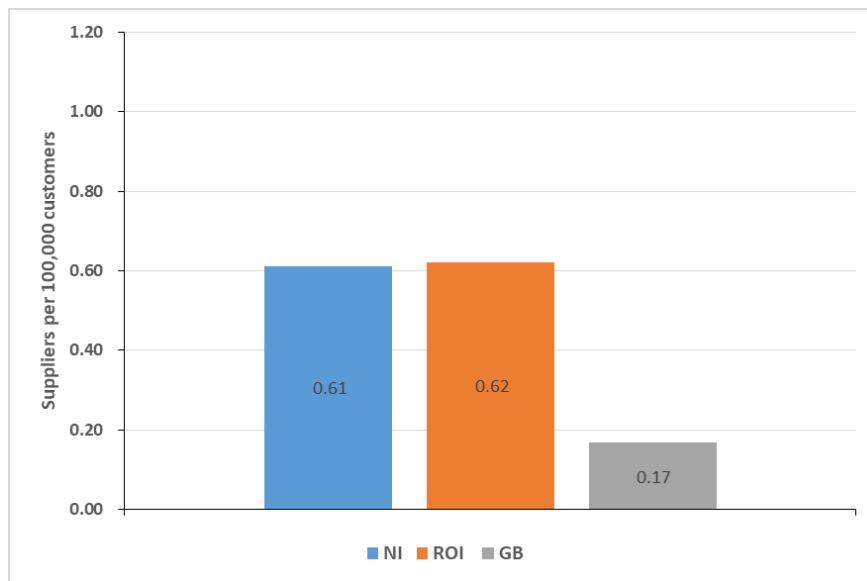


Figure 2: Domestic electricity suppliers per capita in NI, GB and ROI

Domestic Gas Market – Greater Belfast

- 3.7 The total NI domestic gas market consisted of around 258,000 connections at Q4 2019, of which 82% are based in the Greater Belfast area. There are two active domestic suppliers in the Greater Belfast area, the incumbent SSE Airtricity and Firmus Energy. This equates to 0.90 suppliers for every 100,000 customers, this is comparable to ROI and higher than GB. In the ROI and GB there are 1.13 and 0.20 suppliers for every 100,000 customers, respectively.
- 3.8 Although open for domestic competition, Firmus Energy operates a monopoly in the Ten Towns area and similarly SSE Airtricity operates a monopoly in the new West area.
- 3.9 For this reason Ten Towns and West are not considered further in this paper. As highlighted in section 2, UR carried out an analysis of the NI gas retail markets and reasons found for the ongoing domestic gas supply monopoly in the Ten Towns included limited supplier interest, small market scale, a dispersed customer population and limited competition opportunity. Whilst these are important issues for the Ten Towns (and West) areas they are not within the scope of this review.

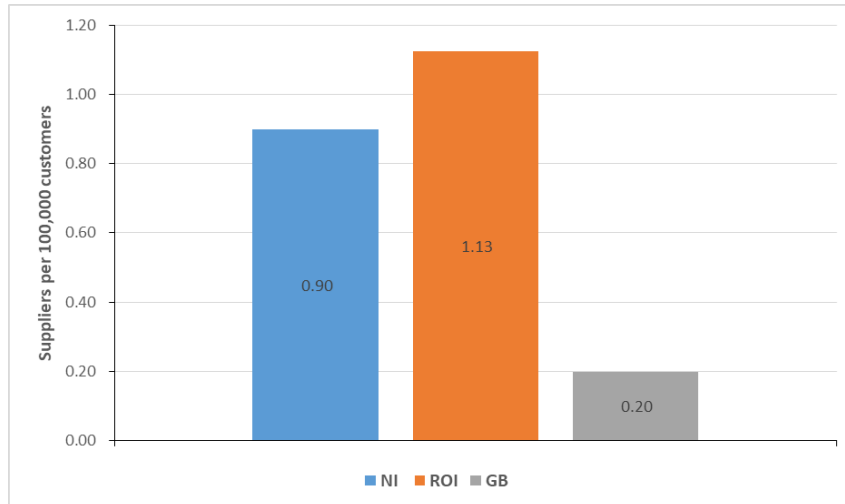
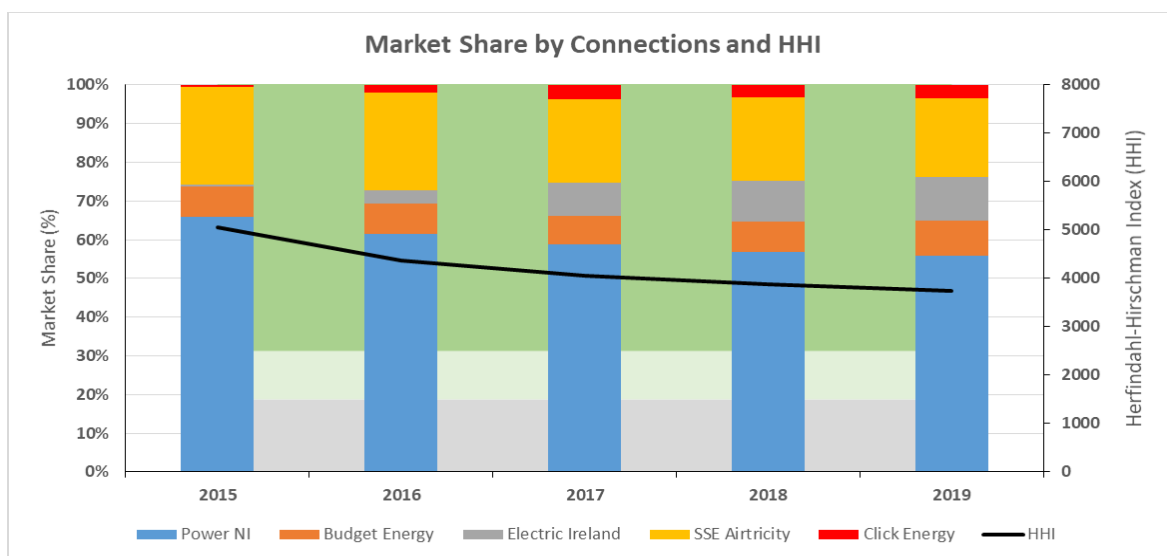


Figure 3: Domestic gas suppliers per capita in NI (Greater Belfast), GB and Rol

Market Share and Concentration

Domestic Electricity Market

3.10 New entrants continue to win market share from the incumbent in the domestic electricity market. However, as of Q4 2019, Power NI maintains the largest share of the domestic electricity market by customer numbers at 55.76%, a decrease from 66% in Q4 2015. Whilst the curve is falling (the HHI of the domestic electricity market has consistently decreased and at Q4 2019 the HHI was 3,748, compared with 2,954 in Rol), the market remains highly concentrated. This is shown in Figure 4 below.



>2500	High concentration
1500-2500	Moderate concentration
<1500	Low concentration

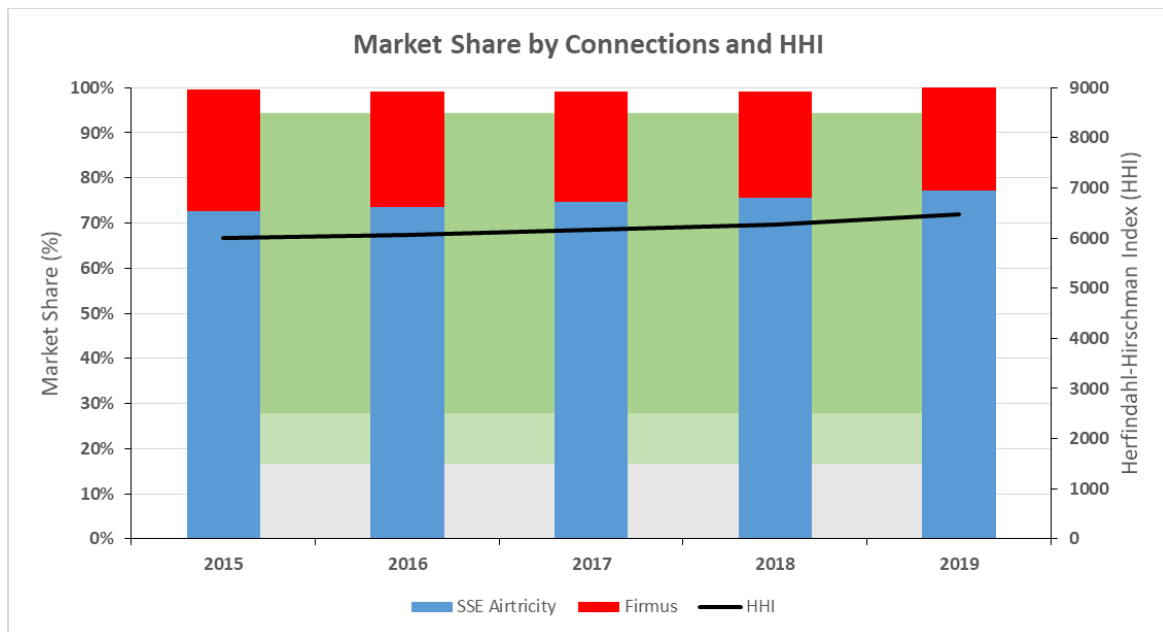
Figure 4: Domestic electricity market shares by connections and HHI trend (Q4 2015 – Q4 2019)



3.11 Since Click Energy and Electric Ireland’s entry to the domestic market in 2015, it is the latter of the two that has experienced more significant gains over the period. Click Energy holds the smallest market share, 3.4%, whilst Electric Ireland is now the third largest supplier, holding 11.2%. The remaining suppliers, SSE Airtricity and Budget Energy, have maintained a relatively flat market share with 20.4% and 9.2% respectively, as of Q4 2019.

Domestic Gas Market – Greater Belfast

3.12 As shown in Figure 5, SSE Airtricity hold the largest market share in the Greater Belfast domestic gas market with 77.2% of the market by customer numbers, which is actually an increase of 4.5% when compared with Q4 15. The domestic gas market remains highly concentrated, and over the last 5 years its HHI has increased; standing at 6,478 as of Q4 19.



>2500	High concentration
1500-2500	Moderate concentration
<1500	Low concentration

Figure 5: Domestic gas market shares by connections and HHI trend in Greater Belfast (Q4 2015 – Q4 2019)



4. Switching

- 4.1 Active and informed Consumer engagement with the energy market can help achieve positive outcomes in the retail market as a whole. Engaged customers who actively assess and choose their tariff and / or supplier can help by strengthening both price and quality of service competition through the threat of switching.
- 4.2 The data presented in this section refers to the action where a customer changes from one supplier to another and does not include switches where a customer moves between offerings of the same supplier (internal switching), for instance, between standard variable and non-standard tariffs, or between payment methods. Internal switching data is presented separately further below.
- 4.3 In 2015, there were 87,803 customer switches in the domestic electricity market, which represented over 11% of domestic customers. Annual switching figures have remained relatively steady or above this level since. The number of switches peaked in 2016, at 124,005 or 15.6% of domestic customers. This equates to an annual average of 108,834 switches, or 13.5% per year since 2015. This is shown in Figure 6 below.
- 4.4 By way of comparison, the market in Rol has similar rates of switching, with an average of 14%. The GB market has seen a year on year increase in customer switching rates, with an average of 17%.

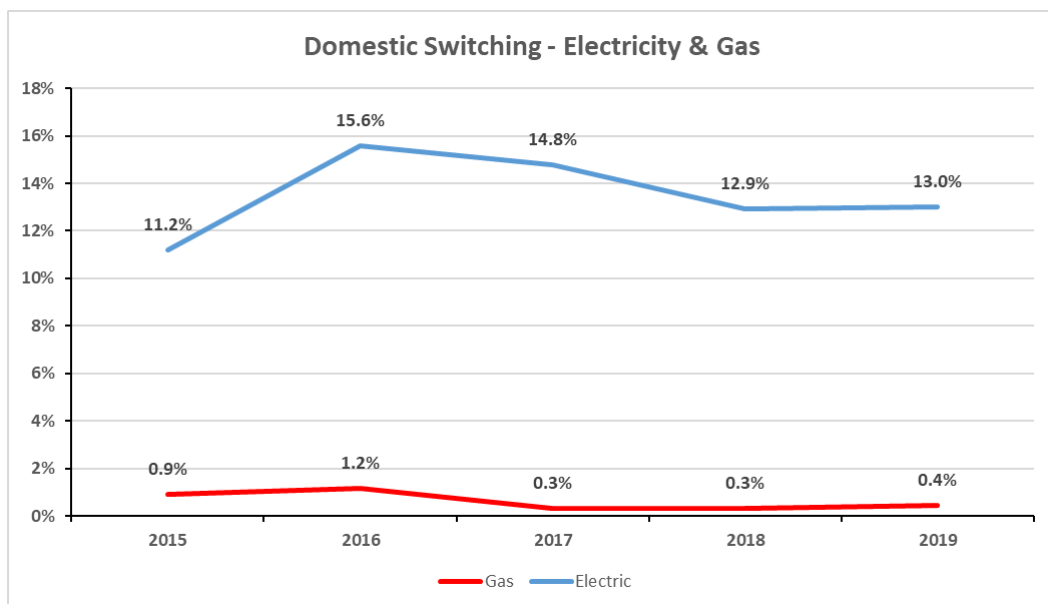


Figure 6: Electricity and gas switching rates 2015 – 2019

- 4.5 Conversely, Figure 6 also shows that domestic gas switching has been at a



consistently low level in Greater Belfast, averaging 1,212 switches or 0.6% of domestic customers per year since 2015. Similarly, the number of switches also peaked in 2016 at 2,247 or 1.2%. By comparison the current level of gas switching in Greater Belfast is considerably less than GB and Rol, where domestic gas switching averaged 17% per year in the same period.

Internal Switching

- 4.6 Through UR’s market monitoring framework (REMM), data is now being collected on internal switches⁶ or “renegotiations” as they are sometimes termed. Internal switches refer to situations where a new contract term, tariff or terms and conditions have been agreed between the supplier and customer. Table 1 gives some further insight into customer engagement in the retail markets and shows that as a percentage of total switches, the number of renegotiations is a significant addition to the switching rate.
- 4.7 Between 2015 and 2019, an average of 4.8% of domestic electricity customers and 1% of domestic gas customers renegotiated their contracts with their current supplier. When added to the numbers of customers who switched supplier, it can be seen that in 2019, 19% of electricity and 2.2% of gas customers engaged in the market through either switching supplier or renegotiating with their current supplier.

Year	Internal switches electricity	Internal switches as a % of total switches	Internal switches gas	Internal switches as a % of total switches
2015	35,542	29%	1,493	48%
2016	24,270	16%	1,422	39%
2017	41,354	26%	1,349	68%
2018	45,730	30%	1,434	68%
2019	46,978	30%	3,788	80%

Table 1: Internal switching - Electricity & Gas 2015 – 2019

⁶ Internal switching does not include customers that default to a standard tariff



5. Disengaged Customers

- 5.1 Gas and electricity are examples of homogenous products, in that the energy commodity that customers consume is entirely unaffected by the choice of supplier. An implication of homogeneity is that customers may be less interested in engaging in the markets for electricity and gas supply than in other markets, where there is both quality and other forms of differentiation of products.
- 5.2 Furthermore, the existence of customers that choose not to switch, cannot switch due to their circumstances, or are put off switching due to other features of the market such as tariff complexity, may limit the benefits of competition materialising for those customers. This can be in the form of prices, service or innovation. It can also create barriers to entry and expansion for independent suppliers, who are only able to compete for a subset of customers i.e. engaged customers.
- 5.3 However, it is also important to remember that often customers may appear disengaged but are in fact making a conscious choice to remain with their current supplier as they are satisfied with the service and price they receive and have a good relationship. Data from previous work completed by UR, namely the Domestic Consumer Insight Tracker (CIT), suggested that the main reason consumers do not switch supplier (both for electricity and gas) is that they are happy with the current service (57% and 45%), which reflects a relatively high level of satisfaction with current suppliers among NI consumers.
- 5.4 The data referenced below and shown in Figure 7 and Figure 8 is representative of customers⁷ that are often referred to as 'sticky'. From this, we have divided these customers into two broad categories, "disengaged" and "never switched", with the remaining customers said to be "engaged":
1. **Disengaged** – In this review we take disengaged customers to be those that have previously switched supplier, but have not made a switch in the last 3 years. For clarity, if at the end of 2017, the meter point has not completed a supplier transfer during the years 2015, 2016 or 2017, but did switch during 2014 or earlier, they are said to be disengaged.

The number of domestic electricity customers who have previously switched supplier, but have not completed a switch in the last 3 years,

⁷ Information published under the REMM indicator of 'sticky customers' is collected at meter point level rather than customer level thus it is important to note that figures relate to connections, rather than customers. <https://www.uregni.gov.uk/sites/uregni.gov.uk/files/media-files/REMM%20final%20decisions.pdf>



has increased from 69,176 or 9% of total domestic customers in 2017 to 111,627 or around 14%, in 2019.

Though switching in the electricity market is up on 2017, and the market share of the incumbent supplier is declining, which suggests a more engaged consumer market, the figures above may suggest otherwise. It can be inferred that an increasing proportion of customers are engaging on a one-off basis and not thereafter and are potentially being adversely affected by defaulting to more expensive standard rate tariffs at the end of an introductory fixed price contract period.

However, in the domestic gas market the number of disengaged customers has decreased slightly from 24% of total domestic customers in 2017 to 23% of total domestic customers, in 2019.

2. **Never switched** – There is also a group of customers who have never switched away from the incumbent supplier. The incumbent in this case refers to the supplier chosen upon connection and is not necessarily Power NI in the domestic electricity market, where newly connected customers can choose which supplier they want. It is however SSE Airtricity in the gas market as all new connections in the Belfast gas market must register with SSE Airtricity as it is the commissioning supplier.

As shown in Figure 7, in 2017, 65% of the domestic electricity market had never completed a switch away from their incumbent supplier. By 2019, this stood at 60% of domestic customers, a decrease of 5%. In contrast, over the same period the gas market has seen a 2% increase in the proportion of those customers that have never switched. As shown in Figure 8, this now represents around three-quarters (76%) of total domestic customers.

3. **Engaged** – An engaged customer is defined as one who has switched supplier in the last three years. This refers to the total number of domestic connections, minus the total number of sticky customers i.e. those who fall in to the two categories outlined above (Disengaged and Never Switched). As of 2019, 26% of customers in the electricity market and 1% of customers in the gas market are said to be engaged. As shown in Figures 7 and 8, the proportion of engaged customers, in both markets, has remained relatively unchanged since 2017.

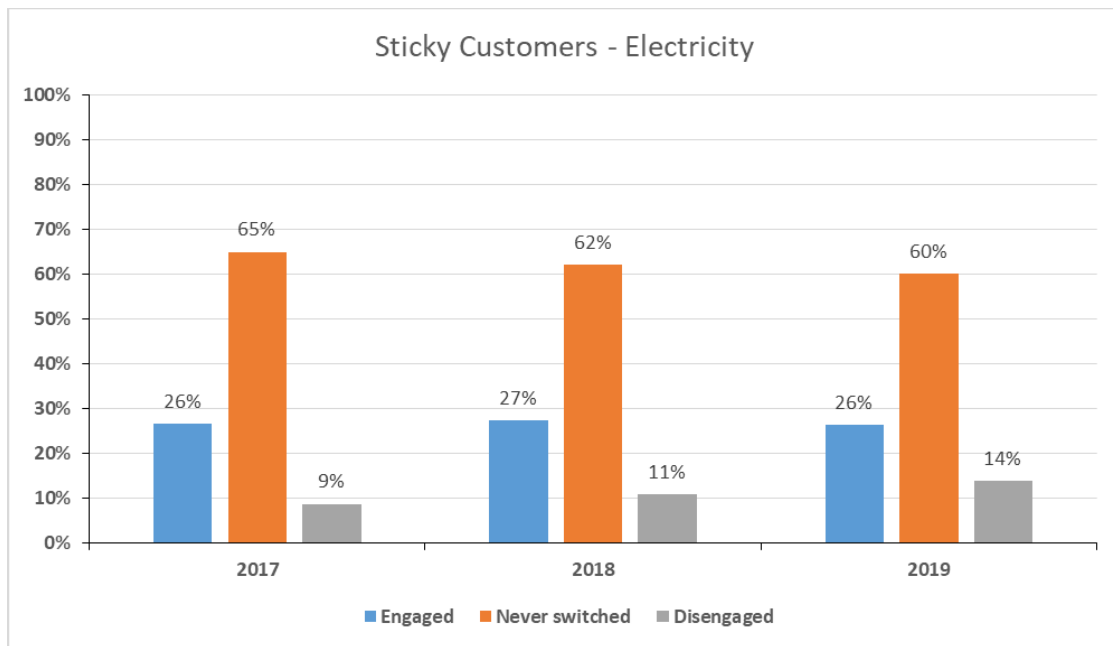


Figure 7: 'Sticky' Electricity customers 2017 – 2019

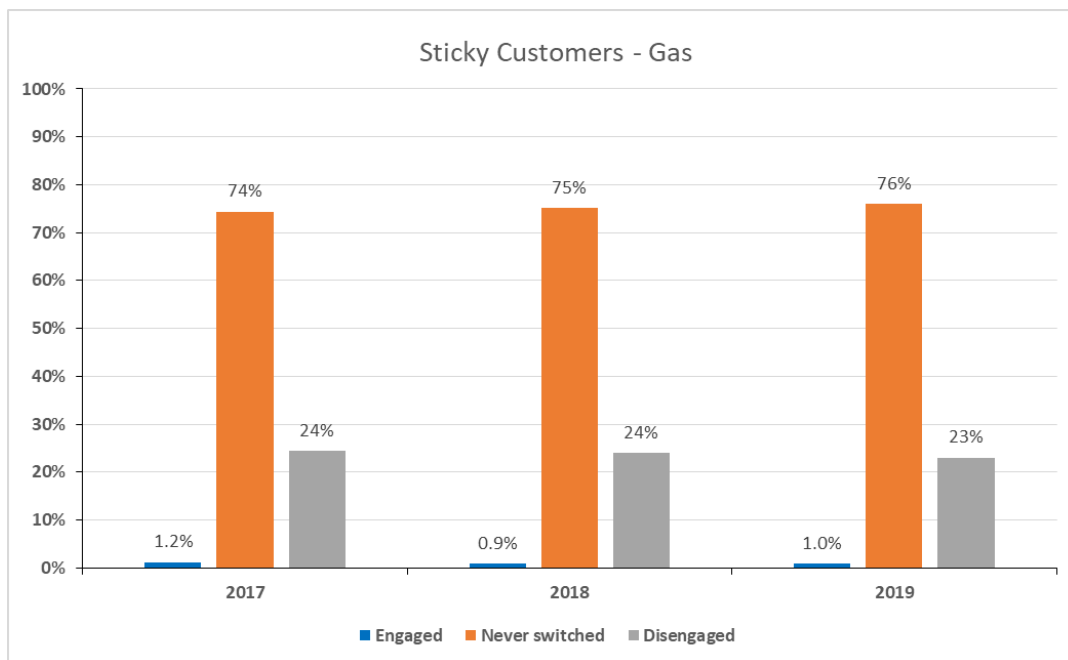


Figure 8: 'Sticky' Gas customers 2017 - 2019

NB: the increase in the numbers who have never switched in gas is due to customer growth and those new customers staying with the incumbent who initially supplied them (SSE Airtricity the commissioning supplier)



6. Retail Prices over Time

6.1 This section will look at trends in electricity and gas retail prices in NI over time. For ease of comparison, the analysis below is specific to credit customers (i.e. those who pay by direct debit or on receipt of a bill), as that reflects the typical NI domestic customer. However, UR keeps prepayment offerings under review and we note that the price trends outlined below broadly apply across all payment methods.

6.2 We have also considered the offers that are made available by suppliers (credit tariffs only), the differences and range in price offers, and the proportion of customers on standard and non-standard plans.

NI electricity and gas prices compared to EU prices

6.3 NI domestic electricity prices continue to rank amongst the lowest in Europe at 17.5 p/kWh, and are considerably lower than RoI (22.4 p/kWh), the EU median (19.2 p/kWh), and the UK (19.5 p/kWh) for the period.

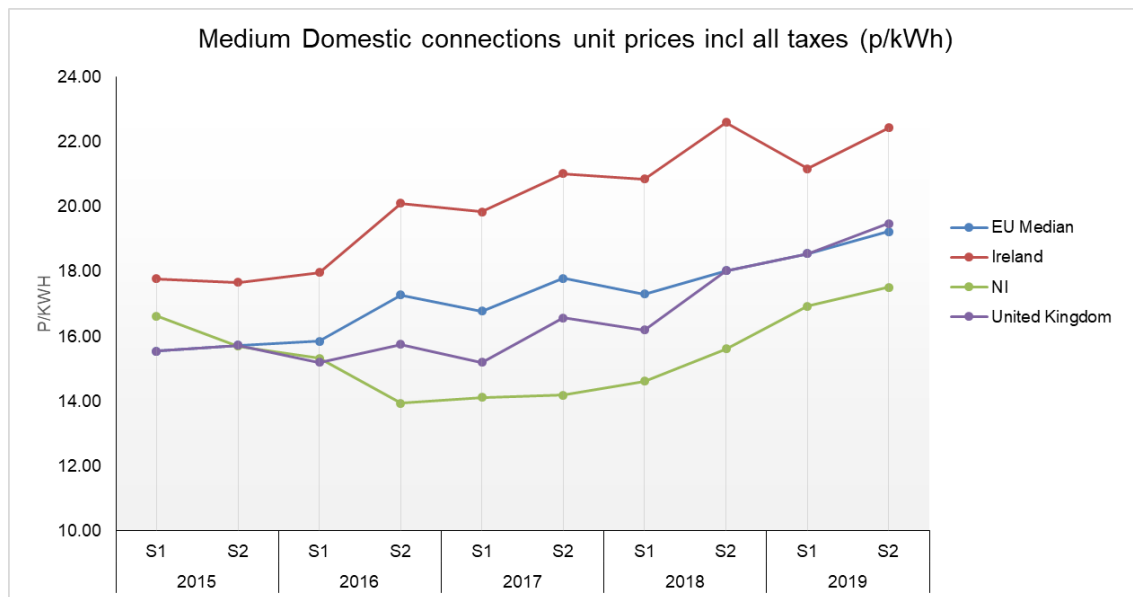


Figure 9: EU domestic electricity prices for medium consumers (2,500 – 4,999 kWh/annum), including taxes S1 2015 – S2 2019

6.4 Domestic gas prices in NI are amongst the lowest in Europe at 4.78 p/kWh. This is less than RoI at 6.73 p/kWh and the EU median at 6.76 p/kWh. NI prices are however higher than the rest of the UK for the period at 4.44 p/kWh.

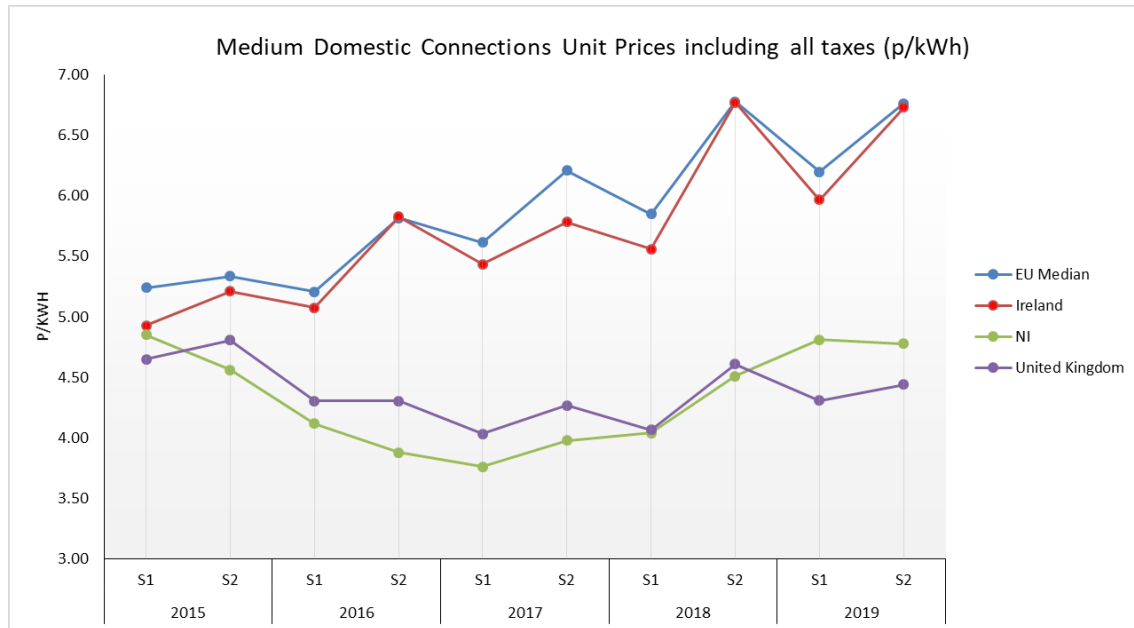


Figure 10: EU domestic gas prices for medium consumers (5,557 – 55,557 kWh/annum), including all taxes S1 2015 – S2 2019

Tariff Types

- 6.5 A Standard Variable Tariff (SVT) is a supply contract with an indefinite length without a fixed-term applying to its terms and conditions. An SVT is usually an energy supplier's default offering and is often their most expensive tariff offering. If a customer does not choose a specific tariff at a certain point—such as when a fixed tariff ends—they are typically moved to a SVT until they choose a new tariff or change suppliers. A customer can also make an active choice to choose a SVT.
- 6.6 Customers can also choose a variety of non-standard fixed-term contracts. Although only open to new customers in some cases, these offer fixed tariff terms until a defined end date. In NI various domestic electricity suppliers bundle cash back offers and loyalty rewards with these fixed-term offers.
- 6.7 It should be noted however that in the Greater Belfast domestic gas market there are currently no non-standard tariffs, and any variation between either of the two supplier's standard tariffs is based on payment method only.
- 6.8 In 2020, there was 5 electricity suppliers offering either standard or both standard and non-standard tariffs for domestic electricity. Figures below reflect information provided by suppliers under REMM on the number of customers on standard and non-standard tariffs. It is important to note that all Power NI's customers, or 55% of the domestic electricity market, are said to be on a SVT. Thus the analysis below will deal with the tariff offerings for the remaining 45% of customers with the 4 independent suppliers.



6.9 Despite more non-standard tariffs, that offer varying levels of discount, becoming available in the market in recent years, currently 74% of the total customers with the 4 independent suppliers remain on SVTs. This is shown in Figure 11 below. The average proportion of customers on SVTs since S1 2017 was 77.6%, compared to 24.9% on non-standard tariffs. This should be considered jointly with Figure 13 below which shows that the SVTs of these 4 suppliers are always more expensive than their non-standard tariffs.

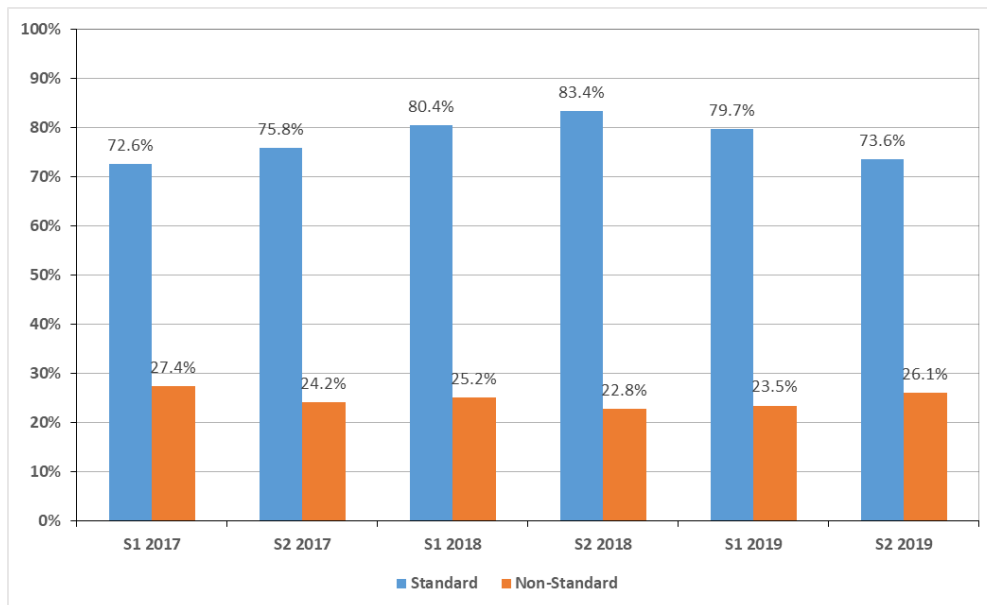


Figure 11: Domestic electricity tariff types for customers with the 4 independent suppliers.

Price Competition

Domestic Electricity Market

6.10 For price comparison purposes in this paper we have taken a typical NI electricity credit (non-prepayment) customer who is:

- on a SVT;
- consumes 3,200KWh / annum;
- receives bills online; and
- pays via direct debit.

6.11 Therefore, for the purposes of this review we sought to understand what the actual financial outcomes were for this customer over time. We believe this to be appropriate criteria for price comparison given that the majority of customers are on a SVT and for credit (non-prepayment) customers the most frequent choice of payment method and billing is to pay via direct debit and receive bills online (c.45% of customers). Figure 12 below shows what a



customer fitting the above criteria would have paid per annum for electricity supplied from each of the five domestic electricity suppliers.

- 6.12 As shown in Figure 12, the regulated SVT tariff has consistently been the cheapest in the market. Between June 2018 and August 2020, the price spread between the average regulated tariff (£544) and the average SVT of the 4 independent suppliers (£587) stood at £43.

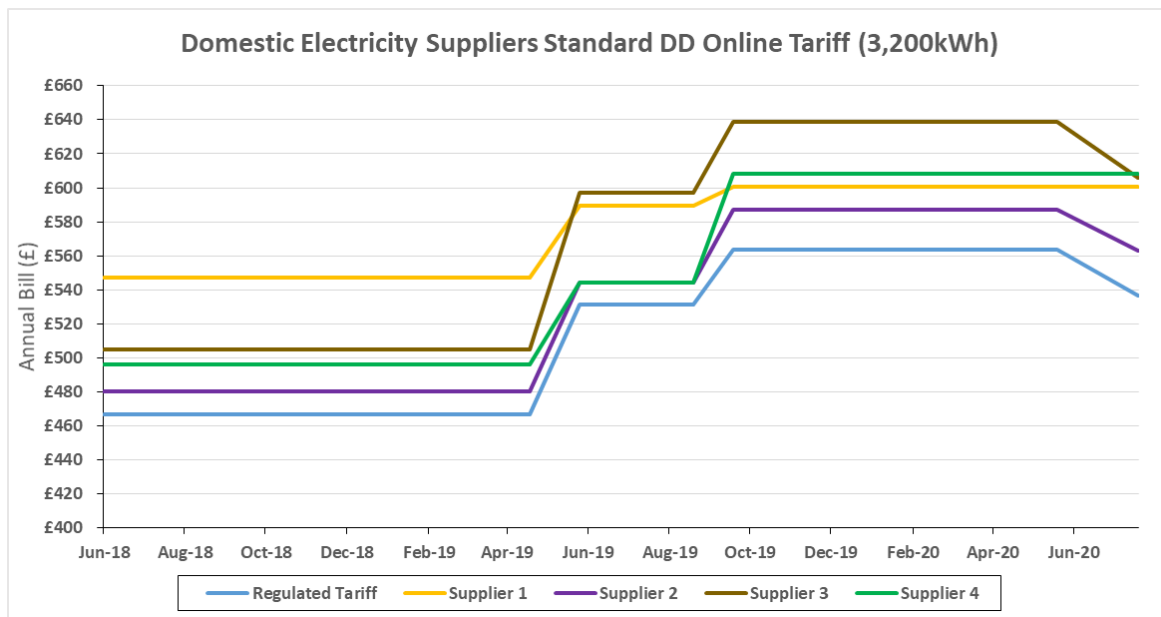


Figure 12: Domestic electricity supplier's standard D/D online tariff June 2018-August 2020 (Source: CCNI Price Comparison Website)

- 6.13 Figure 13 below shows each supplier's cheapest tariff over time. It is worth noting that the tariffs shown below are inclusive of all discounts/credits offered by suppliers, with the exception of referral credit and loyalty bonuses.
- 6.14 Figure 13 shows that the regulated tariff (DD and Online) is closely aligned to the 4 independent supplier's cheapest available tariffs. Since June 2018, the price spread between the average of the regulated tariffs (£544) and the average of the cheapest available tariffs of the 4 independent suppliers including discounts (£528), stood at £16.

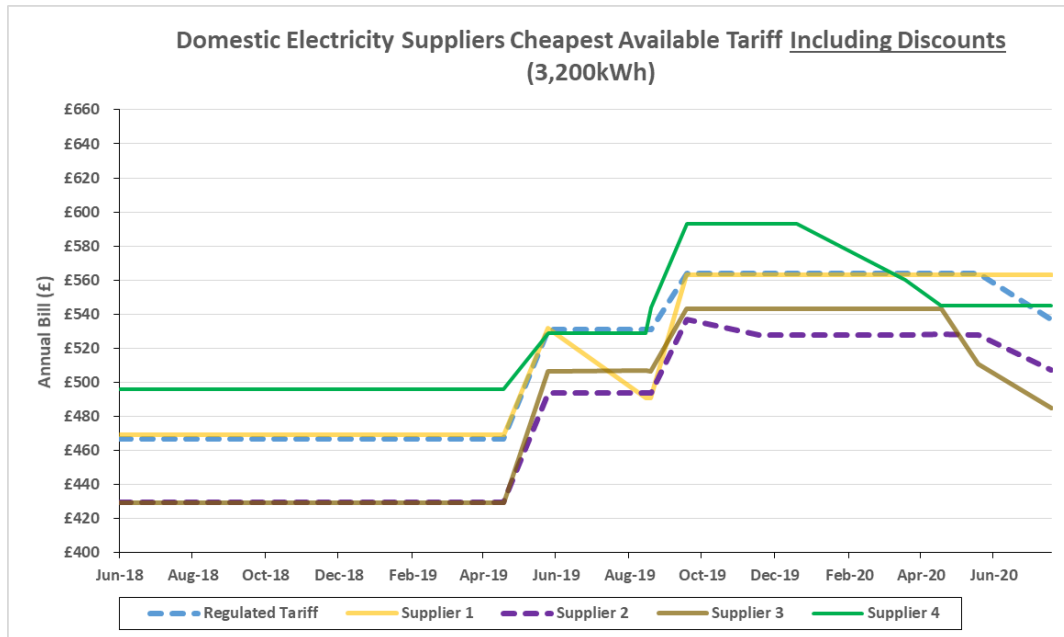


Figure 13: Domestic electricity supplier's cheapest available tariff including discounts June 2018-August 2020 (Source: CCNI Price Comparison Website)

6.15 It is evident from the level of tariff differentials that suppliers can and do differentiate their offers, and they do create a gap between their initial discount offers compared to their SVTs. Excluding the regulated tariff, comparisons of the 4 independent suppliers own offerings show that for the typical household, their SVTs had been on average around £59 more expensive than their cheapest available non-standard tariff (including discounts), since June 2018. For the supplier with the largest differential (Supplier 3), the difference is of the order of £98. This is broken down per supplier in Figure 14.

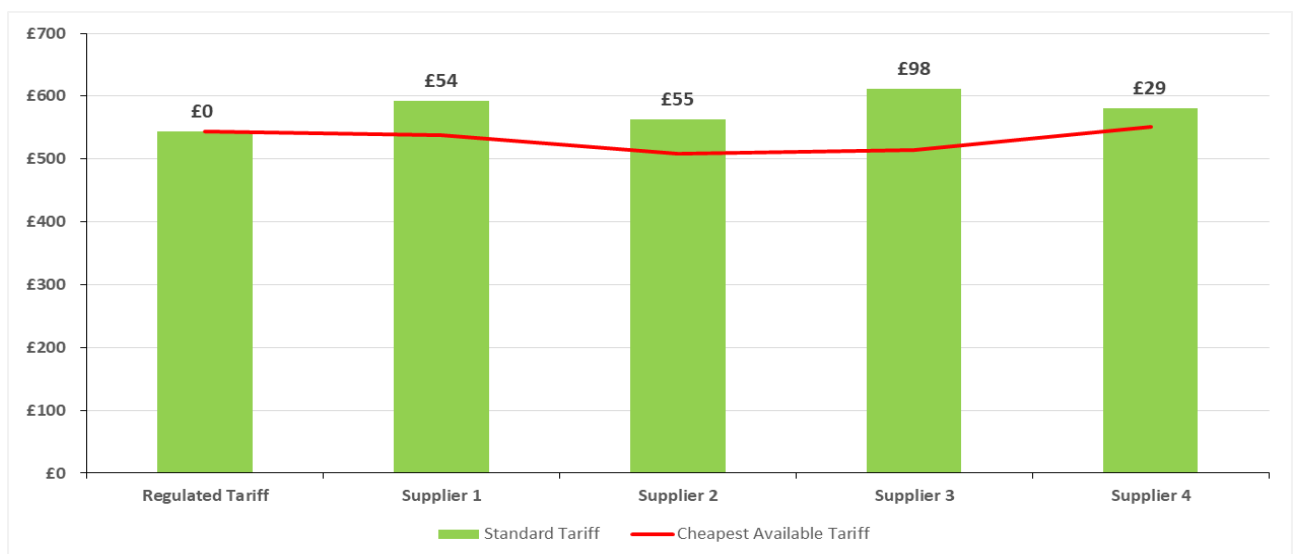


Figure 14: Average difference in average annual bill between standard D/D online tariff and cheapest available tariff (including discounts) across the market June 2018 – August 2020 (Source: CCNI Price Comparison Website)



- 6.16 Unlike the domestic gas market, there are a number of electricity suppliers who predominantly only supply or market to Prepayment (keypad) customers. For this this reason we have also completed the same analysis as shown above for keypad tariffs offered in the electricity market. This can be found in Annex 2.
- 6.17 Table 2 shows the whole of market price differential for non-regulated tariffs. This is the difference between the highest and lowest cost tariffs across all 4 of the independent suppliers, over a 3 year period taken at the month of August 2020. This looks across both SVTs and non-standard tariffs. Although a limited time series, the average price differential since August 2018 was £116 with the differential reaching its highest level, £124, in the most recent period of the analysis, August 2020.

Annual Average Bill with 3,200kWh consumption			
	Aug-18	Aug-19	Aug-20
Price spread between highest and lowest cost offer in the market	£118	£106	£123

Table 2: Difference in highest and lowest cost offers in the market as at August of the last 3 years (2018-2020)

- 6.18 The analysis above shows that in the non-price-regulated sector of the market there appears to be a two-tier retail market, offering some savings to customers able and willing to actively and knowledgeably shop around, but much less for less active customers. **In fact, once a customer reverts to a SVT they are likely to be paying substantially more than when on their discount, and more also than the regulated standard tariff.** Non-standard (discounted) tariffs are generally for a set contract timeframe of 12-24 months. Once this contract has expired customers are generally placed on to the supplier's SVT. To ensure they continue to get the cheapest deal on the market a customer must either engage with their current supplier to renegotiate their energy contract, or compare the market and switch to another supplier. By only switching once and not looking at which tariff is cheapest after the expiration of their non-standard tariff, customers are missing out on potential cost savings.
- 6.19 Assuming a starting point of the regulated tariff, Table 3 illustrates the identified savings or losses attributable to a situation where a customer stayed on the regulated tariff or opted to switch either 1, 2 or 3 times to the cheapest available tariff in the market in June of each year, over the last 3 years (2018-2020). It is worth noting again that the tariffs used in this section



are inclusive of all and any discounts offered (e.g. discount of SVT, a switching bonus). Also, identified losses are recorded as the cost of defaulting to the SVT of the supplier chosen in the previous year versus the regulated tariff in that year.

6.20 Table 3 shows that a customer switching away from the regulated tariff would have to have switched twice over a three year period to ensure a net saving. If a customer had switched to the cheapest available tariff each year for the past three years they could, over the course of the three years, potentially have saved up to £128 on electricity, or £43 per year. Those customers who switched just once in that three year period lost significantly (>£100) compared to staying on the regulated tariff.

Electricity	Year 1	Year 2	Year 3	Net saving/loss
Remain on regulated tariff	£0	£0	£0	£0
One off switch	£37	-£66	-£75	-£104
2 switches	£37	£38	-£23	£52
3 switches	£37	£38	£53	£128

Table 3: Identified savings or losses attributable to a situation where a customer stayed on the regulated tariff or opted to switch either 1, 2 or 3 times to the cheapest available tariff in the market in June of each year, over the last 3 years (2018-2020)

Domestic Gas Market – Greater Belfast

6.21 The following charts show how the regulated tariff has evolved alongside that of the competitor tariff. At this point there are only two gas suppliers in the Greater Belfast market. For price comparison purposes we have taken a typical gas credit (non-prepayment) customer in NI who is:

- on a SVT;
- consumes 12,000kWh / annum;
- receives bills online; and
- pays via direct debit.

6.22 A lack of competition in the Greater Belfast domestic gas market is likely being exacerbated by the incumbent supplier currently offering the market's cheapest tariff. As of April 2020, the regulated tariff was £24 a year cheaper than the competitor tariff for the typical domestic consumer.

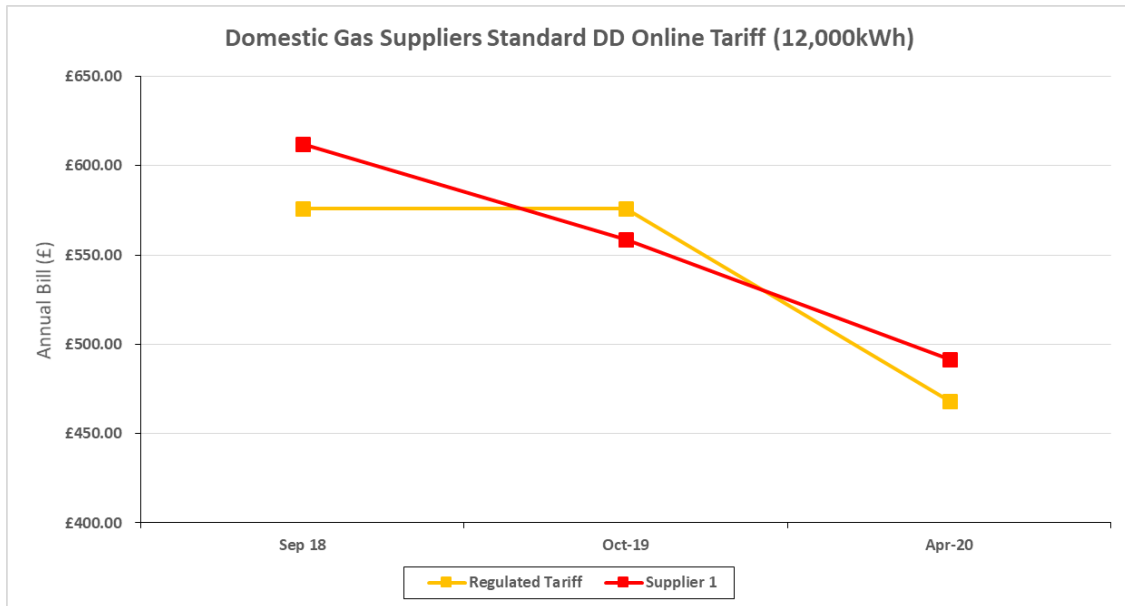


Figure 15: Domestic gas supplier’s standard DD online tariff September 2018-August 2020

- 6.23 Differentials in the domestic gas market appear much narrower than the domestic electricity market. Although a limited time series, the regulated tariff has been £14 cheaper on average since September 2018.
- 6.24 Table 4 illustrates the spread of costs for gas over a three year period taken at the month of September. September 2019 is the only point in this analysis where the competitor tariff has been below that off the regulated tariff.

Annual Average Bill with 12,000kWh consumption			
	Sep-18	Sep-19	Sep-20
Price spread between lowest and highest cost offer in the market	£36	£17	£24

Table 4: Difference in highest and lowest cost offer in the market as at September of the last 3 years (2018-2020)

- 6.25 Assuming a starting point of the regulated tariff, Table 5 illustrates the identified savings or losses attributable to a situation where a customer stayed on the regulated tariff or opted to switch either 1, 2 or 3 times to the cheapest available tariff in the market in September of each year, over the last three years (2018-2020). It is worth noting that no switch was completed in year one as the regulated tariff remained the cheapest. Also, in any given year, identified losses are recorded as the cost of defaulting to the SVT of the supplier chosen in the previous year versus the regulated tariff in that year.



6.26 If a customer had switched to the cheapest available tariff each year for the past three years they could, over the course of the three years, potentially have saved up to £17 on gas or circa £6 per year. Such price differentials are unlikely to be great enough to encourage switching and show the lack of competitive market activity in the domestic gas market in NI.

Gas	Year 1	Year 2	Year 3	Net saving/loss
Remain on regulated tariff	£0	£0	£0	£0
One off switch	£0	£0	£0	£0
2 switches	£0	£17	-£24	-£6
3 switches	£0	£17	£0	£17

Table 5: Identified savings or losses attributable to a situation where a customer stayed on the regulated tariff or opted to switch either 1, 2 or 3 times to the cheapest available tariff in the market in September of each year, over the last 3 years (2018-2020)



7. Conclusions

7.1 This review has assessed the state of competition in the domestic retail energy markets in NI and the associated key consumer outcomes. Following careful review, it is UR's view that customers in NI to date have been served well by the current three-pronged regulatory approach outlined in Section 2. The combination of active market monitoring, price regulation/price transparency requirements, and protection for (especially the vulnerable) vulnerable domestic consumers has delivered in overall terms a good set of outcomes for customers, low benchmarked prices, and a relatively high level of trust and consumer satisfaction.

7.2 The findings for the domestic electricity and gas market are summarised separately into the following categories below; competition, engagement, and pricing.

Competition (Electricity)

7.3 Our research indicates a slow but growing level of competition in the NI domestic electricity market, with new suppliers continuing to enter the market and win market share from the incumbent supplier. However, in the short term at least the future regulatory framework in place should continue taking into account that the domestic market remains highly concentrated around the incumbent supplier—Power NI.

7.4 The number of suppliers per capita compares well with neighbouring energy markets, which suggests that there are limited barriers to entry in the electricity market. However, even markets such as GB with sufficient scale allowing for considerably more suppliers have determined that a cap on the cost of Default Tariffs is still necessary to protect disengaged consumers.

7.5 Given the above and the wider socio-economic factors that impact upon domestic energy consumers in NI, including high vulnerability to price rises and high levels of fuel poverty, it remains unlikely that competitive market forces alone would result in adequate protection (including price) for many customers, including the most vulnerable in society.

Engagement (Electricity)

7.6 The metrics in Sections 4 and 5 suggest that the level of engagement in the domestic electricity market has shown improvement in recent years, but also highlights some areas of concern. Switching has remained fairly steady with an average of 13.5% of customers switching supplier per year; which is comparable with neighbouring markets. When including customers who renegotiated tariffs with their existing supplier that rises to almost one in five



customers (19%) who engage in the market each year.

- 7.7 The number of customers who have never switched continues to fall and now stands at 60%; down from 65% in 2017. However, that rate of decrease is slowing. Therefore, there remains a significant portion of the market that do not or cannot engage in switching supplier. However, the majority of these are customers benefit from the protection afforded by the regulated tariff as they remain customers of the incumbent.
- 7.8 The Domestic Customer Insight Tracker (CIT) identified a number of reasons for this lack of engagement. A significant portion (57%) of those consumers surveyed stated that the main reason for not switching electricity supplier is that they are happy with the current service.
- 7.9 There are also notable increases in the level of disengagement from those who have switched previously, and the number of customers who have not completed a switch within the last three years now stands at 14%, up from 9% in 2017. This suggests an increasing proportion of customers are engaging on a one-off basis and not thereafter, and are potentially being adversely affected by defaulting to more expensive standard rates (SVTs).

Pricing (Electricity)

- 7.10 In recent years, NI domestic electricity customers fared well in terms of price, being consistently ranked amongst the lowest in Europe.
- 7.11 However, in terms of actual tariffs the majority of NI customers are on SVTs which are typically more expensive than their Fixed Term equivalents. Whilst we highlighted in Section 6 that 55% of all domestic electricity customers are still on some form of regulated SVT, it was also found that the regulated tariff was consistently amongst the cheapest SVT in the market in recent years. That has provided a foundation of protection for those 'sticky' customers who are not engaging in switching.
- 7.12 Should a customer factor cash back offers or temporary discounts into their decision to switch, the regulated tariff has rarely been the cheapest when cost is estimated over a one year period. However, Table 3 shows that unless a customer has remained consistently engaged—switching multiple times over several years—there is a risk that customers will actually pay more in the long term for electricity than if they had remained on the regulated tariff. This is because they will have defaulted onto typically more expensive SVTs. This is important, because as is highlighted above an increasing proportion of customers are engaging on a one-off basis and not thereafter. This is an important development, and potential risk leading to consumer harm in the NI domestic Retail market and one likely to require consideration in terms of regulatory policy.



Competition (Gas)

- 7.13 As outlined in Section 2, in 2017, UR performed a full review of the competitiveness of gas markets. UR found low levels of competition which is consistent with the findings of this report. Whilst the gas retail market continues to grow in scale, it is less mature than electricity and is still yet to develop a comparable level of competition. The Ten Towns area remains a monopoly and Greater Belfast still has only two suppliers; and the dominant incumbent supplier—SSE Airtricity—has actually increased its market share since the 2017 review was performed.

Engagement (Gas)

- 7.14 The metrics in Sections 4 and 5 show that the level of engagement in domestic gas market switching has been at a consistently low level in Greater Belfast, averaging at 0.6% of domestic customers per year since 2015. This is considerably lower than was found in the electricity market (13.5%) or in neighbouring gas markets. Even when including customers who renegotiated tariffs with their existing supplier, only 2.2% of customers were found to engage in the market each year on average.
- 7.15 The Domestic Customer Insight Tracker (CIT) also identified a number of reasons for this lack of engagement in the gas market. Again, a significant portion (45%) of those consumers surveyed stated that the main reason for not switching gas supplier is that they are happy with the current service.
- 7.16 The number of customers who have never switched is rising as the market grows, and now stands at 76%. Therefore, there remains a considerable portion of the market that do not or cannot engage in switching supplier, but many still benefit from the protection afforded by the regulated tariff.

Pricing (Gas)

- 7.17 With only two suppliers in the Greater Belfast market and low levels of engagement, price competition, price differentials and diversity of tariffs is much less developed than in the domestic electricity market. This lack of competition in domestic gas market is also likely being exacerbated by the incumbent supplier currently offering the market's cheapest tariff.
- 7.18 However, as with electricity, domestic gas customers in NI have benefited from some of the lowest prices in Europe in recent years. These findings remain consistent with the 2017 review of competition which concluded that customers in NI had been well served by the current regulatory approach and market outcomes, specifically on price. Therefore, it was determined at that time that further future competition in the gas market was to be allowed to emerge organically as the market grows.



8. Policy Implications

- 8.1 As outlined in paragraph 2.4, in order to meet strategic and legislative (including EU Directive) requirements in relation to the domestic energy markets, since the liberalisation of the energy retail markets UR has followed a three-pronged approach to policy.
- 8.2 The findings of this paper indicate that energy customers in NI have been served well by this approach. Furthermore, the concerns that remain over competition and engagement in both the gas and electricity markets highlight the importance of maintaining this approach going forward in order to ensure UR can adequately monitor these concerns on an ongoing basis whilst continuing to protect the interests of customers.
- 8.3 Specifically on supply price controls, it is UR's view that based on the findings of this paper, the regimes are currently fit for purpose and that the interests of consumers are well protected. In electricity, Power NI's market share has gradually decreased yet 'sticky' disengaged customers now form a larger proportion of its customer base. Whilst that remains the case, the regulated tariff provides a level of protection for these customers. The same is true for the less mature gas market where significant competition is yet to fully materialise in any of the supply areas.
- 8.4 As discussed in Paragraph 2.19, the next few years will see significant changes to the retail regulatory landscape as we progress towards the energy transition and implement the new DfE Energy Strategy. The linear relationship between energy customers and their suppliers is likely to change as this progresses, and decisions made independently of the energy transition risk being nullified or reversed in coming years. Therefore, UR must consider whether any significant changes to the regulatory framework can be deferred until they can be considered alongside any wider industry change. UR view on this area is that now is not the correct juncture to make any major changes to the current regulatory approach to retail markets. Rather, it is appropriate to wait for the outcome of the energy strategy and its implementation so further refinement of retail policy can be informed by the new Strategy and the implications of the energy transition.
- 8.5 Therefore, UR has decided to continue to adopt—and assess on an ongoing basis—the approach of:
- **Monitoring, Reporting and Compliance** - Retail/Consumer Market monitoring, reporting and compliance – through the REMM framework; QTR/ATR publications; Consumer surveys; and supplier compliance monitoring and enforcement.



- **Price Controls and Tariffs** - Specific Regulation (Supply price controls; regulated tariffs; business separation) of the price-controlled, dominant suppliers in electricity and gas; together with various work streams aimed at making the retail markets as competitively effective for consumers as possible.
- **General Customer Protection** - Protection of consumers in general, and vulnerable consumers in particular, via the Consumer Protection Programme (and its antecedents), Suppliers Codes of Practice, Supply licence Conditions, etc.

8.6 However, this paper has highlighted several areas of the market where concerns remain; particularly around ‘Sticky’ customers and general disengagement. Therefore, we also intend to pursue a number of currently ongoing workstreams aimed at promoting the modernisation and transparency of the current retail markets. These include:

- **Ensuring Ease of Comparison for Tariffs** –UR is currently undertaking a review of its Domestic Marketing Code of Practice; where we are consulting on the removal of the prohibition on annual bill comparisons. This could encourage the emergence of switching sites in NI; and
- **Facilitating Innovation** – Customers may become more engaged should they be offered a service more suited to their needs. UR is currently planning a project to identify and remove potential barriers to supplier innovation.

8.7 We consider these interventions to be fairly low impact, and their influence on the dynamics of the market will be kept under ongoing review. UR has also not ruled out more significant interventions in future if required.

Comments

8.8 UR welcomes any comments from stakeholders on any of the findings or conclusions detailed within this paper.



Annex 1: Summary of regional household financial resilience (earnings, savings, poverty, over-indebtedness)

The regions with the highest level of economic vulnerability and those that rank consistently poor (based on household financial resilience) are the North East, Wales and NI.

Region	Gross Weekly Pay		Poverty - % below 60%, AHC		Net transfers to household incomes		Households without savings, 2017		Net Financial wealth		Overindebted, 2017		In financial difficulty, or surviving, 2017		Potential Vulnerability (adults), 2017		Average Rank
	Average 2017, £	Rank average 2017, £	AHC 13/14-15/16, %	Rank	%	Rank	%	Rank	Median 2014/16, £	Rank	%	Rank	%	Rank	%	Rank	
South East	665	2	18	1	10	1	8	1	14,300	1	13	3.5	30	1	47	2.5	1.6
East of England	632	3	19	3	7	3	10	3	9,100	3	13	3.5	31	2	48	4	3.1
South West	572	4	19	3	-2	6	10	3	9,400	2	13	3.5	34	3.5	46	1	3.3
East Midlands	527	10	21	6	-1	4	10	3	5,200	5	10	1	34	3.5	50	5	4.7
Scotland	565	5	19	3	-1	5	11	5	4,500	7	13	3.5	35	5.5	54	9	5.4
London	753	1	28	12	9	2	12	6.5	6,600	4	17	10.5	38	8	47	2.5	5.8
Yorkshire and Humber	535	8	22	7	-3	7	14	10	5,100	6	16	8.5	39	10.5	51	6.5	7.9
West Midlands	552	6	24	10.5	-7	11	13	8.5	4,200	8	15	7	35	5.5	52	8	8.1
North West	550	7	23	8.5	-5	8	15	11	3,700	9	16	8.5	38	8	55	10.5	8.8
Wales	530	9	24	10.5	-6	9	13	8.5	3,100	10	17	10.5	38	8	55	10.5	9.5
Northern Ireland	509	12	20	5	-7	10	12	6.5	n/a	n/a	20	12	39	10.5	56	12	9.7
North East	510	11	23	8.5	-13	12	17	12	2,600	11	14	6	40	12	51	6.5	9.9
UK	601		22				12		6,200 (GB)		15				50		



Annex 2: Domestic Electricity Market (Keypad Tariffs)

The 5 NI domestic electricity suppliers all offer keypad tariffs. For price comparison purposes, we have taken a similar approach to that used in Figures 12, 13 and 14 in Section 6 of this paper.

As shown in Figure 1, the regulated SVT keypad tariff has also competed well and since October 2019 has been the cheapest in the market. Between June 2018 and August 2020, the price spread between the average regulated keypad tariff (£563) and the average keypad SVT of the 4 independent suppliers (£580) stood at £17.

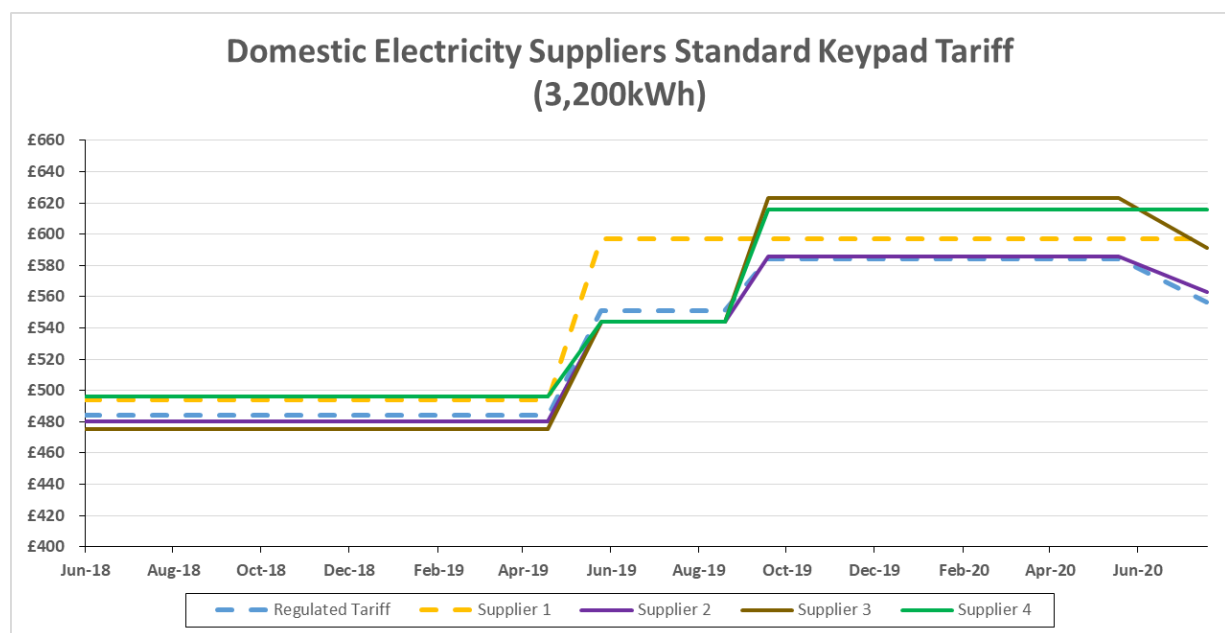


Figure 1: Domestic electricity supplier's standard keypad tariff June 2018-August 2020 (Source: CCNI Price Comparison Website)

Figure 2 below shows that the regulated keypad tariff is also closely aligned to the 4 independent supplier's cheapest available keypad tariffs. Since June 2018, the price spread between the average keypad regulated tariff (£563) and the average of the cheapest available keypad tariffs of the 4 independent suppliers including discounts (£550), stood at £13.

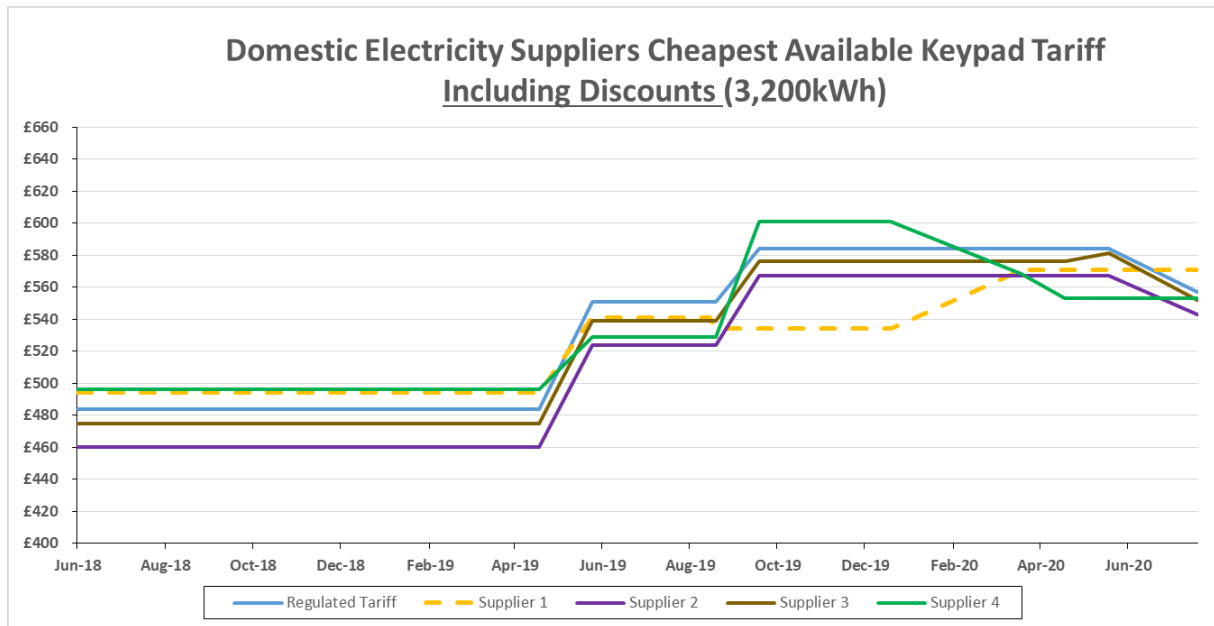


Figure 2: Domestic electricity supplier's cheapest available keypad tariff including discounts June 2018-August 2020
(Source: CCNI Price Comparison Website)

The differentials between keypad tariffs are less than that seen between each supplier's credit tariffs. Excluding the regulated tariff, comparisons of the 4 independent suppliers offerings show that for the typical household, their keypad SVTs had been on average around £32 more expensive than their cheapest available non-standard keypad tariff (including discounts), since June 2018. For the supplier with the largest differential (Supplier 1), the difference is of the order of £47. This is broken down per supplier in Figure 3.



Figure 3: Average difference in annual bill between standard keypad tariff and cheapest available keypad tariff (including discounts) across the market June 2018 – August 2020
(Source: CCNI Price Comparison Website)