



Media Release

15 September 2009

Regulator welcomes further fall in electricity prices

The Utility Regulator today welcomed the news that NIE Energy is to decrease its tariffs by 5 %. This is the second reduction in electricity bills during 2009, following a 10.8% decrease at the start of the year.

Chief Executive, Iain Osborne said:

“Our ongoing scrutiny of tariffs means that consumers feel the benefits of cost reductions in their bills as soon as possible. During 2009, this has meant that electricity bills in Northern Ireland have fallen more quickly than other parts of the UK or the Republic of Ireland”.

“We have worked hard to make sure that bills reflect the cost of providing electricity to Northern Ireland consumers. Falling wholesale costs have been the primary reason for both electricity price decreases during 2009”.

“This 5% reduction in power costs is less than we saw in gas. This is chiefly because consumers already saw two-thirds of the reduction (the 10.8% drop in January), and also because some costs have gone up (e.g. because of falling sales).” (see note 2 below)

Mr Osborne continued:

“There continues to be volatility in the wholesale energy market, and the Utility Regulator will continue to monitor energy costs and act if necessary to secure lower prices for electricity consumers. “

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Notes to Editors

1. The Northern Ireland Authority for Utility Regulation (the Utility Regulator) is the non-Ministerial Government Department responsible for regulating the electricity and gas industries and water and sewerage services in Northern Ireland.
2. While wholesale and generation costs have been reduced by 31%, this does not equate to a similar reduction in consumer electricity bills as the generation costs only made up 72% of the typical electricity bill in October 2008. Therefore the generation cost decrease equates to 22% ($31\% * 72\% = 22\%$) reduction in tariff terms which is made up as follows:
 - 10.8% reduction passed to consumers in January 2009;
 - 5% reduction to come into effect 1st October 2009; and
 - 6.2% offset attributable to additional factors.
3. A Q and A answering key questions on the announcement and a briefing paper explaining electricity tariffs can be found on the Utility Regulator’s website.
4. Media contact Greg Irwin (07794965911).