

Melanie McGinnis  
Economic Policy Unit  
OFMDFM  
Room E5.22  
Castle Buildings  
Stormont  
Belfast  
BT4 3SR

24<sup>th</sup> December 2007

Dear Melanie,

### **BUILDING A BETTER FUTURE – PUBLIC CONSULTATION**

We welcome the opportunity to respond to the above consultation on behalf of both Phoenix Natural Gas and Phoenix Supply Limited.

We support the Executive's five key strategic priorities and would highlight how the availability of natural gas over the past decade has been part of the jigsaw helping to improve Northern Ireland's economic competitiveness in the global market. Natural gas will remain a fundamental cornerstone for the next 40 years or more, helping to underpin Northern Ireland's ongoing economic growth, employment and prosperity.

There are two other main areas of focus in which Phoenix can play an integral role - the reduction of carbon emissions and the eradication of fuel poverty.

Climate change, carbon footprints and energy efficiency are hot topics in the global warming debate and of concern for us all. The evidence from businesses and domestic households in Northern Ireland over the last 10 years has demonstrated significant savings on energy and carbon emissions through their switch to natural gas. Natural gas customers have reduced their emissions of carbon dioxide into the atmosphere by over 1.65 million tonnes to date. A typical household, when converting to modern high-efficiency natural gas heating systems from older heating oil systems, is reducing its heating carbon footprint by more than 50%.

Northern Ireland is therefore at the forefront of the opportunity to accelerate the reduction of the carbon footprint and can continue to contribute to helping the Government reach its climate change targets.

The advance in renewable technology should be embraced but it is much too early for it to be able to deliver the job on its own. Switching to natural gas remains the most economically and environmentally sensible action for today. Natural gas is the bridge to sustainable renewable energy, but that goal is still some decades away.

At present Phoenix Natural Gas is working in partnership with Action Renewables to introduce the installation of Solar Panels alongside the installation of a new natural gas central heating system. We have also been working with Northern Ireland Electricity and other partners in the piloting and development of Domestic Combined Heat & Power, which generates electricity in the home along with hot water, reducing significantly further household carbon emissions.

Another area of great concern and focus for Northern Ireland is fuel poverty. The 2004 House Condition Survey showed fuel poverty levels at 24% of all households. While the 2006 House Condition Survey has yet to report, current speculation indicates a figure even higher than this because of the global rise in costs of fossil fuels.

The Government's strategy is to eradicate fuel poverty in all vulnerable households by 2010 and all households by 2016. Each and all of the three key areas of energy costs, energy efficiency and household income must be addressed by inter-departmental action.

Phoenix contributes to a number of schemes such as Cosy Homes and SNUG schemes. These combine the installation of a natural gas heating system along with improved insulation measures, which significantly improve the efficiency of a household. Furthermore, the SNUG Plus scheme offers an increased grant to allow lower income households to improve the energy efficiency of their home.

Phoenix Natural Gas continues to work alongside the Utility Regulator and DETI to facilitate a competitive natural gas market in Northern Ireland and to maintain the security of the network and gas supply, with the aim of delivering the lowest possible energy costs to consumers.

Yours sincerely,

*Richard Rodgers*

Richard Rodgers  
Business Development Director