



The Centre for
Cross Border Studies

MEDIA WATCH

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ESB targets UK Big Six in consumer energy first

THE ESB will start selling electricity and gas to consumers in England, Scotland and Wales next year.

The decision to enter the British consumer market is arguably one of the biggest strategic decisions ever taken by the ESB, whose chief executive is Pat O'Doherty.

Codenamed Project Arrow, the semi-state's push into the British market will begin with a soft launch in July, and a hard launch next October, it has told potential service providers to its new British business.

The UK energy market is dominated by the 'Big Six' suppliers, including Centrica, which owns Bord Gáis Energy in Ireland, and SSE, which owns Airtricity.

But there are 50 gas and electricity suppliers in the consumer market there, including many smaller operators.

The ESB, whose retail arm here is called Electric Ireland, already has a UK presence, but only in transmission and electricity generation.

It owns NIE Networks, having bought that business in 2010 for over £1bn ((EURO)1.2bn). NIE Networks employs around 1,300 people but owns and manages transmission infrastructure rather than having a retail customer base.

Power NI, which was once part of NIE, was not part of the sale to the ESB. Power NI is owned by Viridian, which was itself sold earlier this year to US investment group I Squared Capital for about (EURO)1bn. Viridian also owns Energia in Ireland.

The ESB also owns power stations in Britain, including the 884MW Carrington plant outside Manchester that was commissioned this year. That cost over (EURO)700m and can generate enough electricity to power one million homes. The ESB also owns the 350MW Corby power plant in Northamptonshire, as well as two windfarms in England and one in Wales.

It also owns a stake in a €200m-plus biomass power generating plant in Essex that's due to be operational from next year.

In a statement to the Irish Independent, the ESB insisted that its Project Arrow is at a "very early stage" despite having pencilled in a launch date, and that it is just "one of the opportunities being explored" to position the company competitively in the emerging all-islands energy market.

The UK's Competition and Markets Authority finalised a two-year probe into Britain's energy market during the summer.

It now aims to make the market more competitive and encourage people to switch providers. The measures it introduced include a price cap on power provided on pre-pay meters.

The UK's energy regulator, Ofgem, said last week that in the first nine months of 2016, 5.5m consumer energy accounts were switched to new providers. That was a 28pc increase on the corresponding period in 2015.

The level of switching activity in the first nine months of 2016 was the highest in four years.

There has been speculation that the UK Government might also intervene in the market to tackle high energy prices.

The ESB is currently seeking a company to undertake residential gas and electricity meter-reading activities for it in Britain.

The four-year contract is set to begin early next year.

The ESB made an operating profit of (EURO)287m in the first half of 2016, and paid (EURO)31m in dividends to the State during the period.

Source: The Irish Independent

December 5, 2016

Shoppers to benefit from weak pound

A weak pound and pressure on retailers to offer bigger discounts mean Irish consumers can expect to get better value this Christmas than last as households look set to significantly up their spending.

According to the Christmas Retail Monitor from Retail Ireland, Irish consumers will spend an average of almost EUR 2,600 in December, up EUR 720 on any other month of the year and a slight increase on December 2015.

The monitor also reports that spending this December is likely to total EUR 4.21 billion, up from EUR 4.05 billion in 2015. It suggests that key indicators pointed to retail prices remaining low as a result of aggressive competition.

The Ibec group which represents the retail sector said the challenge for Irish shops this Christmas was to ensure spending buoyancy is felt locally. It said consumer prices had fallen every month since the Brexit vote as currency shifts influenced retailers' pricing strategies.

While prices are falling, there has been a rise in disposable income across the economy with gross income up 1.8 per cent in the first half of 2016, having grown 5.3 per cent in 2015.

With goods prices in the first 10 months of this year down 8.5 per cent on the same period three years ago and the labour market improving, consumers should be in a stronger position to spend when compared to last Christmas, the monitor says.

In the third quarter of the year, the employment market topped two million - the highest level of employment recorded since the end of 2008 and the number of people in work today is almost 3 per cent higher than it was last Christmas.

The monitor also highlights significant growth in ecommerce transactions in the run-up to Christmas, with Central Bank statistics showing ecommerce transactions recorded on Irish debit and credit cards up 20 per cent from EUR 1 billion to EUR 1.2 billion between July and September as the value of sterling fell.

"The next few weeks are by far the most important trading period of the year," said Retail Ireland director Thomas Burke. "While retail sales growth has softened in recent weeks, retailers remain optimistic."

"Currency pressures and a drop in consumer sentiment have made recent months difficult for many retailers. But the retail sector's challenge is the consumer's opportunity," said Mr Burke.

A separate survey from the AA suggested an increased number of shoppers in the Republic were set to cross the Border or go online in search of bargains priced in sterling this Christmas. Northern Ireland and the UK were the top destinations, with 12 per cent planning a trip to Northern Ireland and a further 5.3 per cent intending to visit Great Britain.

Source: The Irish Times

December 6, 2016

Post-Brexit recession will hit N Ireland harder, Mairtin O Muilleoir warns

A post-Brexit recession will hit Northern Ireland harder and longer than the rest of the UK, Mairtin O Muilleoir has warned.

The Stormont Finance Minister also cautioned that anyone believing London will plug a European funding hole in the region - running into hundreds of millions - must "believe in fairies".

Mr O Muilleoir made his remarks before a parliamentary committee in Dublin investigating the expected impact of Brexit on jobs and the economy across the island.

"At the minute, north of the border, we are staring into this Brexit black hole," he told the hearing.

"I see no economic opportunity, no cultural opportunity, no opportunities for community uplift, and no opportunities for peace-building in a Brexit."

Flagging Chancellor Philip Hammond's forecast that the decision to leave the EU would cost the UK £60 billion, Mr O Muilleoir predicted Northern Ireland would be worse hit than regions across the Irish Sea.

"All those negative impacts will be magnified north of the border," he said.

"The recession and the downturn predicted in Britain will be worse north of the border and will last longer."

The finance minister said it was incumbent on politicians north and south to work together to mitigate the looming problems.

Some sort of "special case or special status" must be secured for Northern Ireland, which allows it to continue to enjoy the benefits of EU membership in the times ahead, he told the committee.

"The people north of the border want to continue to enjoy the bounty of Europe," he said.

A 56% majority of Northern Ireland voters backed the Remain camp in last June's in/out referendum.

However, the region's largest party, the DUP, supported Leave and has insisted the overall UK result is what counts.

Stormont Infrastructure Minister Chris Hazzard said the decision to "drag" Northern Ireland out of the EU with the rest of the UK is profoundly undemocratic.

Before the same hearing, he said: "The unilateral decision being taken at this time by the British government to withdraw from membership of the EU and drag the North of Ireland with it without our consent, is both disastrous and profoundly undemocratic."

Mr Hazzard also said it was essential to argue the case in Brexit negotiations with the EU for a designated special status for Northern Ireland within the EU.

Source: The Belfast Telegraph

November 30, 2016

Building a city region on both sides of Border to fight Brexit; Donegal joins forces with Derry and Strabane in new economic alliance

Donegal may be just a backdrop in the next *Star Wars* blockbuster, but this week it will unveil details of a new alliance it hopes will secure its economic survival in the forthcoming Brexit battle.

Donegal County Council has joined forces with Derry City and Strabane District Council to create the North West Regional Development Group to promote the region's resources and its potential under one all-inclusive body.

Today it holds its first Brexit summit in Burt, on the Donegal border.

Seamus Neely, chief executive of Donegal County Council, said both councils were keen to bring stakeholders in the area, North and South, together to plan for the challenges that Brexit will bring and, more importantly, to develop a united response to them.

The summit will share new "hard data" from the University of Ulster on what the UK's departure from the EU could mean for the northwest, not least the fact it "faces an internal and an external Brexit issue - cross-Border and off-island flows".

Derry City and Strabane District Council chief executive John Kelpie said the initiative was just one example of the well-established working relationship that exists between the two councils.

Kelpie says that, while Brexit may have brought this into sharper focus, there is a long history of co-operation where both councils have worked together with great success on mutually beneficial projects in key areas from

education to health and the regional economy. Kelpie says, the key objectives of new group revolve around three "pillars" that are mutually beneficial for everyone who lives locally - economic growth and investment; physical/environmental development; and social, community cohesion and wellbeing.

"People in the northwest don't see a Border, they move round freely, sometimes five or six times a day. You only have to look at the number of Donegal-registered cars in Derry city or the northern licence plates in Letterkenny to see how integrated our lives are, and at a local level this is central and vital to everyday life."

Against the backdrop of Brexit, both he and Neely warn that the "huge interdependency of one side with another" must be recognised at regional, national and international levels.

Kelpie says what this interdependency also means is that, while Brexit is an acknowledged problem, there may also be new opportunities that the northwest can embrace.

"Derry/Londonderry is the fourth big city region on this island, but we are the only city that straddles an international border. That adds another layer of complexity. And in terms of progress, even before the Brexit issue, this is a city region that has not achieved its full potential when you compare it to Dublin, Cork or Belfast, and that is because we have never had a coherent city region.

"Our ambition is to build a city region that is a positive contributor to both sides of the Border and Brexit is now one of the risks that needs to be managed, so we have to be proactive," Kelpie adds. Both he and Neely are adamant that the free movement of people and services between Donegal and Derry city/Strabane is crucial to their respective economic futures post-Brexit, as are issues such as the infrastructure deficit in the northwest.

Both councils participated in a trade mission to Boston last month. The mission focused not on promoting one side above the other, or trying to poach potential new FDI projects from either side, but on two councils working together for the good of their respective communities. There may be a valuable lesson there for others in the North and potentially the South to heed.

Or as Yoda himself might say: "Feel the force."

Source: The Irish Times