29 September 2016 – PRESS RELEASE

“A Solid Year of Progress” – Mutual Energy

Mutual Energy Limited (MEL), owners and operators of the Scotland-Northern Ireland Gas Pipeline (SNIP), Belfast Gas Transmission Pipeline and Moyle Electricity Interconnector has just published its 2015/16 Annual Report which was presented today to the company’s Annual General Meeting in Belfast. The locally based, mutualised, company is reporting on its eleventh full year of operation.

The company reported a strong increase in turnover to £68.1m (2015 £57.7m) a rise of 18.8% year on year. Like for like operating costs rose by 1.7% to £42.1m over the same period. However profit at the company moved from a £1.5m profit in 2015 to a loss of £28.6m. This was almost entirely due to the treatment of the project to replace the Moyle Interconnector subsea cables as a repair and to therefore assign an impairment cost of £55.5m to the profit and loss account, reflecting a loss to the company which will not be passed on to consumers.

Welcoming the Annual Report, Mutual Energy chair Regina Finn said,

“2015/2016 has been a busy year for Mutual Energy with significant milestones achieved in both our electricity and gas businesses. We are approaching completion of the cable replacement project for the Moyle electricity interconnector, which will restore it to full operational capacity before the end of the year, and we are working to ensure that its value to customers is fully recognised in the new structures of the Integrated Single Electricity Market (I-SEM)”

Ms Finn continued,
“On the gas side of the business, our main assets have performed well in 2015/16. Also, following our success in the competition to deliver natural gas to the west of Northern Ireland we have been working hard with our partners, SGN, to deliver the project on the ground. All necessary consents have been obtained for the first phase between Derry/Londonderry and Strabane and we expect gas to be available to consumers in Strabane from next month. Assuming the relevant consents are obtained as planned we are confident that most of the rest of the new western transmission network will be completed in 2018.

Although Mutual Energy will not be distributing or supplying gas to customers we are delighted that gas is soon to become available to thousands more businesses and households and that the major gas transmission pipeline that serves this new network will be another significant addition to our business.”

The Mutual Energy chair concluded:

“We are pleased that our overall financial strength enables us to deliver on our business strategy. That strategy continues to be the efficient management of critical energy assets within Northern Ireland and between Great Britain and Northern Ireland, in the best interests of Northern Ireland consumers.

Mutual Energy Chief Executive Paddy Larkin added:

“As a Group we have had a very strong year and the apparent reversal from profit last year to losses this year as a result of the accounting treatment of the Moyle project should not detract attention away from the underlying strength and profitability of the business. Also it should be noted that we can meet much of the impairment charge from our own accumulated cash reserves – ie without passing the burden on to customers. We look forward to building on the progress made this year.”

Mr Larkin continued:
“Last year at this time I signalled the challenges ahead in our business environment, particularly, EU-driven change in the design of electricity and gas markets across Europe. Despite the uncertainty now presented by ‘Brexit’ we have engaged fully in this process and are confident that we will achieve outcomes that are in the best interests of consumers.

I remain confident that Mutual Energy, including staff and contracting partners, are well positioned to tackle the challenges that lie ahead and to bring further benefits of mutualisation to Northern Ireland’s energy consumers”.

ENDS

Notes:

1. The Mutual Energy AGM took place on Thursday 29th September at 3.00pm in the Rotunda suite at the Europa Hotel in Belfast. The MEL 2016 Annual Report and Accounts is available on the company’s website www.mutual-energy.com.

2. For further information contact Michael McKernan, Lagan Consulting 028 9261 9550.