



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Discussion Paper on the future of the Gas Retail Regime in Northern Ireland and the Republic of Ireland

October, 2008



Table of Contents

1	Introduction	3
2	Background.....	5
3	Legislation and licences	9
4	Market Processes	12
5	Business Processes.....	15
6	Tariffs.....	17
7	Supplier of last resort	19
8	Next steps.....	20
9	Appendix: Comparison of NI & ROI Gas Retail Markets.....	21

1 Introduction

In April of this year the Regulatory Authorities in Northern Ireland (NI) and the Republic of Ireland (RoI) agreed a Memorandum of Understanding (MoU) in relation to Common Arrangements for Gas (CAG) under the All-island Energy market Development Framework. The vision outlined in the MoU is for variations in the price and conditions on which gas is bought and sold to be determined by market conditions and economics, not by variations in regulatory arrangements. The MoU outlines the commitments made by both jurisdictions to achieving this vision with the ultimate aim of ensuring benefits accrue to customers from any decisions made in relation to the future development of the gas market in Northern Ireland and the Republic of Ireland.

This paper is seeking views on the high level issues related to the development of a possible framework for the retail gas market in Northern Ireland and the Republic of Ireland. In Northern Ireland a consultation has already taken place in relation to retail gas and electricity competition¹, and the outcome of this consultation will be considered alongside this work stream. In addition, the Regulatory Authorities published a Discussion Paper on the Options for the Gas Operational Regime on 21st May, 2008. This set out the options associated with an operational system. The discussions in that paper are outside the scope of this work stream, however, respondents should give consideration to the possible operational regimes in which the retail market could operate.

Sections 3 to 8 in this paper briefly outline some of the key issues for consideration if a retail framework was to be developed for Northern Ireland or the Republic of Ireland. Consultees are asked to consider if any other issues should be included in each section and additional suggestions or comments are welcome.

It is the intention of the Regulatory Authorities to publish all responses, therefore any confidential responses should be clearly marked as such and, where possible, placed in a separate annex of your response.

¹ (2008) Consultation on Electricity and Gas Retail Market Competition in Northern Ireland.

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2 Background

Since 2007 the gas market in the Republic of Ireland and Northern Ireland has been fully opened which in theory enables all domestic and non-domestic customers to choose their supplier. To further facilitate market opening in the Republic of Ireland a new IT infrastructure, Gas MaP, is being put in place for the NDM sector and a new Pre-Payment Metering (PPM) system is being rolled out nationally in conjunction with Gas MaP. Both Gas MaP and PPM will go-live later this year. In Northern Ireland within the greater Belfast area competition is beginning to emerge in the non-domestic sector where there are now three gas suppliers. However, domestic consumers in this area have only one gas supplier Phoenix Supply Ltd. For ten towns outside of the greater Belfast area firmus Energy has exclusivity. This exclusivity applies for eight years to sites with an annual quantity greater than 0.73GWh and for five years to sites with an annual quantity less than 0.73GWh. While currently outside the competitive market these ten towns will enter the competitive market in the future, as such, arrangements in the ten towns fall within the scope of this work stream.

In the context of facilitating competition and enabling suppliers to seamlessly operate in Northern Ireland or the Republic of Ireland the first step was to examine the differences between the retail markets in the Republic of Ireland and Northern Ireland. On 16th April, 2008 a joint meeting of the GMARG and GMOG² was held to discuss this issue. A paper outlining the issues discussed during the meeting was circulated to industry for consideration and was then updated to reflect the comments received and is appended to this paper.

2.1 Purpose

It is proposed that the next step will be to consider the high level issues for the future development of a retail gas market in Northern Ireland and the Republic of Ireland including the possible impact of CAG and the facilitation of competition from suppliers in Great Britain and wider European players. You are asked to comment on the scope of the study. It is

² The Gas Market Arrangements Group (GMARG) is the industry forum in the Republic of Ireland which meets monthly to discuss retail and distribution procedures and issues. The Gas Market Opening Group (GMOG) is the industry forum in Northern Ireland which generally meets quarterly to discuss market opening arrangements.

suggested that the study should examine the key issues in the current gas market, problems which need to be addressed and then the high level options for the development of the gas retail market in the future. The proposed steps in the exercise are contained in section 8.

2.2 Aim

The aim of developing a retail framework for Northern Ireland and the Republic of Ireland is to improve the current procedures and systems in the retail gas markets in Northern Ireland and the Republic of Ireland to facilitate competition and in doing so to benefit the end consumer through a better quality of service at a fair and competitive price. We also have to be cognisant of the SEM arrangements for electricity alignment between gas and electricity and will consider the opportunities for working together. We therefore, welcome suggestions on where there could be alignment.

2.3 Principles

The following are the proposed principles underlying the work stream. The principles have been derived from the CAG MoU and consultees are asked to consider each and to suggest any amendments or alternative principles.

- To work to establish All-Island Common Arrangements for Gas where the benefits of change would outweigh any additional costs.
- To establish a framework that will bring net benefits to end customers.
- To develop arrangements that best addresses the needs of the gas market in Northern Ireland and the Republic of Ireland.
- To ensure that any arrangements within the framework do not adversely impact upon gas regulation and the retail gas industry in the Republic of Ireland and Northern Ireland.
- To improve retail competition in both jurisdictions.

2.4 Objectives

Consultees are asked for their views on the following objectives of the study which have been outlined for consideration.

- Reduction of barriers to entry by 2015.
- Improvement in the efficiencies of processes in the retail market by 2015.
- To enable shippers and suppliers including new entrants to operate seamlessly on an all-island basis.
- To identify the long-term needs of the retail gas market in the Republic of Ireland and Northern Ireland to ensure that any arrangements put in place will take into consideration the results of the cost benefit analysis conducted in accordance with HM Treasury guidance:³
- The arrangements put in place as part of this project should overall not adversely impact on the retail markets in Northern Ireland or the Republic of Ireland.
- The framework should put in place arrangements that are in accordance with European best practice.

2.5 Cost Benefit Analysis

In order to consider the most appropriate option for the future retail framework the possible options will be assessed against monetary and non-monetary criteria including a Cost Benefit Analysis (CBA). A suggested timetable for the study is included in section 8 and consultees are asked to consider what is the most appropriate stage for completing the CBA i.e. should the CBA be included in the options paper or should the CBA be completed after the consultation on the options paper?

Views are also sought from consultees on the high level options for developing a future retail framework in Northern Ireland and the Republic of Ireland. For example, one

³ HM Treasury (2003) Green Book, Appraisal and Evaluation in Central Government

option could be the harmonisation of the gas retail processes and systems in Northern Ireland and the Republic of Ireland. A further option could include alignment with the retail market processes in Great Britain. The ultimate aim is to develop an option that will improve the working of the retail markets to ensure consumers receive an improved service as measured by monetary and non-monetary criteria.

3 Legislation and licences

In Northern Ireland the Utility Regulator's statutory duties are set out in Article 14 of the Energy (Northern Ireland) Order 2003. As outlined in the Energy Order the Utility Regulator's principal objective is to promote the development of an economic and efficient industry in Northern Ireland. The Gas (Northern Ireland) Order 1996 is the primary legislation which outlines the conditions for issuing gas licences, modifying gas licences, meters and acquisition of land.

In the Republic of Ireland the Electricity Regulation Act, 1999 establishes the Commission for Energy Regulation and sets out its statutory functions; the gas (Interim) (Regulation) Act, 2002 extends the Commission's responsibility to the regulation of natural gas. These functions include the promotion of competition, and protecting the interests of final customers. In the Republic of Ireland the Commission's statutory duties in relation to gas licensing are set out in Section 16 of the Gas (Interim) (Regulation) Act, 2002, as amended by SI No. 760 of 2005.

The main issues relating to licences have been identified as:

- Current range of licences in Northern Ireland and the Republic of Ireland
- Legislative changes

Consultees are asked to consider what they regard as the key high level issues which should be considered when developing a retail framework.

3.1 Current range of licences in Northern Ireland and the Republic of Ireland

In Northern Ireland there are nine gas supply licence holders of which there are seven active suppliers. In the Greater Belfast area there are three gas licence holders, however, only one licence holder supplies domestic customers. Outside of the greater Belfast area one licence holder has exclusivity to supply gas to domestic and non-domestic customers in ten towns. In addition to the supply licences there are two distribution licence holders and three transmission licence holders.

In the Republic of Ireland there are five shippers/suppliers active in the retail market, a further three have been recently issued with shipping/supply licences, and there are a number of other licensed shippers who ship for their own purposes. Currently, there are two suppliers in the domestic market; however the Commission is aware of interest in entering the domestic sector from other suppliers. Gaslink is the independent system operator for the transmission and distribution systems. In the Republic of Ireland the Commission for Energy Regulation (CER) has historically issued a joint shipping/supply licence but is now in the process of separating this into two distinct licences; a supply licence and a shipping licence.

In addition, to the status quo of retaining the current licensing procedure in Northern Ireland and the Republic of Ireland there is the option of harmonising the range of licences to make the process more transparent and simpler for those entering the all-island gas supply market. Consideration may also be given to the licensing regime in Great Britain. In Northern Ireland the supply licence incorporates some conditions relevant to a shipper and these would have to be separated out if there were separate supplier and shipper licences.

3.2 Legislative changes

Depending upon the option chosen for the gas retail framework in Northern Ireland and the Republic of Ireland there may be legal implications. For example, if there was to be common arrangements for the gas licensing regimes in Northern Ireland and the Republic of Ireland or alternatively with Great Britain there may have to be a change in the primary legislation in each jurisdiction and possibly the issuing of new licences to all existing licence holders in Northern Ireland and the Republic of Ireland. Some of the more detailed issues could include whether there would be one set of licences for Northern Ireland and the Republic of Ireland or if alternatively there should be common licensing processes in both jurisdictions but separate licences.

One step that may require minimal changes to the existing legislation is to harmonise the licence application procedures and criteria in both jurisdictions. This would make the application process simpler for gas suppliers interested in supplying the all island gas market.

- Q1. What in your view are the key legal issues for consideration in developing a gas retail framework for Northern Ireland and the Republic of Ireland?
- Q2. Do you think the licensing regimes should be harmonised/not harmonised in Northern Ireland and the Republic of Ireland or with Great Britain (please provide a rationale for your answer)?
- Q.3 What are your views on the implications of separate shipping and supply licences?

4 Market Processes

The following key market processes have been identified for consideration and consultees are asked if any additional processes should be considered.

- Scope
- Key processes - change of supplier
- Network codes

4.1 Scope

When considering the development of a new retail framework one area considered to be key is market processes and the regulations for modifying these processes. In the Republic of Ireland almost forty distinct market processes have been identified and there is a range of market processes in Northern Ireland. This paper does not attempt to discuss these market processes individually but to highlight some of the key ones. At the end of section 4 some questions are asked to seek the views of consultees regarding what they would identify as the key market processes. Consultees are also asked to identify any shortfalls in the existing systems, suggestions for improving the processes.

4.2 Key processes - change of supplier

One process that has been identified as important is the change of supplier (CoS) process which if it does not operate smoothly has the potential to stifle competition. In Northern Ireland the CoS process is a manual process conducted via e-mail between both suppliers and Phoenix Natural Gas Ltd. Whether the CoS should continue to be a manual process or change to a fully automated system is an issue which views are sought in section 5. The process currently operating in Northern Ireland and in the Republic of Ireland is outlined for consideration and comment.

In Northern Ireland there is a minimum period of 15 business days for CoS to take place and a maximum of three months notice can be given to the incoming supplier as outlined in the supply meter point objection code. The outgoing supplier can prevent an industrial or

commercial customer switching supplier if the customer has an existing debt with the outgoing supplier. In the case of domestic customers the Utility Regulator has made the decision that the existing supplier cannot prevent a customer switching supplier even if that customer has existing debt with them.

In the Republic of Ireland CoS is an automated process facilitated through the Gas Point Registration Operator (GPRO), the GPRO function is the responsibility of Gaslink. The outgoing shipper has no involvement in the process and is notified when the CoS has taken effect. In the NDM market the IUS IT system facilitates the automated process; this will be done through Gas MaP after 1st December. The incoming supplier submits a CoS request with an actual meter read, it is an overnight process, the GPRO validates the request and the CoS takes effect the following day. In the DM market a different I.T. system is used, GTMS. The incoming supplier must give 10 day's notice for the CoS and the CoS takes effect on the first calendar day of the month.

4.3 Network codes

In the Republic of Ireland transmission, distribution and retail arrangements and processes are set out in the Unified Code of Operations. Any market participant can raise a change to the Code, a process or a procedure and any such proposal requires the approval of the Commission. Changes to market processes and procedures are discussed at the GMARG. Changes agreed at GMARG that require a Code modification are progressed to the Code Modification Forum. As a general rule issues arising in the Code Modification Forum are generally related to transmission and wholesale issues and the GMARG deals with distribution and retail issues.

In Northern Ireland there are three separate transmission codes and a distribution code. The distribution code includes the related retail market processes and procedures. The distribution code relates to the Greater Belfast area. When a market participant requests a code change the industry is consulted on the change and the Utility Regulator will decide whether to approve the code.

- Q1. Which market processes do you consider are the key processes? To what extent should processes be considered for harmonisation?
- Q2. What are respondent's views on a single Distribution code which set out the retail market processes and procedures, for the island?
- Q3. From the perspective of the retail market, should there be a single unified code of operations (including transmission, distribution and retail processes) for the island?
- Q4. What are respondents' views on separate Distribution codes and retail processes? Do you think changes to these codes could be managed on an on-going basis while maintaining consistency between them?

5 Business Processes

- Communications
- IT arrangements
- Metering services

5.1 Communications

For the smooth operation of the retail markets within Northern Ireland and the Republic of Ireland and to facilitate competition from other jurisdictions information needs to be communicated in a timely and cost-effective manner. In practice the Republic of Ireland and Great Britain have two different IT systems and Northern Ireland does not have an automated system. Consultees are asked for their views on the rationale for one interface for market processes and database information in Northern Ireland and the Republic of Ireland and/or alignment with Great Britain. As any reform of the gas retail communication systems in the Republic of Ireland and Northern Ireland should provide benefits to suppliers and the end customer consultees are asked to comment on the benefits and costs of creating a single interface for market processes and database information.

5.2 IT arrangements

Currently market processes in the Republic of Ireland are systematised; suppliers communicate with the Transporter through the Integrated Utility System (IUS). From December, 2008 the NDM gas market will use Gas Market and Processes (Gas MaP) System. All market processes such as change of shipper, site works, etc. will be processed through market messages sent through the Gas MaP system. Currently in Northern Ireland market processes are processed manually by the Distribution System operator (DSO). Consultees are asked for their views on what route Northern Ireland should take; should it adopt an automated system and should this be a bespoke IT system or the IT system implemented by the Republic of Ireland or Great Britain? If an IT system is chosen for Northern Ireland it would have to provide value for money and consultees are asked to consider the benefits and costs associated with implementing such a system.

5.3 Metering services

One of the key differences between the retail markets is the provision of metering services. In the Republic of Ireland there is a single provider of metering services for the industry. This function is the responsibility of the System Operator, and they provide all meter reads, estimates in relation to consumption and capacity, and site works (such as meter locks etc.). In Northern Ireland metering services is a competitive activity and it is the supplier's responsibility to secure meter reads for its customers. In the Greater Belfast area there is relatively little competition, consequently the two suppliers with the smaller market share have to arrange for their parent company to read their meters and they do not enjoy the same economies of scale for meter reading as the incumbent supplier.

The implication of different metering services in the Republic of Ireland and Northern Ireland is that both markets will remain structurally different and thus suppliers will have to adjust their operations to serve both jurisdictions.

Consultees are invited to consider the following more detailed questions:

- Q1. Should a single IT interface for suppliers be considered as part of Retail Market Alignment? Should compatibility with GB systems be considered?
- Q2. Would there be a benefit to systematising market processes in Northern Ireland?
- Q3. Who should have responsibility for ensuring meter reading and other siteworks are carried out?
- Q4. Should metering services be permitted to be provided on a competitive basis by multiple providers on the island?
- Q5. Should a single meter services provider be appointed for the island?

6 Tariffs

- Structure
- Regulation
- Tariff year

6.1 Structure

Currently in both Northern Ireland and the Republic of Ireland the tariffs set for retail gas are regulated. The bands to which the tariffs are applied are outlined as follows.

In the Republic of Ireland BGE's supply tariffs are regulated by the Commission and there are four bands:

- Non-Daily Metered: Annual quantity (AQ) less than 5.5 GWh
- Fuel Variation Tariff: NDM with AQ greater than 0.73 GWh & SPC greater than 3,750 kWh
- Regulated Tariff Formula: consumption between 5.5 GWh and 264 GWh per annum
- Unregulated: consumption greater than 264 GWh

In Northern Ireland the supply tariffs set by Phoenix are regulated and the tariff structure is as follows:

- Tariff Domestic: Owner Occupier <0.07GWh
- Tariff Domestic: New build <0.07 GWh
- Tariff Domestic: N.I.H.E. <0.07 GWh
- Tariff Industrial and Commercial <0.07 GWh
- Tariff Industrial and Commercial 0.07-0.73 GWh
- Firm Industrial and Commercial 0.73-2.20 GWh
- Firm Industrial and Commercial >2.20 GWh
- Interruptible Industrial and Commercial >2.20 GWh

The DM threshold in Northern Ireland is 2.20 GWh as opposed to 5.5 GWh in the Republic of Ireland.

Views are sought as to whether the current tariff bands are suitable and in particular the limits of the unregulated band.

6.2 Regulation

In Northern Ireland the tariffs are regulated for all customers with an annual consumption below 0.73 GWh. In the greater Belfast area the supply tariffs for Phoenix Supply Ltd. are usually set from 1st May to 30th April, although revisions may take place at anytime following consultation with the Utility Regulator, DETI and the Consumer Council. The distribution tariffs are calculated for a calendar year.

The tariffs set by firmus who have exclusivity for ten towns outside of the Greater Belfast area have been capped by the Utility Regulator until 1st January 2009. The distribution charges in Northern Ireland are also regulated. A price control was undertaken for Phoenix Distribution Ltd. in 2007/2008 and prices have been set until 2009/2010. A distribution price control is currently being undertaken for firmus. In the Republic of Ireland the NDM tariffs are typically set at the beginning of each Gas Year although revisions may take place at anytime at the discretion of the Commission.

- Q1. Is there a rationale for harmonising the customer categories in Northern Ireland and the Republic of Ireland (please explain)? What should these categories be?
- Q2. If regulated tariffs were to remain unaligned would this impact upon shippers/suppliers ability to operate easily in both jurisdictions (please explain)?
- Q3. What is your view on the possible harmonisation of the tariff timetables in Northern Ireland and the Republic of Ireland and why?

7 Supplier of last resort

7.1 Legislation

Supplier of Last Resort legislation is currently being developed in Northern Ireland and the next stage will be to consult upon the proposed legislation.

In the Republic of Ireland interim arrangements are in place and the enduring arrangements are in the final stages of implementation. Under the Energy (Miscellaneous Provisions) Act, 2006 the Commission can appoint a supplier and a shipper of last resort. The Commission has appointed Bord Gáis Energy Supply as the Supplier of Last Resort (SoLR). In the event that a supplier exits the market suddenly, whether through insolvency or other reasons, the Commission will issue a Direction to BGES to act as SoLR.

Under the current proposed arrangements if a supplier were operating in both jurisdictions and became a failed supplier a SoLR event would be triggered in the Republic of Ireland and Northern Ireland. The SoLR in the Republic of Ireland would then supply all of the failed supplier's customers in the Republic of Ireland and the SoLR in Northern Ireland would supply all of the failed supplier's customers in Northern Ireland.

7.2 Duration

In the Republic of Ireland when the Commission issues a Direction to BGES to act as SoLR the Transporter will then transfer all of the failed supplier's customers to the SoLR for a period of three months. In Northern Ireland all of the failed supplier's customers will be transferred to the appointed supplier for a period of up to six months.

- Q1. Respondents are asked for their views on the current SoLR arrangements?
- Q2. What is your view on the alignment of SoLR arrangements in the Republic of Ireland and Northern Ireland?

8 Next steps

The Regulatory Authorities acknowledge that retail market alignment is not essential for the CAG market start in 2010; however, the Regulatory Authorities consider it important that a future all-island framework for the retail market is taken into consideration in developing market arrangements for CAG. Full implementation of retail market alignment is likely to be completed sometime in 2012. A proposed timetable for the study into the future development of a gas retail framework for Northern Ireland and the Republic of Ireland is as follows.

Proposed Timeframe:

- | | |
|--|---|
| 1. Consultation period for this paper | 23 rd October - 21 st November 2008 |
| 2. A joint GMOG/GMARG meeting to answer any questions | 30 th October 2008 |
| 3. Options paper draft | 5 th January 2008 |
| 4. Presentation of options paper at CAG steering group | 8 th January 2009 |
| 5. Presentation of options paper to GMOG/GMARG | 29 th January 2009 |
| 6. Opportunity for written feedback | 30 th January - 27 th February 2009 |
| 7. Public consultation on options paper | March 2009 - April 2009 |

9 Appendix: Comparison of NI & ROI Gas Retail Markets



Comparison of NI & ROI Gas Retail Markets



1. Introduction

a. Purpose of this Document

This document gives a summary comparison of the Gas Retail Markets in NI & ROI. The content is derived from a joint meeting of the Gas Retail Industry groups representing both jurisdictions – the Gas Market Arrangements Retail Group (GMARG), which is the industry group in ROI that discusses retail arrangements & issues relating to market opening, & the Gas Market Opening Group (GMOG), which was set up to facilitate market opening in NI. The objective of this joint meeting of the GMARG & GMOG held on 16th April 2008 was to exchange information on the development & current status of the retail markets in both jurisdictions. Thus the meeting featured presentations from the respective regulators, network operators & suppliers of each jurisdiction & follow-on discussions which focused on:

- Comparing the ROI & NI Retail Markets.
- Identifying the key differences between the markets.

It is envisaged that the output of the meeting, in the form of this document, will form the starting point for the Retail Market Alignment work stream of the Common Arrangements for Gas (CAG) Project.

b. Background to CAG Project

A Memorandum of Understanding (MoU) was signed on 14th Feb 2008 in relation to Common Arrangements for Gas under the All-Island Energy Market Development Framework. The MoU outlines a commitment “*to working together to establish All-Island Common Arrangements for Gas whereby all stakeholders can buy, sell, transport, operate, develop and plan the natural gas market north and south of the border effectively on an all-island basis. This means that variations in the price and conditions on which gas is bought and sold will be determined by market conditions and economics, not by variations in regulatory arrangements*”.

Part of the CAG Project will be a consideration of retail market alignment. The other CAG work streams will inevitably have an impact on the retail markets and there may be benefits to be had in harmonising processes and sharing resources where synergies exist.

2. Comparison of ROI & NI Retail Markets

a. Market Structure

Market structure	NI	ROI
<i>Legislation</i>	Article 14 of the Energy (Northern Ireland) Order 2003. The gas (Northern Ireland) Order 1996.	Gas Acts 1976 – 2002 Energy (Miscellaneous Provisions) Act, 2006
<i>System Operation</i>	Transmission: PTL (BGÉ operate on PTL's behalf) BGTL BGÉ (UK) Distribution: Phoenix Distribution Firmus Energy	Integrated TSO/DSO (currently BGÉ) Gaslink will be the system operator from July; BGÉ will operate the system on behalf of Gaslink in accordance with the Operating Agreement.
<i>Types of Licenses</i>	Conveyance (Not separate transmission and distribution licences) Supply Storage (Pending) Firmus energy has a distribution and supply licence for 10 towns area along the route of the NW and SN pipelines under an exclusivity arrangement. In the Greater Belfast area Phoenix has a distribution licence and Energia, firmus and Phoenix have supply licences.	Transmission Distribution Supply/shipping Storage LNG

<i>Supply License conditions</i>	Vulnerable customers Debt provisions (dealing with consumers in difficulty)	6 Codes of Practice (Billing, Dealing with customers in difficulty, Disconnection, Marketing, Complaints Handling, Vulnerable Customers) Terms and Conditions of Supply for domestic customers subject to regulatory approval
<i>Extent of Market Opening</i>	Greater Belfast area open to competition since 1 st January 2007 Firmus energy have exclusivity for ten towns (8 years for sites <0.73GWh and 5 years for sites >0.73GWh)	Market fully open since 1 st July 2007 No franchise or exclusivity arrangements
<i>Tariff Regulation</i>	Price control for customers below 0.73GWh per annum	Revenue Control for customers with SPC < 3750 kWh Price control for customers with SPC > 3750 kWh
<i>NDM Threshold</i>	< 2.2 GWh	< 5.55 GWh
<i>Tariff Timetables</i>	firmus energy has its tariff capped between Jan. 2006 and ending in 1 Jan. 2009. 1 st May – 30 th April (For current Phoenix Supply tariff review). Phoenix Supply's price review process allows the price to be amended at other times following consultation with NIAUR, Consumer Council and DETI.	Gas Year (1 st October – 30 th September) Only BGES's tariffs are set by CER and amendments may be made throughout the year following consultation with CER.
<i>Climate Change Levy</i>	NI exemption until 2011 for gas (not electricity)	Energy Tax for electricity from 1 st October, 2008 None for gas

<i>Distribution Tariff Timetable</i>	<p>Calendar year (Greater Belfast area)</p> <p>During exclusivity, firmus energy does not publish Distribution charges.</p>	Gas Year
<i>Role of consumer bodies</i>	Statutory role for Consumer Council	<p>Less engagement</p> <p>CER has a Customer Care Team which handles consumer complaints for the electricity and gas markets.</p> <p>Under in SI 452 of 2004, for all domestic and SME customers, all Suppliers must have a Customer Charter with guaranteed standards and monetary redress, arrangements for customers with special needs, and must have certain terms contained within their customer contracts.</p>
<i>VAT</i>	5%	13.5%

b. Metering Services

Metering Services	NI	ROI
<i>Allocation</i>	Allocate gas at an aggregate level by Shipper (pro-rata).	BGN use a daily process at gas point level – (part of FAR process).
<i>Ownership</i>	Integrated DSO/supplier	Integrated TSO/DSO
<i>Isolation policy</i>	Meter removal or street cut off, locks not used	Locks primarily used, street cut off as last resort, meter removal only when gas no longer required (vacant/alternative fuel etc)
<i>Supply point Registration</i>	Supplier responsible for supply point until alternative supplier registered or meter removed	Supplier responsible for supply point until alternative supplier registered or meter removed (awaiting Code Mod)
<i>Right of Access</i>	Forced entry only for safety reasons, not as strong as electricity rights of access	Forced entry only for safety reasons, not as strong as electricity rights of access
<i>PPM Saturation</i>	56% for Phoenix 50% for firmus energy	Currently 5%, only available in Dublin region National roll-out due end Oct 2008
<i>Meter life-span</i>	No-statutory limit on meter life. (Phoenix Distribution use manufacturers' recommendations – domestic meters 20 years, I&C depending on meter type)	No-statutory limit on meter life
<i>Gas Installers</i>	Must be registered with CORGI	Must be registered with CER designated body from 2009
<i>PPM Installation Costs</i>	No additional cost- although higher distribution charges than credit meters Phoenix Supply and firmus energy currently charges PPM and Credit customers same tariff.	Differential between credit meter and PPM borne by customer

<p><i>Meter reads</i></p>	<p>Supplier responsible for meter reads</p> <p>Supply licence requires reasonable endeavours to be made to obtain an actual read once per annum</p> <p>Supplier chooses number of reads</p> <p>firmus energy offers credit customers 4 reads and 4 bills annually, 1 read for PPM Customers.</p> <p>Phoenix Supply current practice is 4 actual for credit customers, 2 for DD customers and 1 for PPM customers.</p>	<p>Central provision of service by BGN; service levels approved by CER</p> <p>4 actual & 2 estimated is current practice</p> <p>(fourth actual read is on a trial basis, currently only approved revenue for 3 actual and 3 estimated reads per annum)</p>
<p><i>Estimates</i></p>	<p>Estimates based on previous reads. No reconciliation –</p> <p>This is a Phoenix Distribution routine when no meter reading is provided during the COS routine.</p>	<p>FAR process:</p> <p>Estimates applied at Gas Point Level by sum of daily allocations</p> <p>Reconciliation applied at Gas Point level following actual read entry (part of FAR process).</p>
<p><i>Meter Control</i></p>	<p>Barcode Serialisation control of meters by location (inc' with fitters) and status</p>	<p>Serialisation and traceability not barcode controlled</p>

c. Communications

Communications	NI	ROI
<i>PPM</i>	Meters are potentially capable of CoS but process is still being developed with meter provider	PPM systems capable of CoS & compatible with NI PPM (from 28 th October, 2008)
<i>Market Messaging</i>	Manual communications (phone/e-mail/post)	Gas MaP from 28 th October for NDM Supply Points (Currently direct access to IUS) GTMS for Shipper activities at DM Supply Points

d. Market Processes

Market Processes	NI	ROI
<i>Codes of Practices</i>	Marketing code of practice (Consumer Council has a voluntary marketing code of conduct in final draft for Suppliers to sign up to.)	Supplier codes of practice BGN codes of practice
<i>Vulnerable customers</i>		Vulnerable customers defined as elderly (66 years and over), hearing, sight or mobility impaired Database held centrally by BGN, Suppliers hold their own databases for special services for customers and are responsible for the accuracy of the data provided to BGN
<i>Change of Supplier</i>	Manual system conducted between both suppliers and operator (e-mail) Incoming supplier must provide actual final meter read for NDM DM final read determined using telemetry – Operator’s policy is carry out a DM check read for SMP Registration process. Minimum 15 business day period for CoS. Maximum 3 months notice can be given.	Automated process facilitated through GPRO; Outgoing shipper has no involvement in process NDM – IUS or Gas MaP (Post October, 2008) Overnight Process, Final Read provided by Incoming Shipper Overnight process (NDM) DM – GTMS; 10 business days notice for; effective date is first calendar day of month
<i>Objection code</i>	For debt (non-domestic)	No objection code
<i>Supplier of Last Resort</i>	No arrangements currently in place; legislation currently in discussion	BGES is designated as SoLR

<i>Duty to Supply</i>	No obligations on suppliers to supply all customers. Currently no plan to change this arrangement	BGES must offer supply to any customer (as per BGES Supply Licence)willing to accept the standard supply terms and conditions
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e. Capacity Arrangements

Capacity Arrangements	NI	ROI
<i>Transmission Tariffs</i>	Postalised	Entry-Exit
<i>Product duration</i>	Annual	Transmission: Annual Monthly Daily Distribution: Annual for LDM Evergreen for other offtakes
<i>Booking Capacity</i>	<p>Phoenix Distribution book transmission capacity for Suppliers operating in Greater Belfast. Requirement based on 1in20 peak day</p> <p>NDM market broken into three categories and an average LF applied to each to determine SPC at a site. Shippers have [3] months to appeal or provide alternative basis of calculation.</p>	<p>Shippers book Transmission entry & exit capacity. BGN sets Distribution exit capacity (SPC) and annual quantity (AQ) on annual basis. BGN apply an average LF to sites where AQ < 73,000kWh, and use the FAR process to determine a site specific SPC for all other NDM sites. Shippers have [3] months to appeal or provide alternative basis of calculation.</p> <p>Shippers book entry and exit and distribution BGES requirement based on 1in50 peak day</p>

3. Conclusion and Next Steps

a. Summary

This document compares the Retail Markets in ROI & NI & summarised the main differences between the two jurisdictions.

b. Next Steps

Document to be used by Retail Market work stream of CAG Project as starting point for comparing both retail markets and identifying the options for the CAG retail arrangements.

Appendix A: Retail Workshop Attendees

Radisson SAS Hotel, Dublin Airport
Wed 16/04/2008

Name	Organisation
Robert O'Rourke	CER
Ed Gallagher	CER
Kevin Hagan	CER
Gary Martin	CER
Eimear Smyth	NIAUR
Neil Bingham	NIAUR
John Boyd	DETI
Ciara McKay	NI Consumer Council
Mary Moriarty	BG Energy Supply
Claire Conlon	BG Energy Supply
Gary Dean	BG Energy Supply
Tony Thornton	Viridian
Derek Russell	Viridian
Michael Scott	Firmus Energy
Bryan Hennessy	Vayu
Kevin Hannafin	Firmus Energy
David Strahan	Phoenix Supply
Donal Kissan	Bord Gais Networks
Abigail McCarter	Phoenix Natural Gas
Joanne Quinn	Phoenix Distribution
Ciaran Costelloe	Flogas Natural Gas Ltd
John Cussen	Bord Gais Networks
Padraic O'Connell	BGN Shipper Operations
Douglas O'Brien	Bord Gais Networks
Ian Kilgallon	Bord Gais Networks
Maria O'Dwyer	Bord Gais Networks
Jack O'Connell	Bord Gais Networks
Celine Hayes	Bord Gais Networks