

**ELECTRICITY CUSTOMERS WITH MULTIPLE  
PREMISES IN THE NON-DOMESTIC MARKET**

**Consultation paper**

**23 November 2012**

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## CHAPTER 1 BACKGROUND

- 1.1 The Utility Regulator (UR) has been considering the competitive position for Customers with multiple premises in the Non-Domestic electricity market.
- 1.2 The current threshold for regulated tariffs, in the Non-Domestic market, is 150MWh annual consumption or, in the absence of consumption information, a Maximum Import Capacity (MIC) of 100kVA. Any premises below this threshold can only be offered a regulated tariff by Power NI while other independent suppliers (including Power NI's sister company Energia) can compete for these premises. Power NI along with all independent suppliers can offer non-price regulated supply offerings to premises above the threshold.
- 1.3 The UR has an obligation to ensure Power NI complies with their licence obligations. This has meant that Power NI must offer a regulated tariff to premises below the threshold even if several premises are owned by a single Customer and subject to an overarching tendering exercise.
- 1.4 In this paper, the UR sets out our "minded to" position on whether Non-Domestic Customers with multiple premises should be able to avail of a non-price regulated supply offering. We welcome feedback from stakeholders as to whether they feel our minded to approach is correct or if it is not, feedback on what they believe the appropriate approach should be.
- 1.5 The scope of this document is exclusively to consult on Non-Domestic Customers with multiple premises who, in aggregate, consume 150MWh or more per annum. For the purposes of clarity this consultation is not considering any changes to the current price regulated threshold of 150MWh per annum consumption or, in the absence of annual consumption information, an MIC of 100kVA.
- 1.6 Unless specified otherwise, all references to a "Customer" within this document means a single legal entity in the Non-Domestic electricity market only.

## ***How to Respond***

- 1.7 Representations regarding the proposals in this paper should be forwarded to reach the UR on or before the Closing Date of 5pm on 21 December 2012 to:

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Queens House  
14 Queen Street  
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BT1 6ED  
Email: [robert.stewart@uregni.gov.uk](mailto:robert.stewart@uregni.gov.uk)

- 1.8 The UR will duly consider all representations received on or before the Closing Date. Please note the UR is unable to consider any representations received after this date.
- 1.9 Your response to this consultation may be made public by the UR. If you do not wish your response or name made public, please state this clearly by marking the response as confidential. Any confidentiality disclaimer that is automatically produced by an organisation's IT system or is included as a general statement in your fax or coversheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
- 1.10 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes; these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA). If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things with obligations of confidence.

- 1.11 In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Authority.
- 1.12 This document is available in accessible formats. Please contact Robert Stewart on 02890 316654 or [robert.stewart@uregni.gov.uk](mailto:robert.stewart@uregni.gov.uk) to request this.

## CHAPTER 2 INTRODUCTION

- 2.1 The UR is considering if it should allow Customers with multiple premises, who consume more than 150MWh annually in aggregate, to be treated as one Customer for the purposes of the supply price regulation. This is a result of some recent examples in the market place and discussions with the customers and suppliers affected. At present, such a Customer with more than one premise, that individually consume less than 150MWh annually but in aggregate consume more than 150MWh annually, can only be offered a price regulated tariff for each site below the threshold by the incumbent supplier Power NI. Power NI is the only current licensee subject to the obligation to offer price regulated tariffs to Non-Domestic premises below 150MWh annual consumption.
- 2.2 Customers with multiple premises who put their electricity supply out to tender clearly want something different from the regulated tariff and wish to be exposed to a competitive market on the basis they will achieve an outcome more aligned to their requirements. Entities that tender for supply contracts are generally larger organisations with professional buyers who will look after their company's interests.
- 2.3 The UR is conscious that maintaining strict compliance with the licence, as presently interpreted, may lead to a perverse outcome. An illustrative example of such an outcome is a tendering exercise where 5% of premises (by number) fall within the regulated threshold and 95% are above. The UR has an obligation to ensure that the premises below the threshold avail of the regulated tariff despite being part of a much larger tender exercise.
- 2.4 In many cases having to offer different unit rates and conditions to different premises means Power NI may not meet the criteria of the tender which is generally to provide a more bespoke approach for all premises included within the tender.

- 2.5 There is also the issue of whether a Customer, who receives a single bill or bills for multiple premises that in aggregate consume more than 150MWh per annum, should be treated differently from a Customer who has one premise that consumes in excess of 150MWh per annum. It is not easy to reconcile why they are treated in a different manner when the only discernable difference is that one receives a single bill for one premise whereas the other receives a single bill or bills for multiple premises. However in those cases where the Customer wishes to receive the regulated tariff for each individual premises, the regulatory treatment is consistent with a Customer with a single site consuming less than 150MWh per annum.
- 2.6 To illustrate the above point we would use the following scenario. Power NI cannot offer a non-price regulated supply offering to a Customer who owns five premises, each consuming 100MWh per annum with an aggregate consumption of 500MWh per annum. However, Power NI can offer a non-price regulated supply offering to a Customer with a single premises that consumes 150MWh per annum even though the Customer with that single premises consumes less than the Customer with multiple premises.

## CHAPTER 3            OUR 'MINDED TO' POSITION

- 3.1     At present, Power NI can only offer a regulated tariff to premises where consumption is less than 150MWh per annum, even if the Customer has multiple premises that consume in excess of that threshold in aggregate. There is evidently an anomaly between Customers with multiple premises and those with single premises that consume in excess of the 150MWh per annum threshold.
- 3.2     However the UR does not want Customers who have multiple sites that are individually consuming less than 150MWh per annum to lose the option of taking the regulated tariff for each of those sites. Power NI must continue to offer Customers, who they choose to supply, the regulated tariff for any individual MPRN that is below the consumption threshold. This will apply equally to all Customers Power NI choose to supply, irrespective of whether the Customer has in the past or present accessed a non-price regulated supply offering from Power NI or an alternative supplier.
- 3.3     Customers with multiple premises who go out to tender for their electricity supply clearly want something different from the regulated tariff for all premises, not just those individual premises in excess of the current thresholds. Under this proposal these customers who go out to tender can receive a non-regulated supply offering for all their sites.
- 3.4     The anomaly mentioned earlier shows there is an inconsistency in the treatment of a Customer who receives a single bill or bills for multiple premises that consume in excess of 150MWh per annum in aggregate and a customer with a single premises that exceeds the consumption threshold.
- 3.5     Our minded to position therefore is to allow Power NI to offer a non-price regulated supply offering to Customers with multiple premises provided all the following criteria are satisfied:
- 3.5.1   A 'Group' of premises for the supply of electricity to premises shall be considered to be more than one Non-Domestic premise; and



- 3.5.2 The Group of premises must be owned or leased by a single legal entity; and
  - 3.5.3 The aggregate consumption of the Group must be in excess of 150MWh per annum; and
  - 3.5.4 The Customer agrees that they want to be treated as a single Customer with multiple premises. If the Customer wishes to avail of the regulated tariff for each MPRN consuming less than 150MWh per annum, Power NI must treat each MPRN consuming less than 150MWh per annum as a price Regulated Premises. Power NI must record the Customer's choice of whether they wish to avail of the regulated tariff (for each MPRN beneath the 150MWh per annum threshold) or a non-price regulated supply offering for the Group of premises. For the avoidance of doubt this must be an active choice by the Customer and not one that resulted from an "opt out" marketing exercise. The UR will need to approve the mechanism and information provided by which Power NI will offer its current regulated Group Customers the choice of continuing to avail of the regulated tariff for each site or moving to a non-price regulated supply offering; and
  - 3.5.5 Any Customer Power NI offer to supply must be able to revert from being considered a Group to avail of a regulated tariff for any individual MPRN that is below the consumption threshold provided they are not bound by a contractual restriction. Each site retains the right to be treated as a single supply if the owner so wishes.
- 3.6 No change is proposed for Non-Domestic premises, even if the aggregated consumption for that particular Group of premises is more than 150MWh per annum, unless the above conditions are all satisfied.

## CHAPTER 4      NEXT STEPS

- 4.1    The UR has the ability, under Annex 2 of the Power NI licence, to agree the Regulated Premises that are not subject to a regulated tariff with the Licensee so this matter will not necessarily require a formal licence change.
- 4.2    But before we seek agreement with Power NI to any such change, we wish to obtain the views of all stakeholders on the following:

Q1. Are there any discernible differences, for the purposes of procuring a competitive electricity supply, between a Customer with multiple premises and a Customer with single premises that both consume above the unregulated threshold? If you believe there are differences please provide the rationale for each identified variation.

Q2. Do you agree that Customers with multiple premises, that in aggregate consume 150MWh or more per annum, should have the option to avail of either a non-price regulated supply offering for all sites or a price regulated tariff from Power NI for each MPRN consuming less than 150MWh per annum? If not, please explain your rationale.

Q3. Do you agree with the requirements and limitations, as set out in 3.5.1 to 3.5.5, which the UR considers must be satisfied in order for Power NI to offer a non-price regulated supply offering to Group Customers? If not, please explain what you believe the requirements and limitations should be.

Q4. Are there any other issues specific to this consultation about Group Customers that have not been considered by the UR in this document?