

Nicola Parker
Utility Regulator
Queens House
14 Queen Street
Belfast BT1 6ED

11th February 2020

Dear Nicola,

Ref. Proposal to remove the prohibition of the use of Annual Consumption

To Respond to the Utility Regulators proposal to remove this prohibition Electric Ireland have considered and provided the following to inform the UR's decision in this regard.

Q1) Do respondents have any objections to the removal of the prohibition on annual bill comparisons that is currently in the Domestic Code of Practice?

Electric Ireland objects to the removal of the prohibition as we do not feel the market has changed enough to merit an annualised approach to comparison. There is little benefit to consumers of changing the current methodology we are using.

We find that consumers are unlikely to know their consumption through the year. Providing estimated consumption based on 3,200Kwh per year does not help when the type of property is not taken into consideration as consumption patterns vary. The consumer may take this as a guarantee of savings rather than an estimation and in turn raise a complaint or allegation of mis-selling.

The annualised price comparison differential between suppliers is not high enough to merit this, and detracts from the ability to differentiate/attract customers based on other services offered i.e. customer service & bonus incentives.

Comparison with the GB market is not practical as the two markets and infrastructures are different. In GB doorstep selling is no longer required due to a very active market and 40M+ domestic meters with suppliers offering dual fuel Gas and Electric tariffs. NI with 850K is a very small market with a strong incumbent supplier with limitations on differentiation on prices and products.

Suppliers have different bonus and standing charge structures in place. Annualising these may cause confusion for consumers and in turn cause an adverse effect, dissuading the consumer from switching.

The unit rate comparison has been a consistent metric for suppliers and consumers. Historically this has proved useful and been easily communicated to the consumer. Annualised consumption is not a common metric for consumers to easily understand and interpret into value for money.

We also believe the annualised cost comparison cannot be made optional as this would further complicate consumers' price and consumption comparison.

Therefore, whilst we understand the objective of the proposal, we would disagree that this is the best metric to do it with and believe unit price should be retained as the best comparator.

Q2) Are there any issues with the deletions and/or new drafting in the Domestic Code of Practice (Annex I to the consultation paper in the link below).

We do not have any objections to the new drafting as this adds clarity to the document. Our only objection is the mandated addition of the annualised bill figure. The unit price comparator should be retained.

Regards

A handwritten signature in black ink that reads "Philip McGrady". The script is cursive and fluid, with the first letters of "Philip" and "McGrady" being capitalized and prominent.

Philip McGrady | Regulation & Compliance Manager Northern Ireland | Electric Ireland