



CONSULTATION ON THE IMPLEMENTATION OF THE EU  
THIRD INTERNAL ENERGY PACKAGE

AIRTRICITY RESPONSE TO  
THE NORTHERN IRELAND AUTHORITY FOR UTILITY  
REGULATION

OCTOBER 2011

## INTRODUCTION

Airtricity welcomes the opportunity to comment on the Utility Regulator's (UR) consultation paper on the "Consultation on the Implementation of the EU Third Internal Energy Package"

We fully support the proposal to increase consistency in legislation governing the gas and electricity markets. This will improve the efficiency of compliance, by reducing the potential for confusing obligations and parallel, but different, compliance management processes.

It is with this in mind that we have reviewed the consultation paper and request that the UR take the following comments/response into account before making a final decision on the implementation of the EU Third Internal Energy Package.

### UNIVERSAL SERVICE

We agree with the UR's position that together with Condition 14 (Prohibition of discrimination in supply); the current licence Condition 26 fully meets the requirements of the Directive.

### CHANGE OF SUPPLIER AND THREE WEEK SWITCHING

We support the proposal to require distribution and conveyance licence holders to facilitate switching in the required timescale. There are many monopoly activity aspects of the Change of Supplier process over which suppliers have no control. For example, an area that has delayed customer switching within the existing arrangements has been use of meter readings and hard-wired rules on categories of customers allowed to provide readings. The market needs absolute clarity on "internal" validation rules applied to meter readings; particularly in the case of premises with a long-term record of no actual meter readings. We therefore believe that the proposals are in the best interests of customers.

Suppliers should carry clear responsibility for their own processes and not, for example, find that contract cooling-off periods have been hard-coded into market systems. Therefore switching times should be based on execution of market processes so that the three week limit should commence on expiry of the cooling-off period.

Any licence condition must recognise force majeure and provide a caveat around actions by monopoly service providers.

#### **CUSTOMER INFORMATION: CONSUMPTION DATA**

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Customers benefit from innovation and we believe that any licence condition should allow for ongoing innovation in customer service technology.

Given the relatively new nature of switching and the high switching rates within the market a new supplier is highly unlikely to have full annual consumption figures for a customer.

The network operators on the other hand would always have a full history of the consumption of all customers and would be able to provide this information to customers as required.

Data exchange between suppliers might be most efficiently managed through the existing market message structure, rather than through ad-hoc bilateral communications (which are unrealistic in a data driven mass market).

Clarity must also be provided on all aspects of data protection impacted by customer consumption data provision and exchange.

We are concerned by the proposals that suppliers should be obliged to keep a record of the reasonable endeavours they have used to obtain an actual meter reading for a period of three years.

In making proposals for additional data records, the UR should consider the potential cost to supplier systems of any prescriptive requirements of this nature. The cost of developing such a system would be material and, in the end, be borne by customers.

There needs to be a rationalisation of objectives here, to avoid inefficiency and wasted effort.

#### **CUSTOMER INFORMATION: CONSUMER CHECKLIST, DISPUTE SETTLEMENT RIGHTS & TRANSPARENCY OF INFORMATION**

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It is important to ensure that bills don't turn into major publishing efforts, with little space left in which to inform customers of their actual consumption. The UR should consider the cumulative effect of requirements to publish additional information to customers ahead of making a final decision in this area.

#### **ENHANCED CUSTOMER PROTECTION PROVISIONS**

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We welcome the proposal to try and set out an appropriate definition of what constitutes a vulnerable customer.

Notwithstanding this the definition provided in the consultation is not very useful. For example, customers over 60 have strongly objected to the patronising assumption that they are, by definition, incapable of reading their own meters and affluent households do not become vulnerable just because they include children under the age of 16. Vulnerability should be based on ability to operate processes such as pre-pay top up, read their meter, or possession of limited economic options as a result of social, medical or financial disadvantage. These categories can all be contained within a needs-based form of definition, without insulting non-vulnerable individuals who would be caught by a more generic classification.

As currently proposed the definition is not specific enough and is too broad in its scope. Any definition needs to be both practical and workable. "Need" should be the key issue when framing any definition, as broad categorisation is neither useful nor necessarily welcomed by non-vulnerable individuals caught within the classification.

Any definition must be specific in nature and clearly set out the instances under which a customer may be considered vulnerable. We would be happy to work with the UR on agreeing a suitable definition.

#### **ENERGY SUPPLY CONTRACTS: SPECIFIC PROVISIONS, CONTRACT VARIATIONS, CHOICE OF PAYMENT OPTIONS, DISPUTE SETTLEMENT PROCEDURES**

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We do not support the consultation proposals in this area. We are of the view that the existing licence conditions are perfectly adequate.

We agree with the principle of non-discrimination, but it is important that licence conditions are not narrowly drawn; for example preventing inclusion of the very real costs arising from the very different credit and debt risk balance inherent in different payment methodologies.

Contractual terms should always be clear and straightforward, but we would be wary of overly prescriptive proposals set out in the consultation. Any solution that uses Licence conditions risks being too prescriptive to be useful. The UR should also consider the cumulative

impact of the list of requirements that must be included in contract terms, customer communications and marketing material, which increase the size of contractual documentation.

#### **RECORD KEEPING – WHOLESALE CONTRACTS**

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We recognise the need for this requirement. However we would highlight the fact that organisational structures do not necessarily lend themselves to neat allocation of contracts to particular groups of customers or jurisdictions. Particularly in the case of organisations participating in multiple markets and with access to interconnectors for cross border energy trading, data provision may require adherence to defined allocation principles.

While we support transparency as a general principle, in terms of data publication it will be difficult to publish much information in a market as small as that in Northern Ireland without running the risk of information being attributable to individual participants or transactions. Even if all identification is removed, it will often be possible to identify participant information on the basis of scale or elimination of a participant's own, internal data from the set.