



Electric Ireland Response:

Consultation on Backbilling in the NI Energy Market

14^h February 2019

Contents

Respondent's Details	2
Response to Consultation Questions	3
Q1. Do respondents agree that where this consultation has an impact on the groups listed, those impacts are likely to be positive in relation to equality of opportunity for energy consumers?	3
Q2. Do respondents consider that the proposal around backbilling needs to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.	3
Q 3. Do respondents agree that any limit to backbills for gas and electricity should be 13 months for gas and electricity?	3
Q 5. Do respondents believe that Ofgem's definition of "customer fault" is applicable to NI energy market? If not, please provide clear rationale why or identify what additional factors / scenarios should be considered	4
Q 6. Do respondents agree that any limit to backbills should be applicable to all payment types?	5
Q7. Can respondents outline the expected cost faced by suppliers to implement the system and organisational changes required to administer a limit on backbills?	5
Q8. For electricity, in situations where the implementation of a backbill limit will result in the supplier facing use of system charges beyond the period of the backbill, and the supplier is not at fault, how do respondents believe this should be dealt with?	5
Q9. How, and to what extent, do respondents believe these issues can be mitigated in order implement a backbill limit that ensures no customer is billed for energy consumed over 13 months prior?	6
Q10. Do respondents agree that any limit on backbills should be enforced through the creation of a new licence condition?	6

Respondent's Details

Name	E-mail Address	Telephone Number
Jim Wynne	Jim.wynne@electricireland.ie	+ 44 (0) 2890 257299 + 353 (01) 8934460
Mark Phelan	mark.phelan@electricireland.ie	+ 353 (01) 7027144

Electric Ireland welcomes the opportunity to respond to the UR's consultation on Backbilling in the NI Retail Energy Market. Backbilling is a key issue for energy suppliers and energy customers which can arise for a variety of reasons. The key points for Electric Ireland and our customers are discussed below. Consistent with all of our responses, Electric Ireland views these questions from the perspective of a standalone supplier and as a representative of the customer.

Response to Consultation Questions

Q1. Do respondents agree that where this consultation has an impact on the groups listed, those impacts are likely to be positive in relation to equality of opportunity for energy consumers?

Yes, Electric Ireland agree that the impacts of the proposed backbilling arrangements are positive in relation to equality of opportunity for energy consumers.

Q2. Do respondents consider that the proposal around backbilling needs to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.

Electric Ireland consider that the proposals listed within the consultation meet the equality provisions and do not need to be refined in this regard.

Q 3. Do respondents agree that any limit to backbills for gas and electricity should be 13 months for gas and electricity?

Electric Ireland are broadly in agreement with the proposal to limit backbills to a period of 13 months for gas and electricity. Aligning the limit to the settlement timelines of the wholesale electricity market is a sensible approach and applying the same limit to both gas and electricity will ensure consistency. We have commented separately below under answer 8 in relation to additional considerations that might be applied where backbilling included DSO/DNO charges.

Additionally there should be some flexibility and accommodation allowed for backbilling charges which arise as a result of transactions processed completely outside of the control of the supplier.

Q 4. Do respondents agree that any limit to backbills should be applicable to both domestic consumers and microbusinesses?

Yes, backbills should apply to both domestic customers and microbusinesses.

Q 5. Do respondents believe that Ofgem's definition of "customer fault" is applicable to NI energy market? If not, please provide clear rationale why or identify what additional factors / scenarios should be considered

There are certain cases that will require further consideration / definition as to whether they constitute a 'customer fault' or 'customer not at fault' scenario. For example, in instances where an actual meter read has not been obtained for over 13 months it may be difficult to accurately determine the portion of the charges relating to the period prior to the 13 month limit and the portion of the charges within the 13 month limit as the accuracy of the estimated read calculation could be disputed. The reason behind a meter read not being carried out should be accounted for to determine if the customer is 'at fault' in these instances.

We acknowledge that in the vast majority of instances, the inability of networks companies to obtain an actual meter reading are not due to deliberate customer actions, however a policy which does not account for estimated reads may incentivise some customers to ensure that an actual meter read is not taken for as long as possible (particularly if they gauge that the estimated reads are underestimating their consumption) which may allow them to escape any undercharges relating to more than 13 months prior to an actual read finally being obtained. There may also be instances where access for meter reads have not been available for a prolonged period for other reasons despite the best efforts of the network company (and where the networks company have captured reasons as to why this has happened) and these exceptions need to be allowed for.

Q 6. Do respondents agree that any limit to backbills should be applicable to all payment types?

Yes, Electric Ireland agree that the limit on backbills should apply to all payment types. In the case of prepay customers it should be clear that the reason for the backbill can clearly be identified as a metering fault.

Q7. Can respondents outline the expected cost faced by suppliers to implement the system and organisational changes required to administer a limit on backbills?

Electric Ireland do not expect the implementation cost for the proposals to be significant. At this point, based on the information available to us, Electric Ireland are not anticipating material difficulties with system changes required to administer a limit on backbills. However, until we see the details of the final decision from the regulator we cannot give precise information. We respectfully request that the regulator bear in mind that any changes required will need to be scheduled into our existing work plans which are based around quarterly block releases, normally planned and approved months in advance of the start date for the block.

Q8. For electricity, in situations where the implementation of a backbill limit will result in the supplier facing use of system charges beyond the period of the backbill, and the supplier is not at fault, how do respondents believe this should be dealt with?

Electric Ireland believe that more consideration is required around this issue. There may be cases where DSO/DNO issues have resulted in a backbilling scenario and it is unreasonable to expect suppliers to face use of system charges beyond the backbill limit in these instances as these are not costs which can be fairly passed through to customers. Depending on whether the customer has been over billed or under billed, a mechanism whereby suppliers could seek compensation from DSO for charges in such instances using an agreed formula could be put in place. Alternatively a mechanism whereby the DSO would include a credit in respect of any such instances when passing through normal charges could also be

considered, such credits to be supported by relevant documentation. Ideally any mechanism agreed upon would be processed through the design and development of an automated transaction.

Q9. How, and to what extent, do respondents believe these issues can be mitigated in order implement a backbill limit that ensures no customer is billed for energy consumed over 13 months prior?

As discussed in our response to Question 5, Electric Ireland feel that further clarification behind the reasons for these instances is required to determine whether the customer or supplier is at fault. This clarification should mitigate against the issues raised in the responses to the Call for Evidence.

Q10. Do respondents agree that any limit on backbills should be enforced through the creation of a new licence condition?

Given the relatively low numbers of recorded backbills, as found in the call for evidence, it may be a more proportionate approach to implement a voluntary mechanism to introduce the limit on backbilling. As referenced in the consultation, a voluntary backbilling mechanism was successfully implemented in NI Water which resulted in a significant reduction in complaints. This could be monitored to ensure a similar outcome for the energy industry. In the event that negative outcomes or trends emerge subsequently, then a licence change may be warranted.