

**Northern Ireland Electricity plc**

**Supplier of Last Resort  
in Electricity**

**Utility Regulator Consultation Paper  
– 15 May 2009**

**NIE's Response**

12 June 2009



## 1. Introduction

NIE is pleased to provide the Utility Regulator with the following comments on its consultation paper. The consultation focuses principally on the choice and role of the SoLR and the arrangements for tariffing and cost recovery. These are important issues upon which we would expect suppliers in particular to comment.

NIE is the provider of market registration services and market data services. We have therefore focused our comments on the arrangements for the transfer of customers to a SoLR since these will have a direct bearing on the role NIE will be required to play in the event that the Utility Regulator appoints a supplier of last resort.

## 2. Transferring Customers to a SoLR

In relation to the transfer process itself NIE currently has functionality, developed by NIE with the Utility Regulator's approval, that we would use for a SoLR event. The following comments are predicated on our assumption that the current functionality and processes developed to date remain usable. For ease of reference the corresponding paragraph in the consultation paper is cited against each comment.

### *Paragraph 1 – Introduction*

We consider that all customers supplied by the defaulting supplier should be included in the transfer. This is provided for in the current functionality and it ensures that all the consumption of the customers of the defaulting supplier is allocated to a Supplier for UoS billing and settlement. Additionally, it removes the risk of customers not registering with an alternative supplier.

### *Paragraph 4 – Effect of Supplier Failure*

We concur fully with the consultation paper's conclusion that customers of a defaulting supplier should be transferred to the SoLR as soon as possible. This should be clarified as the date on which the Last Resort Supply Direction **takes effect** (rather than, where the dates are different, the date the Direction is issued).

### *Paragraph 6 – SoLR Duties*

The SoLR should not be required to provide meter readings. The current SoLR transfer functionality developed by NIE transfers customers from the defaulting supplier to one or more SoLR(s). Where readings are available within NIE's system they will be used but, in general, estimated readings are used as changeover readings for non half hour metered (NHH) sites whether these are sites with keypad or credit meters.

In our proposed process NIE (rather than the SoLR) issues the letters to the customers of the defaulting supplier.

Any proposed use of the media in a SoLR event should be discussed fully by the Utility Regulator, the appointed SoLR and NIE to ensure that any potential adverse impact e.g. excessive call centre volumes, can be avoided.

### *Paragraph 6 – Lock-in Period*

We would concur with the view expressed in the consultation paper that a three month lock-in period may be necessary.

Our process was designed to use estimates because of the impracticality of obtaining readings i.e. it would not be practicable to obtain actual reads for a failed supplier's former customers within 14 days of the SoLR Direction. Consequently, it would be reasonable for the SoLR to retain the customer at least until the completion of one full reading / billing cycle i.e. 90 days. However, a shorter lock-in period could be considered for on-line sites.

### *Paragraph 6 – Different SoLRs for different Customer Classes*

The current certification arrangements for suppliers permit a supplier to become registered for specific customer / meter types:

- (1) domestic credit
- (2) domestic keypad
- (3) non-domestic half-hour on-line
- (4) non-domestic non-half-hour
- (5) unmetered.

On the basis that all the customers of a defaulting supplier require to be transferred, then more than one SoLR may be required to cover all the relevant customer / meter types.

### *Paragraph 7 – Customer Notification*

The form and content of customer notification is clearly important. NIE will agree these with the Utility Regulator.

### *Paragraphs 8 and 9 – Appointment and Capabilities of the SoLR*

Regarding the effectiveness of the SoLR transfer process, we consider that the SoLR(s) should be appointed in advance, and not on a SoLR event, case by case, basis. This would allow the systems and processes for the customer transfers to the SoLR(s) to be developed and tested in advance. Only those suppliers appointed as SoLR(s) will need to develop the required systems and processes. Because the decision on the timing of the appointment of SoLR(s) had not been made by the Utility Regulator when NIE was developing its current SoLR functionality, a requirement was included as part of the SoLR transfer process for the provision to the appointed SoLR(s) of a data file of all relevant MPRNs in a standard format, agreed by suppliers. The agreed specification of this file enables any supplier to develop in advance either automated or manual processes to complete SoLR customer transfers.

A further advantage of SoLR appointment in advance is that the arrangements of the appointed SoLR(s) for communicating with customers in the period immediately following a SoLR event could be tested to provide assurance that customer service levels will be acceptable.

### *Paragraph 10 – Cost Recovery and SoLR Tariffs*

Whilst this is a matter for suppliers to comment upon, we would point out that SoLR transfers should not involve any change of DUoS tariff. Indeed the current process cannot handle DUoS tariff changes.

The requirement for SoLR tariffs to be approved by the Utility Regulator and the obligation to inform customers of the tariff may preclude full cost recovery through the SoLR tariff, unless the SoLR is appointed in advance of the SoLR event.

### *Paragraph 12 – Determining when the SoLR should be directed*

NIE requests early clarification of the proposed timeline outlined in this section. We understand it to propose that the retail transfers occur in advance of wholesale transfers. The current SoLR process uses normal change of supplier functionality where the transfer of an MPRN from the old supplier to the new supplier and from the existing supplier unit to the new supplier unit both occur simultaneously at the start of the first settlement day on which the SoLR Direction is effective. We intend to arrange an early meeting with the Utility Regulator to seek this clarification.

### *Appendix 1 – Information from potential SoLRs*

Point 12 refers incorrectly to “GB deemed contract price”.

### *Appendix 2 – Information from a Failing Supplier*

This appendix sets out information that will be requested from a failing supplier, however NIE’s proposed SoLR process does not require the defaulting supplier to provide this information. Rather, the customer and site data held by NIE in respect of all transferring MPRNs will be used.

## **3. Enduring Solution Project**

The above comments are made against the backdrop of current functionality and processes (the Interim Solution). NIE is working with the Utility Regulator and NIE Energy Supply (NIEES) on an Enduring Solution to replace obsolescent legacy systems which constrain the current market arrangements in terms of the rates and volumes of customers who can switch supplier. They are not capable of effective development to align with potential wholesale market changes, such as the basis for calculating settlement amounts. The Enduring Solution project involves exit from legacy systems, full separation of NIE and NIEES systems and the introduction of appropriate additional functionality. The first stage of the project, a strategic analysis, was submitted to and approved by the Utility Regulator in October 2008. The project is now in its second stage which includes the procurement of appropriate systems; in that regard, a Request for Proposals (RfP) was recently issued to shortlisted system integrators. In that RfP, existing arrangements for a SoLR were described, but it was noted that the Utility Regulator is presently consulting on the issue and that, if any changes arose as a result of that consultation, they would be reflected in amended requirements which would need to be incorporated into the final design of the Enduring Solution.