power ni
your kind of energy

Mary Jones
Utility Regulator
Queens House
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4 May 2012

Dear Mary

Thank you for the opportunity to respond to NIAUR's decision paper on the implementation of the EU third internal energy package.

Power NI remains committed to a common sense approach to customer protection and is currently working to develop an implementation plan and timetable.

However, I have enclosed a summary of issues which Power NI wishes to raise either as areas of continued concern, or where clarification is required from NIAUR.

As you will be aware, there a number of decisions outlined which will require a significant amount of resource to implement, particularly those in areas which relate to billing and systems, as all resources are currently focused on the delivery of the Enduring Solution project. However, we plan to provide a timetable to NIAUR by the end of June.

There are also a number of issues highlighted which may have significant cost implications and Power NI would propose that cost recovery of activity and systems amendments is facilitated through the 'price control' element of the licence i.e. Annex 2, Et (a) (these will be outlined in the plan and timetable).

I would be grateful for your comments on the issues which Power NI has highlighted.

Yours sincerely

Jenny Livingstone

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cc Kevin Shiels

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Topic	Decision	Licence condition	Issues
Change of supplier	• Requirement to ensure that supplier can manage 3 week switching (this must be incorporated into T&Cs) • There must be a 10 day cooling off period. • Must provide a final bill within 6 weeks of a customer switching	Condition 27 Condition 38 Condition 43	It is unclear how the 10 day cooling off period will be monitored. If no monitoring, this is potentially open to abuse.
Consumption data	All customers, including those on keypad, should receive consumption information on an annual basis. There is no need to send an annual statement if consumption information is provided through bills (consumption for the last 12 months).	Condition 38	In relation to keypad customers, Power NI has previously highlighted that the meter and freedom unit already provides customers with this information. Power NI would propose fulfilling this condition by reminding customers that this information is available. The alternative options are both costly and inaccurate (ie relatively low % of actual meter readings obtained by NIE for keypad; likely to result in significant increase in calls to contact centres). With regard to credit meter customers, with the Enduring Solution project in its final stages, there will be a delay in scoping the work required to deliver this requirement in the most cost effective way. Power NI welcomes NIAUR's acknowledgement of the technical aspects involved with this requirement and will engage with NIAUR to ensure an appropriate application.
Meter reading	Requirement to maintain for 3 years evidence of reasonable endeavours to obtain meter readings. There will be a back to back obligation with NIE to keep records of reasonable endeavours to obtain meter readings.	Condition 38	Power NI proposes to meet this requirement: 1. Through NIE (common services provider) 2. Providing information on self readings on back of bills 3. Providing an IVR automated function through its telephony system to enable customers to leave readings 4. Providing functionality on its website to gather

			customer readings. We trust that this is sufficient and NIAUR do not expect each supplier to put it place its own meter reading teams to supplement the effort of NIE (which would clearly be a very inefficient use of customer funds).
Bill format	Suppliers' bill formats should be decided by each supplier in consultation with NIAUR, although there is a list of requirements. There is a requirement to provide comparison information with same billing period the previous year. Requirement to issue a new bill to a customer within 14 days of them providing a self read.	Condition 38	As noted above, the implementation of the ES project may delay Power NI's implementation plan on some billing requirements. However, some specific points are noted below: • Power NI provides daily comparison information rather than for the billing period. We do not propose to change this as we believe it is a more accurate means of providing customers with useful information. • In exceptional circumstances, should a meter read be provided to correct an inaccurate billed read, Power NI will issue an amended bill. A general non-correcting requirement to provide a new bill to customer when a self read is provided is fine when within the 'billing window' (10 days following the scheduled meter reading date). However, if bills are to be issued randomly outside the billing window, this will introduce significant issues and costs eg in relation to DD reviews, debt chase etc. Power NI would therefore propose providing a new bill when a customer reading is provided within the billing window only unless exceptional circumstances exist.
Standard evergreen tariffs	Must show any discount or premium compared to standard evergreen tariff.	Condition 27 Condition 38	Power NI is seeking clarity on the issue of standard evergreen tariffs….we assume that it is possible to either: 1. Have a standard tariff for a credit customer which then shows a discount for a particular payment type Or

			2. Have an already discounted tariff for a payment type (which is the standard evergreen tariff for that payment type).
Sharing data	To provide information on consumption data to another supplier when requested by a supplier – the onus is on the requesting supplier to have evidence of customer permission.	Condition 44	In order to comply with Data Protection requirements, Power NI would need to see the evidence of customer permission to share their consumption information. We are mindful that dependant on suppliers' using this facility, this could lead to significant manual intervention and the introduction of significant costs which would need to be recovered from all customers (as the licence condition states that neither the supplier nor the customer can be charged directly). A turnaround time of 5 days would also be subject to the level of demand.
Consumer checklist	Customers must be reminded on an annual basis that a checklist is available and that must be made available free to customers on request. Suppliers can have an edited version if required.	Condition 27 Condition 38	
Dispute settlement	Must provide information on how to complain with bills, or annual statements or any other materials issued that contain information about a supplier's activities (including promotional activities). Must also provide details of compensation arrangements.	Condition 33 Condition 38 Condition 27	Power NI is proposing that the definition of promotional materials be focused on materials which promote the uptake of an electricity supply contract (rather than for example, an information leaflet about how to use keypad or a code of practice leaflet on energy saving).
New contracts	Must provide a summary of key points of a new contract, let the customer know about the consumer checklist, give written copy of full T&Cs.	Condition 27	
Customers with difficulty paying	Suppliers must have a code of practice that sets out services and advice to customers who may have difficulty paying their bills	Condition 30	
Debt repayment	Capped at 40% through a PPM. Higher levels only permitted with a customer's written permission.	Condition 30	Power NI assumes that in circumstances of fraud or obvious ability to repay, this requirement would not apply as the licence condition is clear that it relates to 'domestic customers who through misfortune or inability to cope with credit terms, may have difficulty in paying their electricity

			bills' (which is further reinforced through clause 3 (a).
Pensionable age, sick or disabled	Code of practice now includes those who are chronically sick. Requirement to let all customers know at least annually about the existence of customer care register.	Condition 31	
Efficient use	Amended licence condition which now includes business customers	Condition 32	
PPM customers	Amended licence condition which includes SOLR	Condition 34	
Marketing code	A marketing code will be developed covering both business and domestic	Condition 40	
General codes – revision and reporting	NIAUR wish to be able to amend licence conditions in relation to codes without the normal licence amendment process. There are now more detailed requirements on reporting on performance in relation to codes.	Condition 35 Condition 35a Condition 36	Power NI is of the view that any modifications to licence conditions, including those which relate to codes of practice, should be subject to the normal best practice requirements in this area (ie full consultation).
Contract variations	Including price announcements – must provide individual and direct written notice 21 days in advance (media coverage and ads not sufficient). NIAUR suggest including with a bill but there are obvious timing issues with this.	Condition 27	Power NI has significant concerns in this area. Within the notification NIAUR states an intention "to revert to the existing licence condition" however by not including the current Condition 27 7 (b) clause, a significant change would in fact be implemented. The clause as proposed has significant issues both in terms of practical logistics, as well as costs to implement. Power NI has investigated the potential options for meeting this requirement specifically in relation to tariff announcements and these are outlined below. For keypad customers, for any of these options, we would anticipate a dedicated mail out as is currently the case. 1. If we work towards following the current NIAUR tariff timetable (announcement 23rd Aug), the lowest cost, logistically feasible method is, following

			announcement, to include an insert into bills to ensure that everyone up to end Dec receives an insert. Power NI would like NIAUR's view if this approach would be compliant given that consumption would have taken place in the quarter from Oct – Dec, but not billed until January. The cost would be c £110k inc keypad letters 2. If option 1 is not deemed compliant, in order to facilitate a bill insert in advance of the effective date (1 Oct), the tariff would need to be signed off by mid May so that an insert could be included over the quarter billing cycle (cost c£110k) 3. If a dedicated mailing is required to all customers, to facilitate logistics of one of the biggest mailings for the postal system to manage, it would need to be announced w/c 6th August. Cost would be approx £230k for the mailing but additional call centre resources would be required to manage such the uplift in calls associated with such an intense mailing (c45k letters arriving each day) which would incur significant additional costs. Power NI would like NIAUR's view on the options outlined in terms of compliance, logistics and cost recovery (it is also worth bearing in mind that given a very low anticipated level of hedging, there may be several tariff changes in a year and the cost could therefore escalate to in excess of £1million. Power NI would urge NIAUR to amend the proposals to reflect the current licence condition as we understand was the intention.
Payment methods	Any differences in terms and conditions associated with different payment methods must be cost reflective. NIAUR will seek evidence from suppliers to justify any	Condition 27	

	differences.		
Fuel mix disclosure	Condition covering new arrangements including where to see the GB fuel mix.	Condition 41	
Wholesale contracts	Must keep supporting documentation	Condition 42	
Security deposits	Not covered in consultation, but raised by CCNI. There should be no requirement with a PPM. For others, any deposit must not exceed the charges likely to be applicable for a 3 month period. Suppliers must repay within 28 days where a customer has paid bills within 1 month due. There is no requirement to pay interest.	Condition 27 Condition 27a	As mentioned above (condition 30), in the case of fraud (ie illegal abstraction), even if a PPM meter is installed, Power NI would wish to retain the option of taking a security deposit.
Unbundling of distribution operators (PNG)	Obligation to ensure that there isn't brand confusion between distributor and supply business.		