

CER LAUNCHES NEW SAFEGUARDS FOR CONSUMERS



Inside this issue

Page 2:
AIP Update.

Gate 2

Page 3:
AIP Project

Page 4:
White Paper on
Energy

Smart Metering

The CER held a very successful launch of Codes of Practice for Customer Protection, in the Westbury hotel on 26th March. The launch was well attended by the Industry, customer groups and the media. The CER's guidelines which must be implemented by all electricity and gas suppliers (as well as network operators) will ensure that customers can be confident of the quality of service being provided by their supplier.

Electricity and natural gas customers—particularly the elderly, customers relying on life support equipment and those with disabilities—will be afforded greater levels of consumer protection under these guidelines. The CER has required the gas and electricity companies to draw up Codes of Practice that will protect the rights of customers in the areas of Billing, Complaints Handling, Contract Terms and Conditions, Disconnection, Marketing and Vulnerable Customers. Furthermore the CER has also required these suppliers to prepare Customer Charters.

Some of the key safeguards put in place are as follows:

- Elderly people cannot be disconnected by their energy supplier between the winter months of Nov 1st and Mar 31st;
- Visually impaired people must be provided with an alternative means of communications such as Braille bills, talking bills or phone bills;
- People who are hard of hearing must be provided with either a minicom, text messaging or video service to receive their bills;
- People relying on life support equipment in their homes cannot be disconnected under any circumstances;
- A register of vulnerable customers must be maintained by all electricity and gas suppliers;
- All customers must be notified directly of changes in pricing. Notification will take place in advance of any change;
- A second person may be nominated to receive energy bills on behalf of a vulnerable person;
- Energy suppliers must facilitate payment options for residential customers experiencing genuine financial hardship and, where appropriate, engage with a financial/money advisor appointed by the customer.



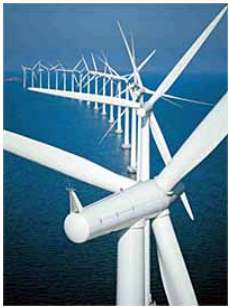
This launch indicates the CER's commitment to providing an open and transparent customer service charter to further protect all energy users, including the most vulnerable in society.



GATE 2 - CONNECTION OFFERS ROLLING OUT

In February, the Commission published a paper approving the estimated timeline for issuing Gate 2 connection offers by the electricity system operators. The timeline involves Gate 2 connection offers being issued by the system operators in geographic groups across the country from April. The Commission anticipates that the majority of Gate 2 offers will be issued by the end of August, with all offers expected to be issued by the end of this year. The Commission will be monitoring the system operators in this regard.

The final number of renewable generator projects which will receive an offer to connect to the network in Gate 2 is 122, equivalent to 1,321 MW in terms of capacity, almost all of which is from wind power. Gate 2 therefore provides the opportunity to dramatically increase the amount of wind generation in Ireland over the coming years. This will contribute significantly towards meeting the Government target, as outlined in its recent White Paper, of 15% of electricity consumption coming from renewable sources by 2010 and 33% coming from renewable sources by 2020.



The Commission also published in February a paper, prepared by the system operators, which explains the charging regime that applies to generators connecting to the network in Gate 2 (and beyond) of the Group Processing Approach to connection. A copy of the above mentioned papers can be viewed on the CER website, www.cer.ie

ALL ISLAND PROJECT UPDATE



Considerable progress has been made on the Single Electricity Market since the last update and the market remains on course for Go-live on November 1st 2007.

The legislation required to allow the market to be established has now been passed in both Ireland and Northern Ireland. In Ireland the Electricity Regulation (Amendment) (Single Electricity Market) Act 2007 was passed by the Oireachtas in late February while in Northern Ireland the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007 was passed in Westminster in April.

In late March, the Trading and Settlement Code (T&SC) for the SEM was published for a final consultation. The T&SC is a key document that will underpin trading in the new market. Subject to the final consultation, this version (Version 1.3) which has been legally reviewed, will be the contract to which eligible participants will be required to sign-up to.

In April the final version of the Directed Contract was published following considerable industry consultation. Directed contracts are an instrument the Regulatory Authorities will use to mitigate against market power in the SEM. They involve directing generators with potential market power to offer a portion of output at a regulatory set price.

Following public consultation the Regulatory Authorities have decided that the retail tariff period on the island of Ireland will run from October 1st to September 30th. The new tariff year will be in place from Oct 1st 2008. This will benefit customers as prices won't be changing at a time of peak usage.

On February 26th the Regulatory Authorities published a consultation on the regulation of ESB and NIE in the SEM. The paper discusses the options for the regulation of the incumbent generators and suppliers on the island of Ireland. The Regulatory Authorities facilitated an industry forum on the subject and are due to publish their decision in April.

Most recently the two energy regulators (CER & NIAUR) have signed a Memorandum of Understanding, details of which are outlined on the next page. Details of the SEM and the All-island Project are available on the All-island project website at www.allislandproject.org



Strategy Agreed for further All-Island Cooperation



The two energy regulators have announced details of a joint strategy for delivering further liberalisation and competition in electricity on an all-island basis.



The CER and NIAUR signed a Memorandum of Understanding (MOU) on 22nd March. This set out a programme of agreed measures for the further strategic development of all island electricity markets. This strategy will build upon the groundbreaking Single Electricity Market (SEM) for the island of Ireland which is due to commence on 1st November of this year.

This initiative enhances cross border cooperation in the energy sector building upon the strong links which have been built up between the two Regulatory Authorities since 2004. The key aim of this initiative is to ensure the delivery of competition and the equal treatment of customers and market participants regardless of their location on the island.

The new cross-border strategy outlines the following objectives:

- The two Regulatory Authorities have a shared objective of ensuring effective competition for all electricity customers on the island. No one company should have greater than 40% market share;
- The CER will work with ESB to ensure the phased divestment/closure of 1,500 MW of ESB generation by 2010. This strategy is referred to as the CER-ESB Asset Strategy Agreement;
- The operation of electricity transmission lines will be made completely independent of companies operating in the competitive markets, in both jurisdictions, by November 2008 at the latest. This has been achieved in Ireland, with the formal establishment last year of EirGrid plc as the independent transmission system operator (ISO) and plans are now well advanced to formally establish SONI Ltd. as ISO in Northern Ireland;
- Work to promote retail market competition and choice for all customers will be re-doubled. As competition strengthens, the Regulatory Authorities will phase out tariff regulation;
- The Regulatory Authorities will work to ensure the liquidity of the new wholesale electricity market (the SEM);
- The two bodies will apply a consistent, transparent and harmonised approach to market regulation on the island. This includes standardised arrangements to allow customers to switch supplier, standardised codes of practice and a common approach to the regulation of companies such as ESB and NIE.

A copy of the signed MoU can be viewed on the website of the all island project (www.allislandproject.org) and also on the CER website (www.cer.ie) and the NIAUR website (www.ofreg.nics.gov.uk).

Recently Published Documents

The CER recently published the following documents all of which can be viewed at www.cer.ie

- Gas Safety Committee Annual Report 2006
- Generation System Performance Report Quarter 1 2007
- Demand Side Management and Smart Metering
- Energy Prices and their effect on consumers and businesses - Presentation by Chairman of the Commission to Joint Oireachtas Committee.



White Paper on Energy

The Government published its White Paper on Energy "Delivering a Sustainable Energy Future for Ireland" on 12th March 2007. The CER has welcomed the Government's White Paper as an important step towards delivering fully liberalised markets.

The Commission provided a full input during the consultation period on this energy policy and is pleased that many of the recommendations which it made in its submission have been included in the White Paper.

In particular, the CER welcomes the following initiatives and actions:

- The establishment of EirGrid as the National Transmission Grid Company by end of 2008, involving the transfer of transmission assets to EirGrid. It is the CER's position that this action will increase transparency and will lead to increased efficiency over time;
- Reduction in the rate of return on ESB's distribution assets. It is clear that this measure will reduce the level of network tariffs and thereby contribute to a reduction in electricity prices.

These measures will also assist in the promotion of competition. This will take place in conjunction with the establishment of the Single Electricity Market (SEM) for the island of Ireland from 1st November 2007.

The CER also supports the targets for renewable energy (33% of electricity consumption from renewable energy sources by 2020) which have been set out in the White Paper.

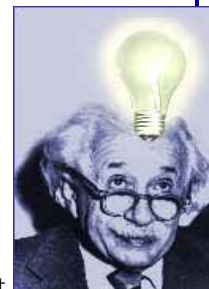
Further details including CER's submission on the Green Paper can be viewed on the Commission's website, www.cer.ie

NEW WEBSITE

The CER recently launched a new version of its website www.cer.ie. The Commission hopes that the new site will increase the level of service provided to the public and our stakeholders. If you have any suggestions or comments regarding the website please forward them to, info@cer.ie

Smart Metering

The CER issued a consultation paper on Smart Metering in March. Smart meters are sophisticated meters which can replace existing electro-mechanical meters offering a range of benefits to both the individual electricity customer and the electricity system in general.



Smart meters contain a display unit which can deliver a range of useful real time information to customers regarding electricity consumption and prices. The introduction of time-of-use tariffs in conjunction with smart meters would allow a customer to see the different costs throughout the day and to change elements of their consumption to cheaper times of the day.

Benefits include but are not limited to:

- Providing a real incentive to customers to individually manage their use of electricity. Customers will be encouraged to consume electricity when it is less expensive to produce, thereby benefiting the whole electricity system as a result.
- Smart metering allows for the remote reading of meters. Meter readers will no longer be required to visit a customer's premises. The saving will be passed on to customers in the form of lower network charges. Furthermore, all bills will be accurate as there will no longer be a need to estimate bills;
- Customer Information: A smart meter will allow for information such as electricity consumption and peak demand to be provided to a customer;
- Micro generation: The introduction of smart metering could allow for the recording of output from micro generators onto the electricity system.

Following this consultation, the Commission proposes to develop a pilot project plan to test the feasibility of smart metering and will work with ESB Networks to critically assess cost estimates and system requirements to support smart meters.

The CER's consultation paper can be found on the CER website www.cer.ie