Dear Mr. McNamara,

Further to consultation regarding tariff transition in the SEM [CER/06/002] the IBEC Large Energy Users Working Group (LEUWG) would like to express its concern regarding the CER’s draft decision CER/06/022 as published on 3 March 2006.

This decision indicates the CER’s intention to complete two full pricing reviews for tariffs in 2007, one under existing market arrangements including a fuel variation clause, the second under the SEM. At a time when business competitiveness is under significant pressure as a result of energy costs IBEC is particularly concerned by this development. Business consumers perceive three key threats associated with this decision:

Certainty
For Business to work effectively and efficiently it must be able to budget appropriately for cost over a minimum twelve month period. Under the proposed direction this would be impossible with two tariff assessments, involving differing evaluation methodology. Large consumers are critically concerned by the uncertainty that this introduces for price in 2007 and calls on the CER to reconsider this proposal in favour of an annual tariff.

Fuel Variation Clause
While a fuel variation clause is mentioned in this draft decision there is insufficient information for Users to comment on its suitability. Should such a clause be implemented it would be essential that consumers have flexibility whereby contracts could be offered including fixed price or fuel variation options.

Prior to further comment large users call on the CER to provide further information on how a fuel variation clause will be applied and its perceived benefit for consumers.
Consultation Barriers

IBEC have repeatedly expressed concerns regarding the ability of energy consumers to engage meaningfully on technical consultations issued by the CER. This issue persists creating barriers to consumer input. IBEC calls on the CER to provide resources to better facilitate consumer engagement particularly during this very complex period of energy market transition. Consumers must be able to understand the implications and cost/benefit of proposed decisions if they are to make informed contributions to this critical consultation process.

Finally, as it is the purview of the CER to act in the best interests of consumers, Business users rely on the CER to act in their best interest. The proposal currently detailed would appear to have greater potential negative impacts than positive. The IBEC Large Energy Users Group would appreciate a written response from the CER outlining how this decision is likely to deliver certainty of price and the impact of likely price variability on budgeting ability and competitiveness.

If you would like to discuss any of the above comments please contact David Manning, IBEC, 01 605 1689 or david.manning@ibec.ie.

Yours sincerely,

Patrick Dunne
Chairman, IBEC Large Energy Users Group