Response of Bord Gáis Energy Supply
to
The Commission for Energy Regulation
On the draft decision paper entitled
ESB PES Tariffs and the Transition to the SEM

Bord Gáis Energy Supply (“BGES”) welcomes the opportunity to comment on the above mentioned draft decision paper, issued by the Commission for Energy Regulation (CER) on 3rd March 2006. Bord Gáis Energy Supply (BGES) has considered the paper. In light of the fact that none of the four original options presented in the consultation paper are the proposed draft decision and the introduction of the fuel variation clause concept, we feel there has been insufficient time to fully address the implications contained within. The information and detail required to fully analyse the implications of this draft decision is incomplete. However, the following is some general comment/thought on the proposed draft decision.

1. Customers generally express a desire for tariffs of annual duration. Independent Suppliers therefore seek to offer customers tariffs on this basis. An inability to do so implies an unfair advantage to ESB PES (as traditionally PES has annual tariff reviews).
2. For transparency, consistency and budgetary reasons, the majority of customers do not want fuel price variations to bills. This causes major issues with electricity consumption estimates also.
3. A new methodology, partially based on SEM pool purchases, and the determination of two separate tariffs for a single year requires extensive resources for both regulators and suppliers alike.
4. Previously, we have documented our concerns with regard to the calculation of a fuel variation clause. It must be formulae based as Suppliers must be capable of hedging it. The formulae basis prohibits the clause being accurate or fully cost-reflective.
5. BGES notes that all independent market participants were in favour of a single tariff option while various ESB entities were in favour of an alternative option not documented.
6. Given the timing of such a decision and the major implications the current draft decisions has for Independent Suppliers, we request that a meeting or forum be arranged for market participants to fully explain their concerns and issues and for the CER to explain their logic in regard to this draft decision.