

Consultation on Disclosure of Information to Final Customers by Suppliers

CER/06/018

Airtricity Response

Our Understanding

The Consultation is unclear as to whether the Commission intends that the methodology described is intended to be used for calculating the fuel mix for all of a Supplier's demand, or whether it is intended that the process is intended only for calculation of the composition of the residual volume. Our comments have been prepared on the basis that the proposal is intended to be applicable to total demand, which Airtricity would strongly oppose.

Comments on Executive Summary

The consultation paper states; "the Electricity Directive (2003/54/EC) requires the Commission ensures that all suppliers provide reliable information on all bills/promotional materials sent to customers regarding the contribution of each energy source to the overall mix of the supplier concerned over the preceding year."

The Commission's proposal will rely on the SSA to supply the Commission with reliable information and not the individual suppliers, but we believe that individual suppliers must be held accountable for their own fuel mix disclosure and it would be unacceptable for the Commission to ask suppliers to depend on calculations and assumptions from the SSA for their own disclosure purposes. It would also be unacceptable for individual suppliers to be allowed to use this method for their entire fuel mix if they so choose. This proposed methodology should only be used when a supplier can genuinely not source adequate information about their fuel mix, as would be the case for energy derived from net imbalances.

Comments on section 1.2

The Commission states in section 1.2 that the, "Supplier **can** use this information to comply with its fuel mix disclosure requirement".

The word "can" in this statement implies that Suppliers can disclosure their fuel mix in a different ways. Is it intended that Suppliers may choose for themselves how to calculate their fuel mix, or should the statement be read as, "Suppliers **must** use this information to comply with its fuel mix disclosure requirement".

Comments on section 2.1.1

The Commission proposes that the SSA will calculate the fuel mix for each supplier in line with the methodology approved by the Commission.

Use of the proposed methodology to calculate each Supplier's fuel mix would be of no benefit to the customer in distinguishing between the types of fuel that their Supplier is using to meet their demand. The method simply aggregates all participants' generation sources by trading period and averages them over their individual demands. If Suppliers have the same demand portfolio (and thus the same shape over the year) this method result in them all appearing to supply their

customers with the exact same fuel mix. This information about fuel mix will be of no benefit to customers; particularly if they wish to purchase power from a Supplier who buys the majority of their power from renewable sources, in which case they would be completely misinformed as to the actual generation mix.

The method apparently proposed by the Commission, for all Suppliers' energy, was only intended to account for the residual volumes in the UK e.g. volumes participants purchased from the balancing mechanism or could not be backed up with generator declarations. Suppliers in GB must declare the source of their generation using generator declarations. They must also use REGOs to back up any declarations that they have supplied their customers with Renewable generation. (as shown in Appendix 2 of the Consultation).

We accept that the Commission's proposed methodology is a reasonable way to address the issue of residual fuel mix disclosure. However, if our understanding of paper is that the Commission intends to have the SSA establish the fuel mix of the entire market for each trading period and then applying this derived fuel ratio for each Supplier's entire fuel mix disclosure is correct, then this would be completely unacceptable to Airtricity and probably also to other Green and CHP Suppliers. Information on customers' bills from Airtricity should clearly show the full proportion of Renewable electricity that we have procured to supply customers. If Airtricity were to use the proposed method, our customers would see a higher percentage of their power coming from Gas than they would from wind. This is obviously mis-information and would be extremely confusing to customers.

One of the main aims of fuel mix disclosure is to inform customers of how much renewable or emission free power their supplier is using to meet their demand. Airtricity is the largest renewable supplier in Ireland and as such is the largest contributor to reducing CO₂ emissions into the Irish atmosphere. Airtricity sources its power from its own windfarms and from certified hydro-power stations in Scotland and elsewhere. This power is sourced at a premium cost compared with "Brown" power to enable Airtricity to supply its customers with accredited "Green" energy. This is fundamental to Airtricity's their business and is the reason customers choose Airtricity as their Supplier.

Conclusion

Any methodology for calculating Suppliers' fuel mix that aggregates Renewable and other energy and smears the mix across all Suppliers for their use on their customers' bills would be wholly unacceptable to Airtricity because it would be fundamentally wrong. We understand that a method must be established to account for any residual energy a Supplier may have that cannot be backed up with generator declarations or guarantees of origin and agree that the approach adopted by the GB regulatory authority (OFGEM) and to which the Commission's proposal is similar, is acceptable. OFGEM uses this method for residual supply only; any declaration of renewable supply must be backed up with guarantees of origin¹. Airtricity would support the use of a similar method in Ireland. If guarantees of origin are not available to be issued by the Irish authorities by the implementation date, then the Commission should continue to accept declarations of output from renewable plant from independent engineers as they do now. For Renewable generation from sources in Ireland, information from the SSA would be sufficient to back up renewable generation declarations.

¹ Under EU legislation, Member States were supposed to have established a system for establishing guarantees of origin for Renewable energy, by 27 October 2003