



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**ESB PES Proposal  
Seasonal Time of Day (STOD) tariff for  
Large Energy Users (LEU) from  
1<sup>st</sup> October 2008 to 30<sup>th</sup> September 2009**

DOCUMENT TYPE:	<b>Consultation Paper</b>
REFERENCE:	<b>CER/08/144</b>
DATE PUBLISHED:	1 <sup>st</sup> August 2008
CLOSING DATE:	28 <sup>th</sup> August 2008
RESPONSES TO:	<b>efarrelly@cer.ie</b>

*The Commission for Energy Regulation,  
The Exchange,  
Belgard Square North,  
Tallaght,  
Dublin 24.*

[www.cer.ie](http://www.cer.ie)

## CER – Information Page

In light of the Commission's recent decisions on retail tariffs for 2008/2009, this paper consults on ESB PES's proposal for a STOD tariff to be offered to LEU customers from 1<sup>st</sup> October 2008.

### Target Audience:

This decision paper is for the attention of members of the public, the energy industry, customers and all interested parties.

### Related Documents:

- [CER/08/131](#) CER Decision Paper Interim Electricity Price Increase – 1st August 2008
- [CER/08/134](#) Decision on ESB PES Electricity Tariffs 1 August – 31 December 2008

Responses to this consultation should be returned by email, post or fax and marked for the attention of Elizabeth Farrelly at the Commission.

**The Commission intends to publish all submissions received.** Respondents who do not wish part of their submission to be published should mark this area clearly and separately or enclose it in an Appendix, stating the rationale for not publishing this part of their comments.

## Table of Contents

1.0 Introduction .....	4
1.1 The Commission for Energy Regulation.....	4
1.2 Purpose of this paper .....	4
1.3 Legislative basis .....	4
1.4 Responding to this consultation.....	5
1.5 Structure of this paper .....	5
2.0 ESB PES LEU STOD - 1 <sup>st</sup> October 2008 .....	6
2.1 Introduction.....	6
2.2 ESB PES LEU STOD Proposal .....	7
3.0 Summary.....	8

## **1.0 Introduction**

### ***1.1 The Commission for Energy Regulation***

*The Commission for Energy Regulation* ('the Commission') is the independent body responsible for overseeing the regulation of Ireland's electricity and gas sector's. The Commission was initially established and granted regulatory powers over the electricity market under the Electricity Regulation Act, 1999. The enactment of the Gas (Interim) (Regulation) Act, 2002 expanded the Commission's jurisdiction to include regulation of the natural gas market, while the Energy (Miscellaneous Provisions) Act 2006 granted the Commission additional powers in relation to gas and electricity safety. The Electricity Regulation Amendment (SEM) Act 2007 outlined the Commission's functions in relation to the Single Electricity Market (SEM) for the island of Ireland. This market is regulated by the Commission and the Northern Ireland Authority for Utility Regulation (NIAUR). The Commission is working to ensure that consumers benefit from regulation and the introduction of competition in the energy sector.

### ***1.2 Purpose of this paper***

The purpose of this paper is to seek the view of the public and the CER's stakeholders with regard to ESB PES's (Public Electricity Supplier) proposal for a Seasonal Time of Day (STOD) tariff to be offered to Large Energy Users (LEUs) from 1<sup>st</sup> October 2008 to 30<sup>th</sup> September 2009. In order to make an informed and impartial decision on this topic, the Commission wishes to obtain comments from members of the public, the energy industry, customers and all interested parties. The Commission commits to considering all views equally and affording each respondent the opportunity to clarify any issue raised in this paper.

### ***1.3 Legislative basis***

The functions of the Commission for Energy Regulation in relation to electricity are set down in section 9 of the Electricity Regulation Act 1999 ("the 1999 Act"), as amended by subsequent Statutory Instruments. National regulatory authorities have been given additional functions under EU Directive 2003/54/EC. Regulation 3 of the recently enacted SI 60 (European Communities (Internal Market in Electricity) Regulations 2005) provides for the amendment of Section 9 of the 1999 Act for the purposes of assigning additional functions to the Commission.

In particular, Regulation 3 of SI 60 requires the Commission to consider proposals from ESB operating as Public Electricity Supplier (PES) in relation to

tariffs and their underlying costs. Regulation 3 also provides the Commission with the power, following an examination of proposals from PES in relation to underlying tariff costs, to issue directions to the Public Electricity Supplier in relation to such costs underlying any charge to final customers.

### ***1.4 Responding to this consultation***

Interested parties are invited to comment on the PES's proposal for a 12 month STOD tariff for LEUs from 1<sup>st</sup> October 2008 by close of business on 28<sup>th</sup> August 2008.

The Commission requests that respondents structure their comments to address the specific proposals outlined in the document. Where possible, reference to the section number should be made with specific comments. If respondents consider the proposals should be amended or expanded, please provide specific suggestions and set out your reasons so that the Commission can fully consider your position. The Commission regrets that it cannot undertake to provide individual responses to submissions on this paper.

Responses may be published in full on the Commission's website; therefore respondents should include any confidential information in a separate annex.

Submissions on this paper and the PES accompanying tariff proposals should be forwarded, preferably in electronic format, to:

Elizabeth Farrelly,  
Commission for Energy Regulation,  
The Exchange,  
Belgard Square North,  
Tallaght,  
Dublin 24.

**E-mail:** [efarrelly@cer.ie](mailto:efarrelly@cer.ie)

### ***1.5 Structure of this paper***

This paper provides a summary of the recent Commission decisions on the revised tariff timeline for 2008/2009 and sets the context for which ESB PES are submitting a proposal for a STOD tariff for LEU customers from 1<sup>st</sup> October 2008. This paper consults on PES's LEU STOD proposal, the tariff proposal is described in full detail in PES's submission document which accompanies this paper.

## 2.0 ESB PES LEU STOD - 1<sup>st</sup> October 2008

### 2.1 Introduction

On the 21<sup>st</sup> July, the Commission published a decision paper CER/08/131 which approved;

- Interim price increase of an average of 17.5% for households and SME's to apply from the 1<sup>st</sup> August 2008.
- Further review of tariffs this autumn with a final decision on 1<sup>st</sup> December on prices to apply from 1<sup>st</sup> January 2009.
- Customer credit of €300 million from ESB to be credited to all electricity customers from 1<sup>st</sup> January 2009.
- STOD tariff to be offered to LEU customers from 1<sup>st</sup> October 2008.

Subsequently, on the 23<sup>rd</sup> of July the Commission published a decision CER/08/134 which approved the tariffs for SME's and domestic customers which underpinned the average increase of 17.5% in prices from the 1<sup>st</sup> August 2008.

The Commission approved the above decision in light of the fact that over the past year fuel costs, which are the key determinant in the cost of electricity generation, have risen at an unprecedented rate. As gas prices have risen by over 130%, oil by 85% and coal by almost 100%, the Commission decided that it was reasonable and necessary to cushion customers from these proportionate increases in retail electricity prices by dealing with the inevitable price increase in two phases for households and SME's. The Commission further approved that a €300 customer credit will be applied to all customers regardless of their supplier from the 1<sup>st</sup> January 2009 in line with the second phase of the price increase.

LEU customers (those connected at 10kV or 20kV (MV), 38kV and 110kV) with PES are currently offered two PPPT (Pool Price Pass Through) tariff options, a Group PPPT tariff and an Individual PPPT tariff.

In line with CER/07/149, the Commission decided that there was sufficient competition in the LEU sector to warrant the removal of retail tariff regulation by the Commission. The Commission thus sanctioned that PES replace the published tariffs with a PPPT arrangement that charges existing PES LEU customers the actual costs incurred in procuring supplies of electricity from the SEM (Single Electricity Market) pool to meet their demands.

While the Individual PPPT became available to LEU customers from the 1<sup>st</sup> November 2007, an interim 7 rate STOD (Seasonal Time of Day) option was also offered to customers for the first four months of the SEM, from 1<sup>st</sup> November

2007 to 29<sup>th</sup> February 2008, this STOD was replaced by the Group PPPT option from the 1<sup>st</sup> March 2008.

In CER/08/131, in line with the revised tariff timelines for SME and domestic customers, the Commission approved that a STOD tariff will be offered in conjunction with the PPPT tariff to LEU customers with PES from the 1<sup>st</sup> October 2008 in order to alleviate the effect of the fuel price increases on LEU customers.

This STOD tariff which will be fully cost reflective of forward prices in the SEM will allow customers to fix their costs for the year ahead from the 1<sup>st</sup> October 2008. As part of this arrangement, no correction factor will apply on the STOD tariff for this tariff period which ends on 30<sup>th</sup> September 2009.

## ***2.2 ESB PES LEU STOD Proposal***

Full detail on PES's 12 month STOD proposal is set out in full in PES's submission document which accompanies this paper.

The Commission invites comments on this proposal by the 28<sup>th</sup> of August and will review PES's proposal and respondents comments on the proposed STOD to inform in making a final decision on the 5<sup>th</sup> September 2008.

### 3.0 Summary

**Proposal** – ESB PES are proposing to offer a 12 month STOD tariff to their existing LEU customers in conjunction with the PPPT tariff from the 1<sup>st</sup> October 2008.

**Q1.** Respondents are invited to comment on the proposal outlined in PES submission which accompanies this consultation paper. Are you in favour of the proposal? Outline reasons for agreement or disagreement.