



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Bord Gáis Energy Supply

**Review of Tariffs for the period
1st January – 30th September**

Consultation Paper

CER/08/222

4th November 2008

1. Introduction

The Commission for Energy Regulation is today (4th November 2008) publishing a submission from Bord Gáis Energy Supply outlining its proposed tariffs for residential and small industrial and commercial (I&C) customers. These customers are known collectively as non-daily metered, or NDM customers. The proposed tariffs would be applicable from the 1st January 2009 to 30th September 2009.

2. Background

Under Section 23 of the Gas (Interim) (Regulation) Act 2002, the Commission is responsible for regulating BGES tariffs. The tariffs charged to NDM customers are regulated according to a revenue regulated control formula ('the Revenue Control Formula'). In October 2007, the Commission published the current Revenue Control Formula applicable to NDM customers until 30th September 2012 (CER/07/158).

In recognition of the exceptional circumstances that evolved throughout 2008 and to cushion customers from the immediate full impact of soaring energy costs on world markets, on 8th August last the Commission adapted the normal annual tariff review process and approved a two-phased approach to the tariff review process for the current gas year.

In the first phase of this process, the Commission approved an interim tariff increase of 20% for NDM customers for the period 1st September 2008 – 31st December 2008 (CER/08/148). When issuing this decision, the Commission committed to conducting a full tariff review in November 2008 as part of the second phase of the process, with the resulting approved tariffs being applied from the 1st January 2009.

As part of this review process, the Commission is publishing a submission from BGES outlining proposed tariffs for its NDM customers for the period 1st January 2009 to 30th September 2009 together with a description of the background, historic and forecast cost drivers and underlying rationale for these proposals.

The wholesale gas costs in this submission reflect the known gas costs as of the 21st October 2008. BGES has agreed to update these costs in light of trends in international gas markets during this consultation period and will inform the Commission of significant differences before a final Commission decision is taken on 1st December 2008.

If approved, the BGES proposals would entail average tariff increases of **3.9%** with effect from 1st January 2009, distributed as follows:

- **4.2%** for residential customers

- **2.8%** for small I&C customers

For further detail on the already approved transmission and distribution tariffs – which account for approximately 30% of the Revenue Control Formula – please refer to the Commission’s most recent decision documents:

- CER/08/151 – Decision Paper on Gas Transmission Tariffs 2008/09
- CER/08/152 – Decision Paper on Gas Distribution Tariffs 2008/09

3. Responses

The Commission welcomes comments from interested parties on the submission from BGES. All responses should be submitted before close of business on **Monday 24th November 2008** to Jill Murray, at:

The Commission for Energy Regulation,
The Exchange,
Belgard Square North,
Tallaght,
Dublin 24
jmurray@cer.ie

Public Forum

In addition, to the request for comment on the proposed BGES tariffs the Commission is hosting an open forum on electricity and natural gas tariffs for 2009 on Monday 10th November 2008 at 10:00 a.m. in the Gresham Hotel, O’Connell Street, Dublin 1. Both ESB Customer Supply and Bord Gais Energy Supply will make presentations to industry participants and members of the public on their proposed tariff changes. After the presentations there will be time allocated for questions and answers.

The public forum will be chaired by the CER and more details on the event, including an agenda, can be found in the newsroom section of CER website.

Please note:

Those planning to attend are asked to contact Sandra Morgan at the Commission by e-mail to smorgan@cer.ie or by telephone 01 – 4000800. This will assist the Commission in planning the event, though there is not a formal requirement to register for the event.