Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Electricity Retail Market Information Report for 2008 & Update on Quarter 1 2009

CER/09/113

18th September 2009

Contents

Glossary

CER: Commission for Energy Regulation

DEC: Demand Energy Coefficient

DUOS: Distribution Use of System

HV: High Voltage

LEU: Large Energy User

LVMD: Low Voltage Maximum Demand

MD: Maximum Demand

MRSO: Meter Registration System Operator

MWh: Megawatt hour

NQH: Non Quarter Hourly

PES: Public Electricity Supplier

PPPT: Pool Price Pass Through

QH: Quarter Hourly

SEM: Single Electricity Market

SLP: Standard Load Profile

SME: Small Medium Enterprise

Executive Summary

It is the intention of the Commission, going forward, to publish Electricity Retail Market Updates on a Quarterly basis. The Q2 2009 update will be published in October '09, and the Q3 2009 update will be published in January '10. It is intended that the Annual Report for 2009 will be published in April 2010, and three subsequent quarterly reports will be published in July '10, October '10 and January '11.

This report contains details and analysis of market data for 2008 identifying trends in the market since 2007. The key points within the report with respect to 2008 are as follows:-

- Urban and Rural Domestic customers comprise the largest proportion of customer numbers at 62.1% and 28.2% respectively. SME's constitute 9.2% of total customer numbers, Public Lighting sites comprises 0.4% of customer numbers, with LEU customers representing approximately 0.1% of the total customer base.

- SME customers account for 35.1% of total electricity consumption, followed by LEU's at 25.8%, urban domestic customers at 25.1%, rural domestics at 12.8% and Public Lighting at 1%.

- The total number of customers consuming electricity in Ireland is forecasted to increase by 7% between 2009-2013, down from last year's projected increase of 12% between 2008-2012.

- The highest percentage growth in customer numbers is expected to occur within the LEU customer segment, with a predicted growth rate of 15% between 2009 and 2013. This is based solely on forecasts provided by ESB Networks in March '09. However this is a significantly reduced growth figure when compared to last year's Retail Market report which predicted growth of 25% between 2008 and 2012.

- The current economic downturn is likely to see a reduction in consumption across all customer segments in 2009 with this trend continuing for LEUs into 2010. However total electricity consumption in Ireland is still forecasted to increase by 11.75% between 2009-2013.

- At the end of 2008, PES is still the dominant player in the market across domestic, SME and LEU sectors when measured by customer numbers.

- Independent suppliers increased their market share within the LV Non MD (or General Purpose) segment from 35.2% in 2007 to 37.7% in 2008.

- Within the LVMD customer segment competition is even stronger with independent suppliers commanding 54.12% of market share in 2008 (although this is down slightly from 2007 figure of 54.6%).

- Market share in terms of suppliers respective shares of overall consumption only changed slightly in 2008.

- Net churn figures reveal that ESBCS lost on average 1809 customers per month, while gaining on average 150 customers per month during 2008. This was an increase of 67% on 2007 losses for ESBCS although in terms of PES's overall customer numbers, the losses were still low.

- However, consumption churn was low over the course of 2008 as consumption market shares had not changed significantly between the end of 2007 and the end of 2008.

- Fuel costs in 2008 were extremely volatile necessitating an interim price review in August 2008 which resulted in an average 17.5 % increase in regulated tariffs. This was followed by a further review in Dec '08 which resulted in an average decrease of less than 1% in the final tariff.

- A rebate of E315.4m from ESB together with an E87m PSO related rebate offset the need for further increases in regulated tariffs from 1st January 2009.

In addition an update on market developments during the first quarter of 2009 has also been included in section 5 of the report. The update shows that there have been significant developments with the entry of Bord Gáis and Airtricity into domestic electricity market in February 2009. This is the first time there has been a challenge to PES's dominance of the domestic market. In particular the update shows that:

- Bord Gais Energy and Airtricity held 1.55% and 0.48% of the domestic market at end Q1 2009 respectively compared to 0.38% for BGE and 0.25% for Airtricity at end of 2008.

- Furthermore it is noted that there are early indications of customers switching from PES to Bord Gáis and Airtricity.

1 Introduction

In order to support the development of retail competition, the CER has committed to the publication of a retail market information report for the electricity sector. It is intended that this report will improve transparency and facilitate future competition in the retail market.

This report presents relevant market statistics, including information on overall customer numbers and consumption, forecast data, customer load profiles, market shares and churn rates. An update on Quarter 1 of 2009 is also provided at the end of this report. This is the second Retail Market report and is a snapshot of retail market statistics in the Irish electricity market for 2008 and Q1 of 2009. The CER intends that this report will prove to be a useful reference for suppliers and industry participants monitoring trends and changes in market features. There will be a separate gas retail market report which will provide information on the gas market, including statistical and further qualitative analysis.

The data presented in this report has been gathered by ESB Networks and the Meter Registration System Operator (MRSO). The MRSO is a "ringfenced" function within ESB Networks responsible for the Change of Supplier process and the communication/aggregation of meter data in the SEM.

2 Customer Numbers & Electricity Consumption

This section provides a synopsis of customer numbers and consumption data for the three key categories of customer in the retail market; Domestic, Small Medium Enterprises (SME) and Large Energy Users (LEU). Customer categories are based on their connection to the network and the appropriate Distribution Use of System (DUoS)[1] Groups; Domestic (DG1-DG2), SME (DG5-DG6) and LEU (DG7-DG10). This report currently excludes an analysis of Public Lighting and Unmetered Supply (DG3-DG4) customers, however data on DG3 & DG4 customer groups is included in the appendices. A complete breakdown of customer numbers, annual sales and consumption per customer for each DUoS group is provided in the Appendix in Tables 7.1, 7.2 and 7.3.

2.1 Customer Numbers

During the period 2004 - 2008, the total number of electricity customers in the Republic of Ireland increased by 16.4% to 2,203,724 in 2008. The growth in electricity customers can be attributed to a range of factors including strong economic growth, immigration and increases in housing construction during the period.

A breakdown of electricity customer numbers per DUoS group at end 2008 is shown in Figure 2.1. Domestic customers comprise the largest proportion of customer numbers at 90.27%. SME's constitute 9.2% of total customer numbers, Public Lighting sites constitute 0.4% of customer numbers with LEU customers representing approximately 0.1% of the total customer base.

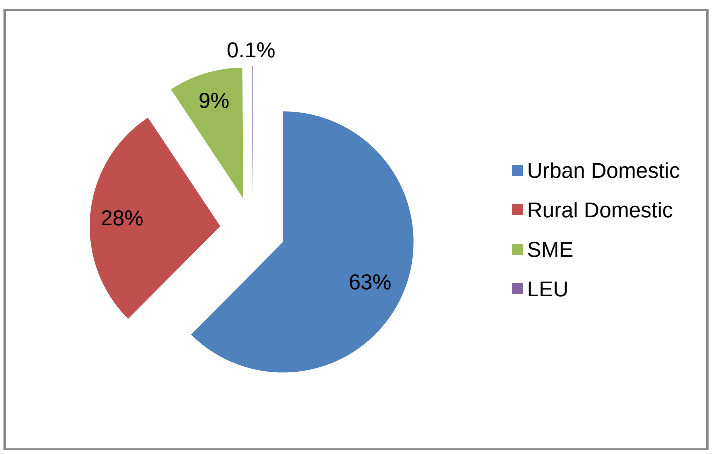

Fig.2.1 2008 Electricity Customer Numbers by DUOS Group (Source: ESB Networks, March 2009)

[1] A full description of all DUoS groups is available here

2.1.1 Domestic Customer Numbers

Figure 2.2 illustrates the number of urban and rural domestic customer's between 2004-2008. During this timeframe, the total number of domestic customers increased by 16.7%. Urban and rural customers are defined by their connection to the network, which is either a single or three phase connection.

The expansion in total domestic customer numbers can be attributed to the increase in urban domestic customers, which grew by 37.6% from 993,811 customers in 2004 to 1,367,757 customers in 2008. During the same period, the number of rural customers declined 12.5% from 710,761 in 2004 to 621,699 in 2008. The decrease in rural customer numbers can be explained partly by the reclassification of rural customers into the urban DUoS group.

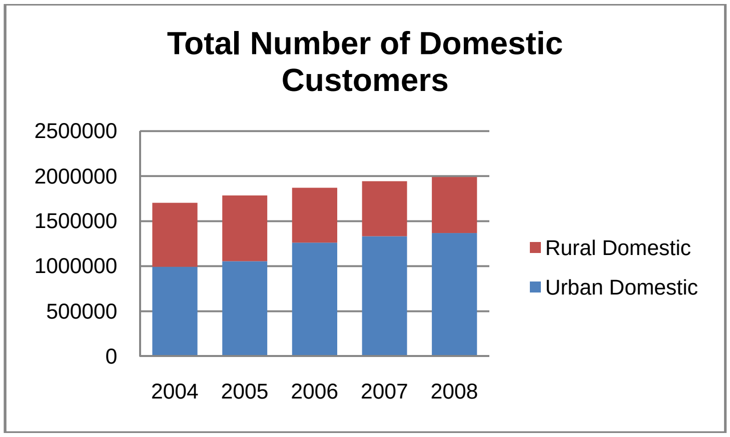

Fig.2.2 Total Number of Domestic Customers (Source: ESB Networks, March 2009)

2.1.2 SME Customer Numbers

SME customers are categorised as Low Voltage customers, based on their connection to the network. Within this group, customers are further categorised based on their maximum demand, which relates to customer charges based on their maximum electrical capacity. For example typical Low Voltage Non-Max Demand (LV Non-MD) customers would be small retailers, hairdressers etc, while examples of Low Voltage Max Demand (LVMD) customers would be larger retailers such as a medium sized supermarket, some office blocks etc.

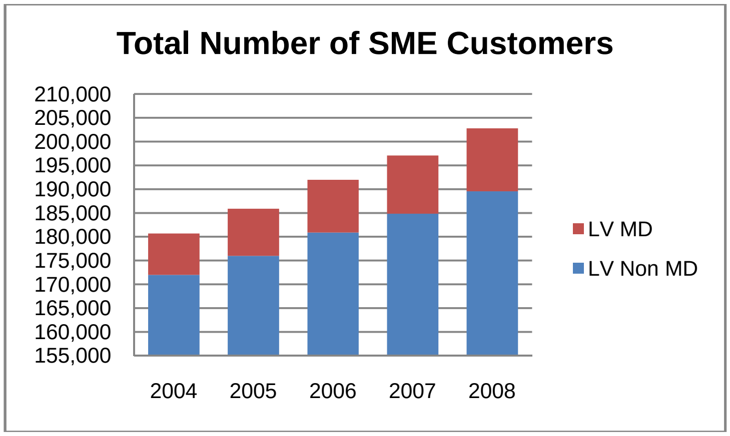

Fig.2.3 Total Number of SME Customers (Source: ESB Networks, March 2009))

Figure 2.3 provides a breakdown of LVMD and LV Non-MD customer numbers. Over the last five years, the total number of SME customers increased by 12.2% to 202,770. In the years 2004-2008 the number of LV (Non-MD) customer numbers increased by 10.2% from 171,999 in 2004 to 189,544 in 2008. At the higher end of the SME sector, the number of LVMD customers increased by 52.3% from 8,682 in 2004 to 13,226 in 2008. This reflects the growth in the economy during this period. At the end of December 2008 there were fourteen times more LV Non-MD customers than there are LVMD, that the average LVMD customer over the 5-year period consumed 17 times as much electricity as the average LV Non-MD customer.

2.1.3 LEU Customer Numbers

The LEU sector represents less than 0.1% of customers in 2008 but accounts for 25.8% of total market consumption. This category refers to commercial and industrial customers who are connected at Medium and High voltages; Medium Voltage Maximum Demand (MVMD) and High Voltage (HV 38kV & HV 110kV). Large supermarkets, and small factories would be examples of MVMD customers. Creameries and disturbing loads such as a light-rail transportation system would be examples of 38kV Max demand customers. Examples of 110kV Max Demand customers would be large chemical plants and large data centres. Transmission connected customers are not included in this report.

A summary of MVMD and HV (38kV & 110kV) customer numbers is shown in Figure 2.4. In the years 2004-2008, the total number of LEU customers increased by 36.5% to 1494. This accounted for a 33.8% increase in the number of MVMD customers from 1,056 customers in 2004 to 1,413 customers in 2008. In the same period the number of HV 38kV customers increased from 37 customers in 2004 to 77 customers in 2008. By the end of 2008, only one customer was connected at HV 110 kVA.

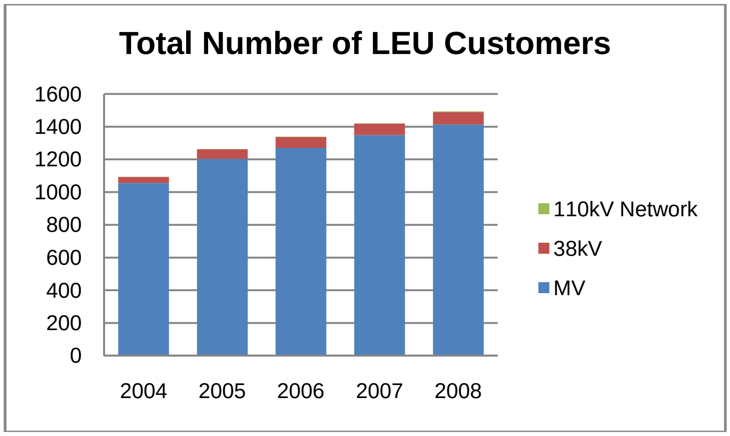

Fig.2.4 Total Number of LEU Customers (Source: ESB Networks, March 2009)

2.1.4 Customer Number Forecasts

A summary of customer number forecasts is provided in Figure 2.5. Based on projected GDP and population growth figures, the total number of customers consuming electricity in Ireland is forecasted to increase by 7% between 2009 and 2013. This forecast is less than half the actual growth rate of the previous 5 years (refer to section 2.1).

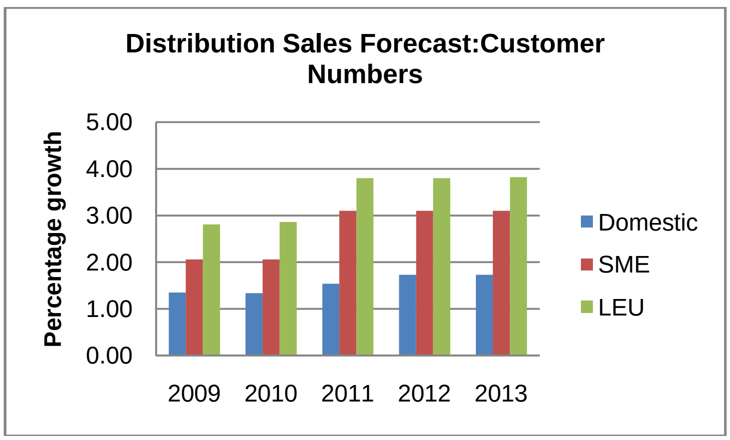

Fig.2.5 Distribution Sales Forecast: Customer Numbers (Source: ESB Networks, March 2009)

Please note that these growth rates are based solely on forecasts provided by ESB Networks in March '09. The highest percentage growth is expected to occur within the LEU customer segment, with forecasted growth rate of 15% between 2009 and 2013. Again, this is less than half the actual growth rate of 36.5% recorded for the previous 5 years in section 1.1.3. This reduction can be explained by the deterioration in the economy which took effect from the second half of 2008 onwards. A complete breakdown of customer forecasts is provided in the Appendix under Table 7.4.

2.2 Electricity Consumption

Overall electricity consumption, measured in GWh, has increased in response to a rise in customer numbers. During the period 2004 - 2008, the total volume of electricity consumed in the Republic of Ireland increased by 15.6% to 24,043.2 GWh in 2008. Table 7.5 in the Appendix provides a breakdown of percentage changes in consumption growth over the last ten years.

Figure 2.6 shows electricity consumption by customer sector in 2008. A breakdown of consumption figures confirmed that Domestic Customers consume the largest proportion of electricity at 38%, followed by SME's at 35% and LEU's at 26%.

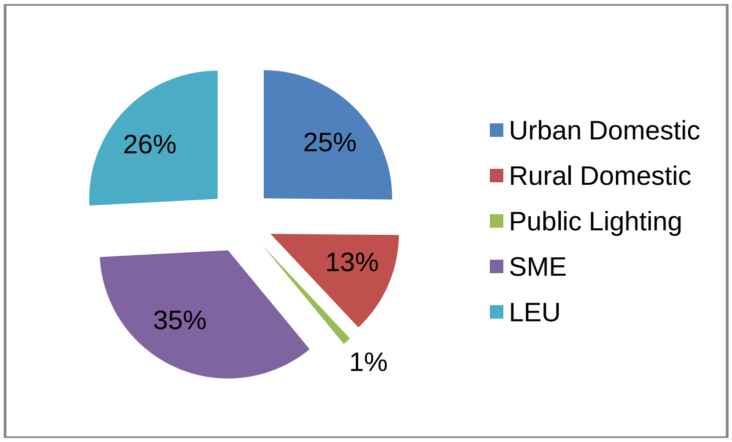

Fig.2.6 2008 Electricity Consumption by DUOS Group (Source: ESB Networks, March 2009)

Please note that while SME and LEU customers make up only 9.3% of total customer numbers (see Fig 2.1), that the combined consumption of SME and LEU customers accounts for 61% of total consumption.

2.2.1 Domestic Customer Consumption

During the period 1998-2008, an urban domestic customer consumed on average 4.42 MWh in comparison to 4.77 MWh for a rural customer. In 2001, the annual MWh consumption per urban customer peaked at 4.59 MWh, while declining to 4.42 MWh per customer in 2008. The annual MWh consumption for a rural customer peaked at 5.07 MWh in 2006, while reducing to 4.97 MWh in 2008. Figure 2.7 shows average domestic customer consumption for the period 1998 – 2008.

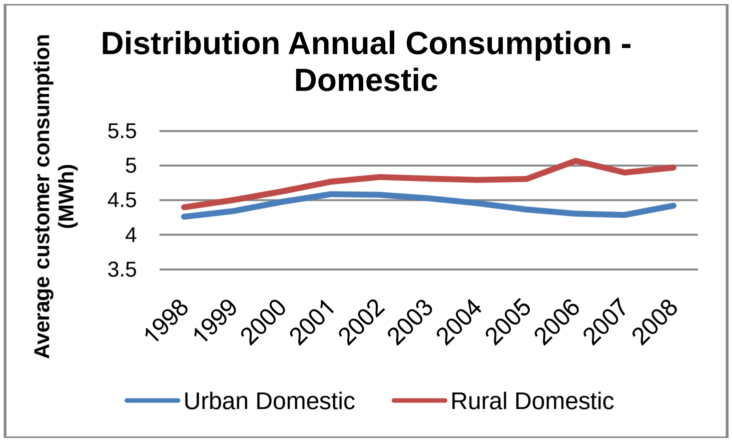

Fig.2.7 Annual Consumption (Domestic) (Source: ESB Networks, March 2009)

From 2005 to 2007, there is a marked difference in the average consumption for rural and urban domestic customers and reflected in the graph by the peak rural consumption in 2006. Otherwise both the rural and domestic customer have broadly similar patterns of average consumption, notwithstanding the rural customers greater average consumption.

2.2.2 SME Customer Consumption

LV Non-MD customers consumed 23.55 MWh of electricity on average per customer in the years 1998-2008. During this period, the consumption level of LV Non-MD customers generally reveals an upward trend. However, this growth dropped by -2.0% in 2007 and there was negative growth again in 2008, with growth dropping by -1.2% on the previous year.

LVMD customers consumed 368.67 MWh on average per customer between 1998-2008. In 2003, the annual MWh consumption per customer peaked at 399.8 MWh, while declining to 315.2 MWh per customer in 2008. Figure 2.8 presents SME's consumption for the period 1998-2008.

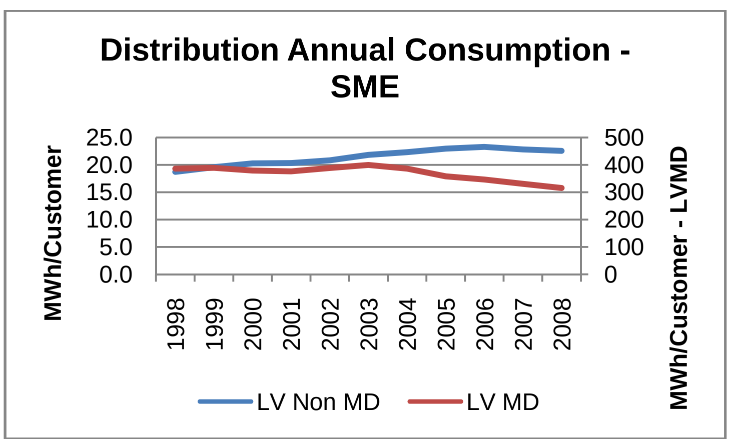

Fig.2.8 Annual Consumption (SME) (Source: ESB Networks, March 2009)

2.2.3 LEU Customer Consumption

MVMD customers consumed on average 4,316 MWh per customer between 1998 and 2008. Within this period, peak consumption reached 4,630 MWh per customer in 2001. However, since 2001 MVMD consumption has declined to 3,737MWh per customer in 2008.

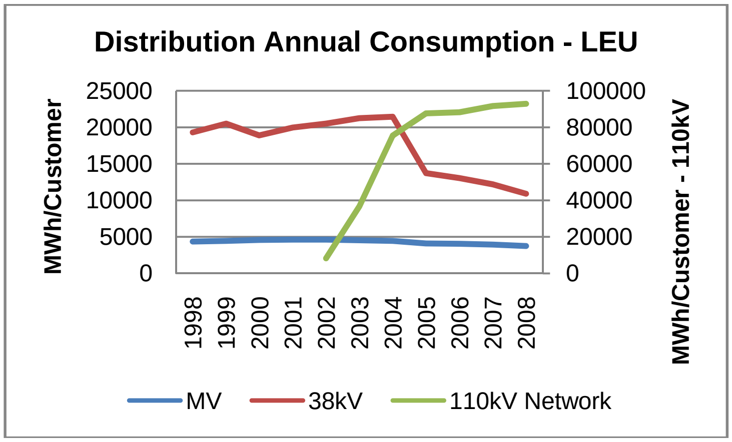

Fig.2.9 Annual Consumption (LEU) - (Source: ESB Networks, March 2009)

Consumption for customers connected at HV 38kV decreased from a peak of 21,459 MWh in 2004 to 10,896 MWh in 2008. The HV 110kV customer segment experienced a continued increase in consumption from 2002 – 2008, with consumption reaching its highest level of 92,852 MWh in 2008. LEU consumption patterns are shown in Figure 2.9 above, (available data for 110kV consumption is from 2002 onwards).

2.2.4 Electricity Consumption Forecasts

Total electricity consumption in Ireland is forecasted to increase by 11.75% between 2009-2013. Figure 2.10 presents the forecasted customer consumption for the years 2009-2013. The highest percentage growth is expected to occur within the domestic market, with a predicted growth rate of 15.6%. A complete breakdown of consumption forecasts is provided in the Appendix under table 7.6. However it is noticeable in Figure 2.10 that there is negative growth for both SME and LEU sectors in 2009, and again for LEU sector in 2010. This is a significant departure from the continuous 5-year forecast of growth in the 2007 Electricity Market Report and reflects the overall slowdown in the economy over the last year.

In particular the positive forecast growth in the LEU sector from 2011 to 2012, as shown in Fig.2.10, has halved from the previous forecast for these years as contained in last year's report. Last year's forecast growth for the SME sector from 2008 to 2012 was on average, about 3%. The forecast contained in Fig 2.10 for 2011 to 2013 is consistent with this level of growth. Therefore the forecast for SME and LEU growth in 2009 and 2010 (as per Table 7.6 in appendices) would appear to be consistent with the economic downturn and its impact on the commercial and industrial sectors of the economy. However it has been pointed out that these growth rates are based on ESB Networks forecast data which was generated in March 2009.

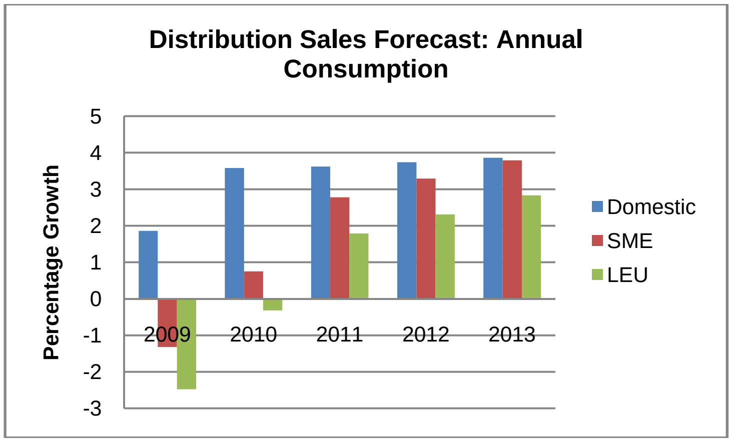

Fig.2.10 Distribution Sales Forecast: Annual Consumption (Source: ESB Networks, March 2009)

2.3 Customer Load Profiles

Standard customer load profiles (SLP) were developed for the Irish Market in 2001. Nine SLPs were developed for the retail market, together with derived profiles for the unmetered Public Lighting supplies. Sample meters were installed during 2003 and early 2004 and the first profile data collected, validated and processed to create the base profiles for the 2005 calendar year.

Profile data is collected and processed annually, using the most recent profile data from the sample meters, to create the base SLPs for the following year. The profile data is then unitised, so that all Demand Energy Coefficients (DECs), for each Quarter Hour (QH) interval, add up to 1.0 for each SLP. The published unitised SLPs are derived into Day and Night unitised profiles.

The derived SLPs are used for Non Quarterly Hour (NQH) settlement of customers. They are also used for estimating NQH customers' consumption, in conjunction with the historical bi-mensal meter reads. The previous year's SLPs are available on the RMDS website[2].

Three unmetered Public Lighting profiles are also produced each year, along with a burn hour calendar for each. These profiles represent the 24-Hour, Dusk to Midnight and Dusk to Dawn Public Lighting burn hours and unitised profiles. The unitised profiles and the burn hours are used for billing the unmetered supplies. A separate Night Storage Heating (NSH) unitised profile is developed from historical data.

[2] Click here for RMDS Standard Load Profiles

3 Market Share

The electricity market has been described thus far in terms of overall customer numbers, consumption and load profiles within the different customer segments. All segments of the market have been open to full retail competition since 2005 and there were 10 suppliers active in the market at the end of 2008, one more than in 2007, as Vayu were awarded a license in November 2007 and began supplying commercial and industrial customers in June 2008. This section reports on market share, measured in customer numbers and consumption, and provides a breakdown between customers of ESB Customer Supply (ESBCS), licensed as the Public Electricity Supplier (PES), and the 9 independent suppliers active in the market during 2008. Data is presented as an amalgamated figure for all independent suppliers in the SME and LEU market segments. Please note that the tables in sections 3.1, 3.2 & 3.3 below, are comparing supplier's share of total number of customers in market with supplier's share of total consumption in market for 2008.

3.1 Domestic Market

The key characteristic of the domestic retail market is the dominance of ESBCS. Despite full market contestability since 2005, ESBCS remained the dominant supplier, with a market share of 99.26% at end of 2008. However, there have been significant developments following both Bord Gáis Energy Supply and Airtricity's entry into the domestic electricity market in February 2009. Please refer to section 5 of this report for further details. Table 3.1 compares PES's market share of domestic market with that of the Independent Suppliers both in terms of total number of domestic customers and in terms of total domestic consumption.

	Customer Numbers (Percentage share)	**Total Consumption (Percentage share)**
PES	99.26%	99.42%
Independent Suppliers	0.74%	0.58%

Table 3.1 Domestic Market Share 2008 (Source ESB Networks, March 2009)

3.2 SME Market

Tables 3.2(a) & 3.2(b) provides a breakdown of 2008 customer numbers between ESBCS and independent suppliers for the LV Non-MD and LVMD market respectively.

Independent suppliers have developed a strong presence in the SME market. Within the LV Non MD (or General Purpose) segment, independent suppliers increased their market share from 35.2% in 2007 to 37.7% in 2008. This represents 51.9% of total customer consumption for this market segment.

	Customer Numbers (Percentage share)	**Total LV Non-MD Consumption (Percentage share)**
PES	62.31%	48.09%
Independent Suppliers	37.68%	51.91%

Table 3.2 (a) LV Non-MD Market Share 2008 (Source ESB Networks, March 2009)

Competition within the LVMD customer segment is even stronger with independent suppliers commanding 54.12% of market share in 2008 (although this is down slightly from 2007 figure of 54.6%). This represents 62.52% of the market when measured as consumption.

	Customer Numbers (Percentage share)	**Total LVMD Consumption (Percentage share)**
PES	45.87%	37.48%
Independent Suppliers	54.13%	62.52%

Table 3.2 (b) LVMD Market Share 2008 (Source ESB Networks, March 2009)

3.3 LEU Market

Independent suppliers have developed a significant market presence within the MVMD and HV (38kV & 110kV) customer groups, supplying 70.48% and 72.83% of customers respectively in 2008. This represents 84.05% of the market in terms of consumption for MVMD customers and 98.18% of HV (38kV & 110kV) customer consumption. Tables 3.3(a) and 3.3(b) show a breakdown of percentage market share for MVMD and HV customers.

	Customer Numbers (Percentage share)	**Total MVMD Consumption (Percentage share)**
PES	29.52%	15.95%
Independent Suppliers	70.48%	84.05%

Table 3.3 (a) MVMD Market Share 2008 (Source ESB Networks, March 2009)

	Customer Numbers (Percentage share)	**Total HV Consumption (Percentage share)**
PES	27.17%	1.82%
Independent Suppliers	72.83%	98.18%

Table 3.3 (b) HV (38kV & 110kV) Market Share 2008 (Source ESB Networks, March 2009)

The growth in independent supplier's market share may to a large extent be attributed to a CER direction issued in 2006 that prevented new LEU customers and existing LEU customers with independent suppliers from returning to ESBCS[3] This measure was intended to support growing competition within this sector.

3.4 Customer Switching

Customer churn is a key indicator of retail competition and supplier activity within the retail market. Figure 3.1 highlights the number of customers that ESBCS has lost and gained on a monthly basis during 2008. The number of customer transfers between independent suppliers is also shown. Net churn figures for 2008 (excluding new registrations) show:-

- on a monthly basis, PES lost on average 1416 customers while gaining on average 146 customers during 2008
- PES largest losses occurred end of year (3254 in November and 5522 customers in December)
- approximately 1120 customers switched between independent suppliers on a monthly basis during 2008
- the highest rate of net transfers occurred in May, while the lowest rate of transfer activity occurred in March.

A complete breakdown of monthly net churn figures is provided in Appendix under Table 7.7.

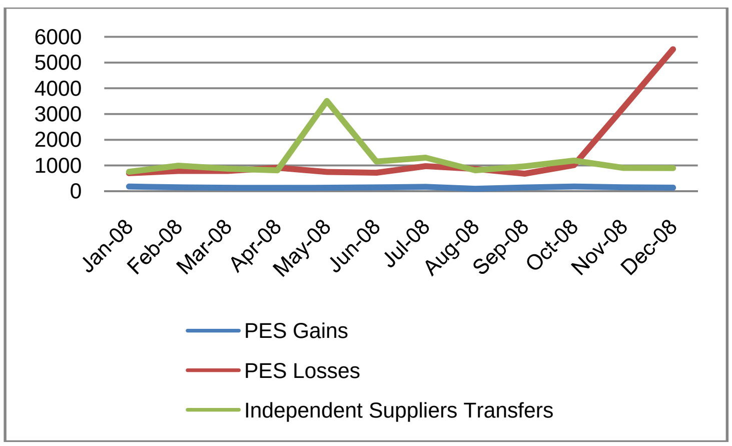

Fig.3.1 Customer Churn in 2008 (Source: MRSO)

The high PES losses in November 2008 and December 2008 may be partly explained by the Irish Farmers Association (IFA) move away from PES. The IFA Power/Bord Gáis Energy Partnership Deal was announced on 10th September 2008[4] and guaranteed IFA members a minimum of 24% savings on their electricity bills. The spike in May 2008 relates to the transfer of CHP Supply Limited customers to Airtricity, following Scottish and Southern Energy's acquisition of both of these companies in January 2008.

[3] Direction on Ending Tariff regulation for Large Energy Users 06/167
[4] See http://www.bordgaisenergy.ie/htm/news/index.php?type=0&date=20080910&topic=ifa

4 Electricity Prices in Ireland 2008

The retail tariffs charged to customers by ESBCS are regulated by the CER. The regulated retail tariff year runs from the 1st October to the 30th September, and is aligned for the public electricity suppliers in both the Republic of Ireland and Northern Ireland.

Electricity tariffs are based on relevant costs incurred by a supplier in serving its customer base for the relevant period; Networks (transmission & distribution), Supply, Public Service Obligation levy and Wholesale costs (capacity & market operator costs and energy). The biggest cost driver in electricity prices is generation and Ireland's fuel mix for electricity generation has one of the highest levels of fossil-fuel reliance within the EU. The majority of the total cost of generation relates to energy and the price of fossil-fuels, which is externally determined and has risen considerably over the last 10-12 years. Ireland's network unit charges will also tend to be higher than most other European countries due to the dispersed nature of its population. There has also been a significant level of investment in the networks from 2000 onwards that provided essential upgrades to improve security and reliability of the network as well as additional infrastructure to support the renewable targets and regional enterprise development.

From 1st Nov 2007 electricity prices were reduced by an average of 6.1% across all customer categories. This reduction was primarily due to the low prevailing fuel prices in the preceding months when suppliers had hedged out a significant portion of their demand for the '07 / '08 tariff year. In mid 2008 fuel costs soared to record levels so that suppliers were purchasing Contracts for Difference (CfDs) in order to hedge forecast demand in an extremely volatile rising market. In anticipation of a price rise of approximately 40% in the October 2008 tariff review, the CER introduced an interim average tariff change of +17.5% on all regulated tariffs effective from 1st August '08. At that time the Commission also secured a rebate of €315.4[5] million credit from ESB which was distributed to all customers through a 1.5003 c/kWh rebate in the 9 months from 1st January 2009 – 30th September 2009. At that time the Commission committed to continue to monitor fuel prices and the impact on wholesale electricity costs and conduct a further review in Q4 2008.

By October 2008 international fuel prices had softened somewhat and after a further detailed review of tariffs in November 2008, the Commission published its decision on 1st December 2008. In that decision the Commission also directed that a PSO Related Rebate[6] of €87m should be provided to all customers. This decision reduced tariffs by an average of just less than 1% across all fixed customer categories for the 9 month period 1st January 2009 – 30th September 2009. In summary, the need for an increase in regulated tariffs from 1st January 2009 was off set by the following actions in 2008 ;

- 17.5% increase from 1st August 2008
- €315.4m in ESB Customer Credit
- €87m PSO Related Rebate

Since the launch of the SEM, tariffs charged to LEU customers are regulated but not fixed annually. All ESBCS LEU customers were moved onto a Pool Price Pass Through (PPPT) Tariff in March 2008, which is reflective of the underlying price of electricity within the wholesale pool.[7] All LEU customers on a variable tariffs saw significant volitility in energy prices over 2008, peaking in summer period. All LEU customers also received the benefit of rebates refered to above.

In its most recent tariff review in April 2009, the Commission brought forward an average 10.3% decrease in regulated tariffs from 1st May, and this was achieved through re-profiling network charges, to the

[5] This includes €15.4m from an ESB Power Generation over recovery in the previous year.
[6] €87m from the sale of ESB plant under the asset management strategy.
[7] CER direction to ESB PES on electricity charges to apply from 1st November 2007, CER/07/191

immediate benefit of all consumers and businesses. A summary of percentage changes in ESBCS's regulated electricity prices since 2003 is provided in the Appendix under Table 6.8.

The Commission has just published a decision paper on proposals from ESBCS for the 2009 / 2010 tariffs.[8]

[8] CER Directionto ESB PES on tariffs from 1st October 2009 to 30th September 2010, (CER 09/151)

5 Quarter 1 2009 – Update

Since market opening in 2005, ESBCS has maintained its position as the dominant electricity supplier in the domestic market supplying in excess of 99% of customers. The first quarter 2009 has seen a significant change in the electricity retail market in Ireland with the entry of Bord Gáis Energy Supply and Airtricity into the domestic electricity market in February 2009. Given these positive developments in the competitive landscape, the Commission is publishing an update on retail market shares in each customer segment at end Q1 2009.

5.1 Domestic Market

At end of Q1, PES market share had dropped to 97.86% of the domestic customer base having lost lost 17,737 urban domestic customers and 18,172 rural domestic customers in the first 3 months of 2009. Figure 5.1 shows the breakdown for domestic customer market shares at end Q1 2009.

Qtr 1/2009	**Customer Numbers (Percentage share)**	**Total Domestic Consumption (Percentage share)**
PES	97.86%	98.09%
BGE	1.54%	1.29%
Airtricity	0.48%	0.43%
Others	0.10%	0.17%

Table 5.1 Domestic Market Share Q1 2009 (Source: ESB Networks, June 2009)

5.2 SME Market

	Customer Numbers (Percentage share)	**Total SME Consumption (Percentage share)**
PES	59.71%	41.83%
Energia	17.90%	27.31%
Airtricity	14.17%	11.18%
BGE	6.94%	10.89%
ESBIE	1.22%	8.67%
Others	0.06%	0.12%

Table 5.2 SME Market Share Q1 2009 (Source: ESB Networks, June 2009)

Tables 5.2 show the SME market shares for Q1 2009.

5.3 LEU Market

There was only a slight change in overall LEU numbers at end of Q1 2009 when compared with end of 2008.

	Customer Numbers (Percentage share)	**Consumption (Percentage share)**
ESBIE	29.26%	37.41%
PES	27.78%	12.42%
BGE	16.43%	17.26%
Energia	16.09%	23.16%
Airtricity	9.02%	8.82%
Others	1.41%	0.92%

Table 5.3 LEU Market Share Q1 2009 (Source: ESB Networks, June 2009)

When averaged over 2009, the overall LEU consumption in Q1 of 2009 is undergoing a negative growth of 7%, when compare to LEU consumption in 2008. When averaged over 2009 MVMD consumption based on Q1 of 2009 shows a negative growth rate of 7%, when compared to MVMD consumption in 2008. Table 5.3 highlights that while PES has about 28% of the LEU customer market it has only 12% share of total LEU consumption (excluding transmission connected sites). This is a drop in PES's consumption share from 13.8% share of LEU consumption at end of 2008.

5.4 2009 Ongoing Market Activity

Markets shares outlined above in sections 5.1, 5.2, and 5.3 show the definitive market shares by suppliers at end Q1 2009. This positive trends has continued over the second quarter. Figure 5.1 shows the volume of 105 market messages processed by the MRSO. The 105 market message is a general indicator, only, of market activity to date (please note that this is not a definitive measure of market share). The 105 Market Message reflects the date from which the New Supplier registration to the Meter Point is effective. The Commission will publish a further update with detailed market share data shortly.

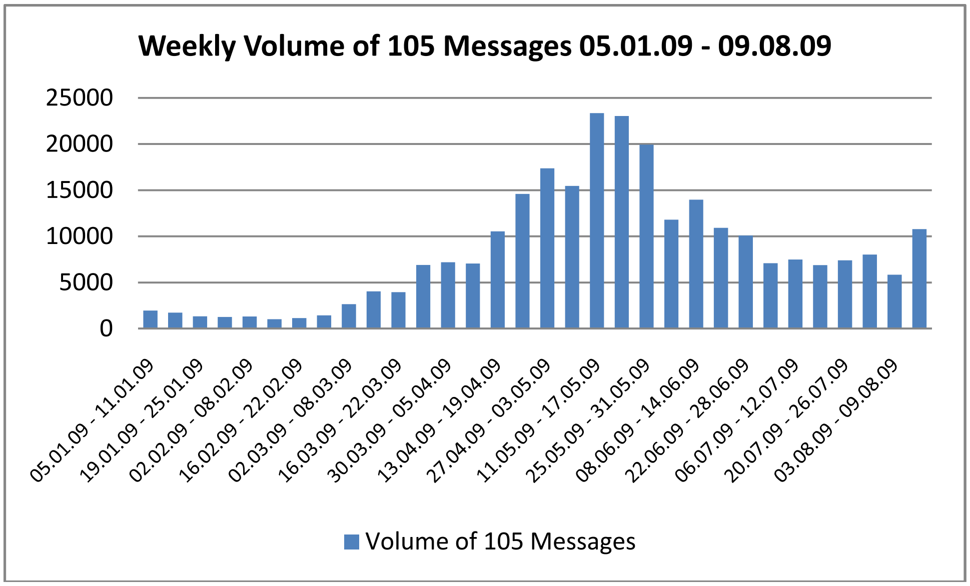

Figure 5.1 Weekly volumes chart (Source: MRSO)

6 Conclusions

In the period from 2007 to the end of 2008, the retail market continued to grow, in terms of both customer numbers and consumption in both Domestic and SME sectors. However while the growth in the number of LEU customers increased slightly, the growth in overall LEU consumption decreased by 0.07%. While the impact of the current economic downturn is forecast to impact on consumption in 2009 and 2010, overall growth is forecast to continue in the next 4-5 years to 2013 by 11.75%.

There was no movement in the domestic market in 2008 and the PES maintained its dominant position with 99.26% of domestic customers. The PES's market share declined from 63.56% to 61.24% of consumption in the SME sector from 2007 to 2008. This was mostly due to customer churn away from PES in the General Purpose/LV Non-MD customer category where PES market share reduced from 65% to 62% in 2008.

In the LEU sector, independent suppliers continued to dominate the market in 2008 holding 86.17% of consumption in the LEU sector. These changes in market share are reflected in increased levels of customer churn in 2008. In 2007 the Commission reported that independent suppliers had 84.2% share of MVMD consumption and 98.6% of HV customer consumption. Independent suppliers continue to have the largest share of the LEU sector consumption, although their share has dropped slightly from 86.46% in 2007.

In relation to prices, 2008 saw a large increase of 17.50% on all regulated tariffs in August as well as small average decrease of less than 1% in December.

While the report for 2008 shows that competition has been slow to develop in the domestic sector, the update for Q1 2009 shows that there is evidence of significant volumes of domestic customers switching to the new domestic market entrants Bord Gáis Energy and Airtricity, holding 1.55% and 0.48% of the market at end Q1 2009 respectively compared to 0.38% for Bord Gáis Energy and 0.25% for Airtricity at end of 2008. There were no significant movements in SME or LEU market share for Q1 2009, although there was a slight reduction in PES's share of LEU customers.

The Commission will continue to closely monitor developments in all sectors of the market, reporting on Q2 data in the autumn.

7 Appendix

7.1 Distribution Customer Numbers

Groups	Type	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
DG1	24Hr								921,918	1,103,521	1,165,535	1,195,965
DG1	Dual Tariff								132,947	158,513	167,421	171,792
DG1	Urban Domestic	805,136	831,836	857,336	883,947	913,936	950,813	993,811	1,054,865	1,262,034	1,332,956	1,367,757
DG2	24Hr								685,094	570,614	572,625	582,951
DG2	Dual Tariff								46,154	37,928	38,062	38,748
DG2	Rural Domestic	564,646	582,178	603,270	626,148	650,065	678,533	710,761	731,248	608,542	610,687	621,699
DG3+DG4	Public Light, Misc	3,683	4,063	4,492	4,883	5,322	5,681	6,175	6,662	6,487	9,147	10,004
DG5	24Hr								132,635	134,236	137,186	140,666
DG5	Dual Tariff								43,358	46,644	47,669	48,878
DG5	LV Non MD	147,219	150,889	154,785	159,457	163,052	165,987	171,999	175,993	180,880	184,855	189,544
DG6	LV MD	6,782	7,269	8,019	8,687	8,472	8,289	8,682	9,903	11,098	12,221	13,226
DG7	MV	831	863	894	934	949	999	1,056	1,203	1,271	1,349	1,413
DG8+DG9	38kV	38	38	39	39	39	38	37	59	66	70	77
DG10	110kV Network	0	0	0	0	1	1	1	1	2	1	4
DG1-2	Total Domestic	1,369,782	1,414,014	1,460,606	1,510,095	1,564,001	1,629,346	1,704,572	1,786,113	1,870,576	1,943,643	1,989,456
DG3-6	Total LV Non Dom	157,684	162,221	167,296	173,027	176,846	179,957	186,856	192,558	198,465	206,223	212,774
DG7-10	Total MV & HV	869	901	933	973	989	1,038	1,094	1,263	1,339	1,420	1,494
All	24Hr								1,746,309	1,814,858	1,884,493	1,929,586
	Dual Tariff								233,625	255,522	266,793	274,138
Total		1,528,335	1,577,136	1,628,835	1,684,095	1,741,836	1,810,341	1,892,522	1,979,934	2,070,380	2,151,286	2,203,724

Source:ESB Networks

7.2 *Distribution Annual Sales GWh (at customer meter point)*

Group	Type	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
DG1	24Hr									3,632.4	4,268.1	4,514.5	4,742.7
DG1	Dual Tariff - Day									416.3	515.0	547.5	591.1
DG1	Dual Tariff - Night									553.9	649.0	649.7	711.1
DG1	Urban Domestic	3,249.6	3,430.1	3,611.3	3,836.1	4,053.4	4,182.2	4,302.0	4,426.0	4,602.6	5,432.2	5,711.7	6,044.9
DG2	24Hr									2,855.4	2,503.4	2,429.6	2,489.5
DG2	Dual Tariff - Day									333.8	301.3	301.2	321.2
DG2	Dual Tariff - Night									325.7	279.6	261.6	280.1
DG2	Rural Domestic	2,372.9	2,482.8	2,620.6	2,790.3	2,984.7	3,142.4	3,264.2	3,405.8	3,515.0	3,084.3	2,992.4	3,090.9
DG3+DG4	Public Light, Misc	152.5	155.4	159.2	167.3	174.6	166.8	189.4	198.8	217.0	222.9	236.7	251.0
DG5	24Hr									1,776.1	1,845.4	1,849.9	1,887.3
DG5	Dual Tariff - Day									1,447.7	1,517.1	1,530.9	1,528.9
DG5	Dual Tariff - Night									819.7	849.5	838.7	859.5
DG5	LV Non MD	2,630.2	2,755.6	2,950.4	3,138.2	3,242.7	3,394.9	3,623.2	3,840.3	4,043.4	4,212.0	4,219.4	4,275.7
DG6	Day									2,530.1	2,756.8	2,902.0	2,999.0
DG6	Night									1,016.7	1,083.9	1,139.7	1,169.3
DG6	LV Max Demand	2,433.5	2,621.5	2,828.3	3,039.5	3,267.5	3,292.4	3,313.7	3,352.0	3,546.8	3,840.7	4,041.7	4,168.3
DG7	Day									3,304.1	3,460.5	3,558.4	3,545.2
DG7	Night									1,620.7	1,700.5	1,752.0	1,735.5
DG7	MV	3,412.4	3,625.8	3,833.8	4,103.2	4,324.7	4,384.9	4,543.4	4,707.8	4,924.9	5,161.0	5,310.4	5,280.7
DG8+9	Day									516.7	553.8	552.2	540.2
DG8+9	Night									293.5	307.4	300.5	298.8
DG8+DG9	38kV	700.8	733.9	779.9	737.1	778.9	800.3	807.9	794.0	810.2	861.3	852.7	839.0
DG10	Day									55.5	55.9	58.0	59.2
DG10	Night									32.1	32.3	33.6	33.6
DG10	110kV Network	0.0	0.0	0.0	0.0	0.0	8.2	36.7	75.4	87.6	88.2	91.6	92.9
DG1-2	Total Domestic	5,622.5	5,912.9	6,231.9	6,626.3	7,038.1	7,324.6	7,566.2	7,831.8	8,117.6	8,516.5	8,704.0	9,135.7
DG3-6	Total LV Non Dom	5,216.2	5,532.5	5,937.9	6,344.9	6,684.8	6,854.1	7,126.2	7,391.1	7,807.2	8,275.6	8,497.9	8,694.9
DG7-10	Total MV & HV	4,113.2	4,359.7	4,613.7	4,840.3	5,103.6	5,193.4	5,388.0	5,577.2	5,822.7	6,110.5	6,254.7	6,212.5
All	24Hr									8,480.9	8,839.8	9,030.6	9,370.5
	Day									8,604.3	9,160.6	9,450.2	9,584.7
	Night									4,662.3	4,902.1	4,975.8	5,087.9
Total		**14,952.0**	**15,805.0**	**16,783.6**	**17,811.5**	**18,826.6**	**19,372.0**	**20,080.3**	**20,800.1**	**21,747.6**	**22,902.6**	**23,456.6**	**24,043.2**

Source: ESB Networks

7.3 Distribution Annual Consumption – MWh/Customer (at customer meter point)

Group	Type	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
DG1	Urban Domestic	4.175	4.260	4.341	4.474	4.586	4.576	4.524	4.454	4.363	4.304	4.285	4.420
DG2	Rural Domestic	4.306	4.397	4.501	4.625	4.767	4.834	4.811	4.792	4.807	5.068	4.900	4.972
DG3+DG4	Public Light, Misc	46.139	42.197	39.183	37.233	35.753	31.335	33.331	32.192	32.572	34.357	25.880	25.089
DG5	LV Non MD	18.259	18.717	19.554	20.275	20.336	20.821	21.828	22.327	22.975	23.286	22.826	22.558
DG6	LV MD	389.4	386.5	389.1	379.0	376.1	388.6	399.8	386.1	358.2	346.1	330.7	315.2
DG7	MV	4,409	4,363	4,442	4,590	4,630	4,621	4,548	4,458	4,094	4,061	3,937	3,737
DG8+DG9	38kV	20,023	19,313	20,524	18,899	19,971	20,520	21,262	21,459	13,733	13,050	12,181	10,896
DG10	110kV Network						8,207	36,653	75,391	87,617	88,230	91,609	92,852
DG1-2	Total Domestic	4.230	4.317	4.407	4.537	4.661	4.683	4.644	4.595	4.545	4.553	4.478	4.592
DG3-6	Total LV Non Dom	33.958	35.086	36.604	37.926	38.635	38.757	39.599	39.555	40.545	41.698	41.207	40.865
DG7-10	Total MV & HV	5,084.4	5,016.9	5,120.7	5,187.9	5,245.2	5,251.2	5,190.7	5,098.0	4,610.2	4,563.5	4,404.7	4,158.3
Total		10.08	10.34	10.64	10.94	11.18	11.12	11.09	10.99	10.98	11.06	10.90	10.91

Source: ESB Networks

7.4 Distribution Customer Number Forecast 2009 – 2013

Group	Type	2009	2010	2011	2012	2013
DG1	24Hr	1,212,196	1,228,427	1,247,364	1,269,005	1,291,022
DG1	Dual Tariff	174,123	176,455	179,175	182,284	185,446
DG1	Urban Domestic	**1,386,320**	**1,404,882**	**1,426,539**	**1,451,289**	**1,476,468**
DG2	24Hr	590,863	598,774	608,004	618,553	629,285
DG2	Dual Tariff	39,274	39,800	40,413	41,114	41,828
DG2	Rural Domestic	**630,136**	**638,574**	**648,417**	**659,667**	**671,112**
DG3+DG4	Public Light, Misc	10,211	10,422	10,745	11,078	11,421
DG5	24Hr	143,573	146,540	151,083	155,766	160,595
DG5	Dual Tariff	49,888	50,919	52,498	54,125	55,803
DG5	LV Non MD	193,461	197,459	203,581	209,892	216,398
DG6	LV MD	13,499	13,778	14,205	14,646	15,100
DG7	MV	1,455	1,499	1,559	1,621	1,686
DG8	38kV Looped	43	43	43	43	43
DG9	38kV Tailed	34	34	34	34	34
DG10	110kV Network	4	4	4	4	4
DG1-2	Total Domestic	2,016,456	2,043,456	2,074,956	2,110,956	2,147,581
DG3-6	Total LV Non Dom	217,171	221,660	228,531	235,615	242,920
DG7-10	Total MV & HV	1,536	1,580	1,640	1,702	1,767
All	24Hr	1,956,842	1,984,163	2,017,195	2,054,402	2,092,323
	Dual Tariff	278,321	282,532	287,932	293,872	299,944
Total		**2,235,164**	**2,266,696**	**2,305,127**	**2,348,274**	**2,392,267**

Source ESB Networks

7.5 Distribution Annual Growth in Consumption (1998 - 2008)

Group	Type	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
DG1	Urban Domestic	2.0%	1.9%	3.1%	2.5%	-0.2%	-1.1%	-1.6%	-2.0%	-1.4%	-0.4%	3.1%
DG2	Rural Domestic	2.1%	2.4%	2.8%	3.1%	1.4%	-0.5%	-0.4%	0.3%	5.4%	-3.3%	1.5%
DG3+DG4	Public Light, Misc	-8.5%	-7.1%	-5.0%	-4.0%	-12.4%	6.4%	-3.4%	1.2%	5.5%	-24.7%	-3.1%
DG5	LV Non MD	2.5%	4.5%	3.7%	0.3%	2.4%	4.8%	2.3%	2.9%	1.4%	-2.0%	-1.2%
DG6	LV MD	-0.7%	0.7%	-2.6%	-0.8%	3.3%	2.9%	-3.4%	-7.2%	-3.4%	-4.4%	-4.7%
DG7	MV	-1.0%	1.8%	3.3%	0.9%	-0.2%	-1.6%	-2.0%	-8.2%	-0.8%	-3.1%	-5.1%
DG8+DG9	38kV	-3.5%	6.3%	-7.9%	5.7%	2.7%	3.6%	0.9%	-36.0%	-5.0%	-6.7%	-10.6%
DG10	110kV Network						346.6%	105.7%	16.2%	0.69%	3.82%	1.36%
DG1-2	Total Domestic	2.1%	2.1%	2.9%	2.7%	0.5%	-0.8%	-1.1%	-1.1%	0.2%	-1.6%	2.5%
DG3-6	Total LV Non Dom	3.3%	4.3%	3.6%	1.9%	0.3%	2.2%	-0.1%	2.5%	2.8%	-1.2%	-0.8%
DG7-10	Total MV & HV	-1.3%	2.1%	1.3%	1.1%	0.1%	-1.2%	-1.8%	-9.6%	-1.0%	-3.5%	-5.6%
Total		2.6%	2.9%	2.8%	2.2%	-0.5%	-0.3%	-0.9%	-0.1%	0.7%	-1.4%	0.1%

Source: ESB Networks

7.6 Distribution Consumption Forecast 2009 – 2013 GWh

Group	Type	2009	2010	2011	2012	2013
DG1	24Hr	4,831	5,004	5,186	5,380	5,588
DG1	Dual Tariff - Day	602	624	646	671	696
DG1	Dual Tariff - Night	724	750	778	807	838
DG1	Urban Domestic	6,157	6,378	6,609	6,857	7,122
DG2	24Hr	2,536	2,627	2,722	2,824	2,933
DG2	Dual Tariff - Day	327	339	351	364	378
DG2	Dual Tariff - Night	285	296	306	318	330
DG2	Rural Domestic	3,148	3,261	3,380	3,506	3,642
DG3+DG4	Public Light, Misc	248	250	256	265	275
DG5	24Hr	1,862	1,876	1,929	1,992	2,068
DG5	Dual Tariff - Day	1,509	1,520	1,562	1,614	1,675
DG5	Dual Tariff - Night	848	855	878	907	942
DG5	LV Non MD	4,219	4,251	4,369	4,513	4,684
	Day	2,959	2,982	3,065	3,166	3,286
	Night	1,154	1,162	1,195	1,234	1,281
DG6	LV MD	4,113	4,144	4,260	4,400	4,567
	Day	3,457	3,446	3,508	3,589	3,691
	Night	1,692	1,687	1,717	1,757	1,807
DG7	MV	5,150	5,133	5,225	5,346	5,498
	Day	474	473	481	492	506
	Night	262	261	266	272	280
DG8	38kV Looped	736	734	747	764	786
	Day	53	53	53	55	56
	Night	29	29	30	30	31
DG9	38kV Tailed	82	82	83	85	87
	Day	58	58	59	60	62
	Night	33	33	33	34	35
DG10	110kV Network	91	90	92	94	97
DG1-2	Total Domestic	9,306	9,639	9,989	10,363	10,764
DG3-6	Total LV Non Dom	8,580	8,645	8,886	9,178	9,526
DG7-10	Total MV & HV	6,058	6,039	6,147	6,290	6,468
All	24Hr	9,477	9,757	10,093	10,461	10,864
	Day	9,439	9,493	9,726	10,010	10,351
	Night	5,028	5,073	5,203	5,360	5,544
Total	Distribution	23,944	24,323	25,022	25,831	26,758

Source: ESB Networks

7.7 Customer Churn 2008[9]

	PES Gains	PES Losses	Independent Suppliers Transfers
Jan-08	180	701	755
Feb-08	143	792	989
Mar-08	135	790	155
Apr-08	126	913	810
May-08	143	752	3507
Jun-08	141	721	1155
Jul-08	171	977	1301
Aug-08	95	873	811
Sep-08	146	685	969
Oct-08	181	1021	1189
Nov-08	148	3254	907
Dec-08	141	5522	896
TOTAL	**1806**	**21714**	**13444**

Source: MRSO

[9]. Table 7.7 refers to the position of PES via the Independent Supplier segment as regards loss and gains. The third column Ind Suppliers Transfers is the total movements of sites between Independent Suppliers only and does not count any to or from PES movements.

7.8 Electricity Prices

Percentage Changes in Electricity Prices										
	2003	2004	2004(Oct)	2005	2006	2007	2007	2008(Aug)	2009(Jan)[10]	2009(May)
Domestic	13.25%	5.02%	8.60%	4.00%	3.14%	12.60%	-5.40%	17.50%	< 0.56%	-10.01%
LV Non MD	3.56%	4.01%	8.60%	1.45%	4.18%	12.50%	-4.40%	17.50%	< 2.27%	-11.77%
LVMD	8.42%	6.00%	10.23%	4.15%	6.99%	12.60%	-2.3% & -8.4%	17.50%	< 0.53%	-10.46%
MV	3.46%	6.00%	11.41%	2.50%	8.04%	12.50%				
38kV	4.20%	5.98%	8.18%	3.50%	8.04%	13.00%				
110kV	4.20%	5.97%	11.29%	3.50%	8.04%	12.50%				

Source: CER

10 In December 2008, the Commission undertook a further review of tariffs (CER/08/246). Based on falling forward fuel prices, and taking account of the €315.4m ESB rebate and the €87m PSO Related rebate, the Commission approved an average decrease of less than 1% in the final retail tariffs to apply for the period 1st January 2009 to 30th September 2009.