

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

Thursday, 03 September 2009

Ref: CER Consultation Paper Debt Blocking referenced CER/09/136.

Dear Elizabeth

NRGvend Ltd completely and unreservedly supports proposal 1. We fail to see any reason for the Commission to be asked to, or expected to help alleviate suppliers concerns regarding their customers' debt levels. Debtor control is solely a business management matter.

NRGvend supports view that "the mission of the CER, acting in the interests of consumers is to ensure that:

- # the lights stay on,
- # the gas continues to flow,
- # the prices charged are fair and reasonable,"

Ab initio this debt blocking proposal acts completely against the interests of all consumers; domestic and business, as it will ensure for some that:

- # the lights go out,
- # the gas stops
- # the incumbents are sheltered from full price competition.

We feel proposals 2 and 3 simply demonstrate the shoddy customer management practices developed by monopoly suppliers when competition was excluded.

a) For the last half century, the issue of customer debt management is well understood and managed activity in Ireland. Indeed, in all the other unregulated energy markets ~~there is no need for this artificial restraint on customer switching – for example; in~~ domestic heating oil, DERV, bottled gas and coal.

- i) Like other energy suppliers Gas & Electricity suppliers need to realistically price tariffs to include all risks, including debt.
- ii) Like other energy suppliers Gas & Electricity suppliers need to actively manage their customer relationships.

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- b) In 2007, the most recently published Distribution Performance Report by ESB Networks (Ref: CER07200.pdf available on www.cer.ie), the number of customers which had de-energisation imposed was 10,737. So far in 2009, 4,000 have been reported as "cut off". The historic figure is far greater proportionally than the current reported figure – on historic trend; it would be expected to be 6,000 by now.
- c) NRGvend fails to see why the CER has agreed to enter an exercise in setting an acceptable prior floor and ceiling level of customer debt / arrears before the customer can regain the freedom to switch suppliers.
- d) NRGvend fails to see why the CER is condoning the current suppliers' poor customer care and management systems - which allows high Utilities debt to build up. We note from the pre budget submission of MABS (the Money and Budgeting Service from the Department of Social and Family Affairs) in April 2009 that 30% of new clients cite arrears in household utilities as the prime driver in seeking help.

In summary, NRGvend requests that the Commission adheres to its stated mission and implements proposal 1 in full, and rejects proposals 2 and 3.

We suggest the Commission urges those involved to build their debt management capacities and avoid creating yet more new barriers to switching suppliers for customers of any type – business or domestic. We would like to see consumers of all types protected and not lose their newly won freedom of choice.

Yours sincerely,



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