



28<sup>th</sup> January 2011

**Bord Gáis Networks Response to  
CER Consultation CER/10/212**

**Proposals on a Roadmap for Deregulation in the  
Non-Daily Metered Retail Gas Market**

## **Introduction**

Bord Gáis Networks (BGN) welcomes the opportunity to comment on the Commission for Energy Regulation (CER) consultation paper, 'Proposals on a Roadmap for Deregulation in the Non-Daily Metered Retail Gas Market'.

BGN is aware that the EU 3<sup>rd</sup> Energy package will place a specific legal obligation on the Distribution System Operator to avoid confusion in the market, with regard to its communication and branding.

This obligation will come into effect once the ITO is in place and it is in this context that BGN is submitting its response.

BGN is responding to this consultation document only in relation to Section 6.2.4 – Branding.

## **Energy Market Switching Rates**

Bord Gáis Networks believes there is now warm active competition in the retail gas market in Ireland, with 14%<sup>1</sup> of gas users having switched gas supplier by the end of 2010. The rate of switching has increased substantially since - May 2010 with the entry of a new competitor into the market. We believe that the systems and processes which BGN has put in place over the years and the ethos within BGN of supporting competition has been a key contributor to the arrival of new entrants into the market. A further player is scheduled to enter the domestic sector later this year and we are confident that this will further enhance competition and provide increased customer choice.

In both the retail electricity market and the retail gas market, once active competition arrived, customer switching rates reached levels rarely seen in other utility markets anywhere in the world when opened. Bord Gáis Networks will continue to facilitate competition in the gas market, as it has done in the past. In our opinion the achievement of active competition should be seen as the strongest indication that confusion does not exist in the mind of the consumer when it comes to choosing a supplier.

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<sup>1</sup> 14.4% as provide by Bord Gáis Networks – GPRO up to the close of 2010

## **Legal obligation of ITO**

BGN are fully aware of the impending legal responsibility, to ‘not, *in their communications and branding, create confusion in respect of the separate identity of the supply branch of the vertically integrated undertaking*<sup>2</sup>’.

The CER document states that ...”*the onus rests with the DSO to avoid confusion...by means of deployment of the brand*”. BGN is happy to engage with the CER on how best to meet this objective. We are of the view that consumers are clear on the key question of choosing their supplier. With the increasing number of players in the market and the resultant increase in advertising by such players, even further clarity will be realised.

We believe that meeting our pending legal obligation in this regard would be best done by building on the current high awareness of Bord Gáis Networks in the marketplace and by continued education of gas users in a targeted manner, rather than in changing the brand/name. We believe this would be more effective and offer much better value for money for consumers.

We are available to meet with the CER to discuss this matter in more detail.

## **Network Safety and Development**

Avoidance of confusion in the safety area is of vital importance for all consumers and Bord Gáis Networks has been very successful over the years in building awareness of the key safety messages and the need to contact Bord Gáis Networks in the event of a gas escape. It would be a major concern and risk to safety to change a process that works so effectively.

We believe the issue of gas safety is of critical importance, this given the nature of the product and the risk to the public, as well as gas users. Crucial response time could be lost, in the event that a gas escape is left unattended, because of a failure in understanding to contact the correct entity. It is vital that consumers are clear who to contact when they smell gas.

In network development, Bord Gáis Networks has been very successful in delivering extensions to the network and has built a strong reputation amongst the public for sustainable and properly executed development. The provision of adequate infrastructure is of major benefit to all consumers and should not be overlooked in the current debate.

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<sup>2</sup> EU Third Package Directive 2009/73/EC

## **Bord Gáis Networks Communications**

In relation to its responsibility not to create confusion in the marketplace, Bord Gáis Networks can confirm that it has always been careful in its communications to date to avoid creating confusion among gas users about the respective roles of it and the supply entity within the Bord Gáis Vertically Integrated Undertaking. It has worked to position Bord Gáis Networks as the networks operator (on behalf of Gaslink more latterly) responsible for safety, infrastructure, new connections, metering etc. as it is in everybody's interest that gas users, and the general public, are clear as to who they should contact about what activities.

## **Summary**

In summary, Bord Gáis Networks believes that the switching rates seen since an active competitor entered the retail gas market in 2010 shows that competition is working well and will increase further during 2011. The name of Bord Gáis Networks is of value to all consumers especially in the areas of gas safety and network development. It is important that future regulatory policy does not undermine these key benefits for consumers.

BGN will look to fulfil the forthcoming legal obligation in a sensible and cost effective manner and looks forward to engaging with the CER on how best this should be achieved.