Electricity Retail Quarterly Report for Q4 2010

DOCUMENT TYPE:	**Information Note**
REFERENCE:	**CER/11/082**
DATE PUBLISHED:	06th May 2011
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CER – Information Page

Abstract: This report provides an assessment of the electricity retail market for Q4 2010.

Target Audience:

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

Related Documents:

- CER 10/059: Review of the Regulatory Framework for the Retail Electricity Market Competition Review Q1 2010
- CER 10/116: Review of the Regulatory Framework for the Retail Electricity Market Competition Review Q2 2010
- CER/10/196: Review of the Regulatory Framework for the Retail Electricity Market Competition Review Q3 2010
- CER/11/021: Review of the Regulatory Framework for the Retail Electricity Market Competition Review Q4 2010

For further information on this document, please contact **Fergus O'Toole (fotoole@cer.ie) at the CER.**

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1.0 Background

1.1 Introduction

On April 21st, 2010, the CER published a decision paper[1] entitled: "Review of the Regulatory Framework for the Retail Electricity Market: Roadmap to Deregulation," also known as the 'Roadmap.' That document set out the framework for how and when the retail electricity market would be deregulated. In the Roadmap, the CER decided that there are four separate markets; Large Energy Users (DG 7, 8, 9, 10 & TCON), Medium-Sized Business (Public Lighting & Low Voltage Maximum Demand – DG3&6), Small Business (Low Voltage Non-Maximum Demand – DG5) and Domestic Customers (DG 1&2).

1.2 Detail of Market Reviews

The first competition review[2] concluded that the three relevant business markets had met the criteria required to be deregulated. Following the implementation of the necessary legislative and licensing changes the three business markets were deregulated on October 1st 2010.

As part of the Roadmap decision, the CER decided to carry out competition reviews on a quarterly basis. The CER carried out the first market review (based on Q4 2009 billing data) in April '10, a second market review (based on Q1 2010 billing data) was carried out in July '10, and a third review (based on Q2 2010 billing data) was carried out in October '10 and a fourth review (based on Q3 2010 billing data) was carried out in February '11. In March '11, the CER published its decision to deregulate the domestic market, this decision was effective from 4th April '11.

Further to market deregulation, the CER will monitor market activity and publish quarterly reports. This report contains billing data for Q4 2010. However the transition to the deregulated market does not signal the end of retail market regulation but will see a change in the regulatory framework from one of ex-ante to ex-post regulation. This new ex post regime will see a much stronger role for market monitoring and this is underpinned by European legislation in the 3rd Package. S.I. No. 450 of 2010 sets out explicit requirements on the CER to monitor the retail market across a range of indicators and to take action where necessary to prevent distortion or restriction of competition in the supply of electricity to final customers, or to ensure that final customers are benefiting from competition in the supply of electricity.

[1] Roadmap to Deregulation CER 10/058
[2] Competition Review Q1 2010 (CER/10/059)

The CER will be reviewing and consulting on an enhanced market monitoring framework in May 2011. The review will be based on ERGEG Guidelines of Good Practice on retail market monitoring and will monitor the behaviour of all suppliers' in the market, looking at a broad range of indicators which consider market structures, retail market outcomes and customer satisfaction. Where market monitoring indicates that customers are not benefiting from competition or that a supplier is engaging in either predatory behaviour or excessive pricing, the CER will identify and implement appropriate remedies.

1.3 Other Relevant Information

If you have any questions or queries concerning this information note, please contact:

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2.0 Business & Domestic Markets Update

2.1 Introduction

This section contains the market update for the four relevant business and domestic markets for Q4 2010.

2.2 Large Energy Users

Below is an update of the Large Energy Users (LEU) market. LEU customers are those with DG 7, 8, 9,10 & TCON connections. Figures 3.1 & 3.2 show market share by customer numbers at end December 2010 and billed consumption for Q4 2010.

Figure 3.2 shows the combined market share (GWh) of Electric Ireland[3] was 48.42% at end of Q4 2010. This is a small decrease of 0.31% since the last Competition Review (CER/11/021). Bord Gáis Energy lost 2.34% market share (GWh) since Q3 2010 while Airtricity increased its GWh share by 1.99% and Energia increased (GWh) market share by 0.7% since Q3 2010.

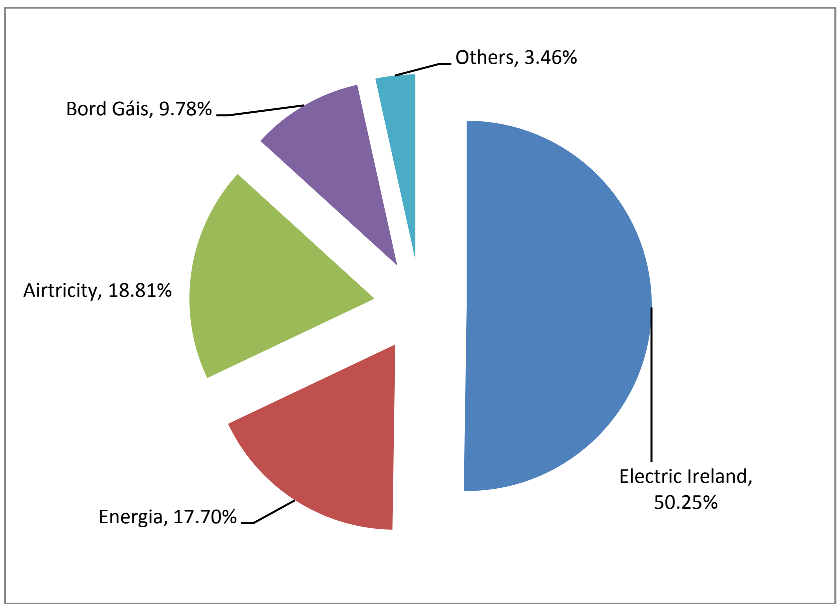

Figure 3.1 LEU Market Share (Customer Nos) end Dec 2010

[3] As per the decision on the Roadmap for Deregulation (CER/10/058), a criterion for deregulation was the provision of a satisfactory commitment to re-brand. The new "Electric Ireland" brand has replaced ESB's existing supply brands, ESB Customer Supply and ESB Independent Energy, which supply electricity to residential and business markets.

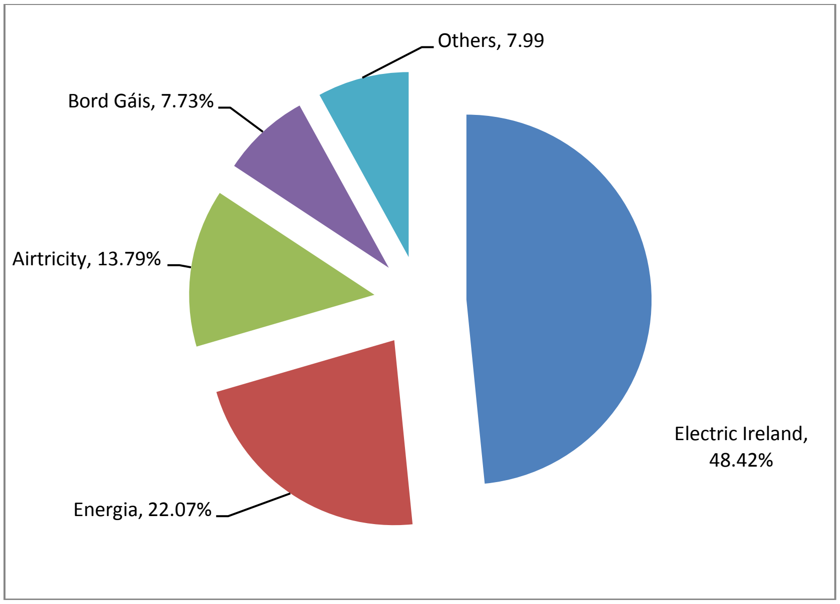

Figure 3.2 LEU Market Share (GWh) in Q4 2010

2.3 Medium-Sized Business

Medium-Sized Business customers are those with a Low Voltage Maximum Demand (DG6) and Public Lighting (DG3) connections. Figures 3.3 and 3.4 show the suppliers' market shares by customer numbers at end December 2010 and billed consumption for Q4 2010.

Figure 3.4 shows that Energia had 35.81%, the largest share of consumption during Q4 2010 a decrease of 0.66% since Q3 2010. The combined market share (GWh) of Electric Ireland was 30.12%, at end of Q4 2010. This is an increase of 0.26% since Q3 2010. Bord Gáis Energy had a market share of 11.81% during Q4 2010, an increase of 0.41% since Q3 2010.

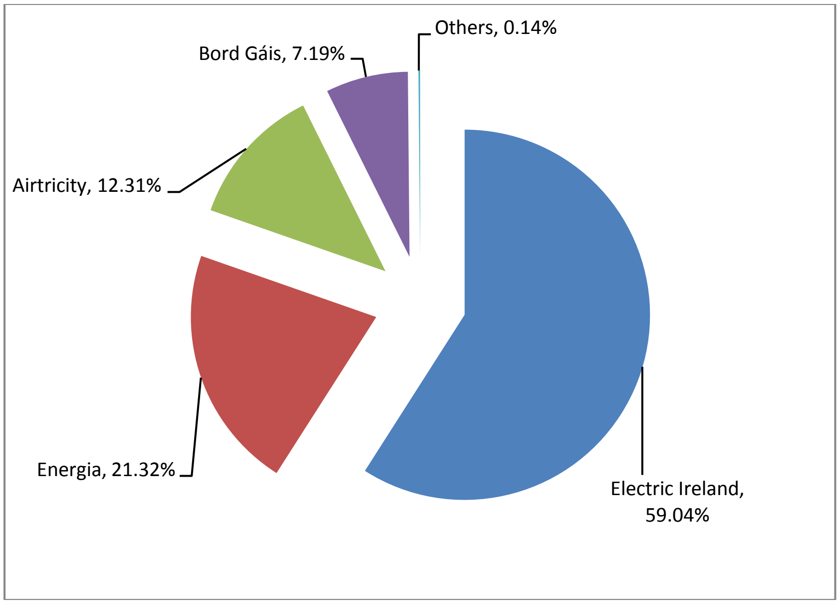

Figure 3.3 Medium-Sized Business Market Share (Customer Nos) end Dec 2010.

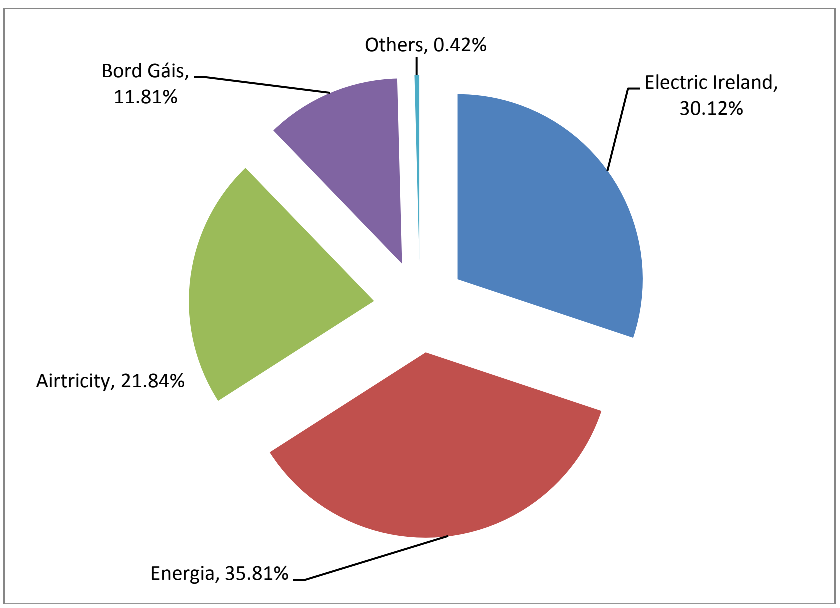

Figure 3.4 Medium-Sized Business Market Share (GWh) in Q4 2010.

2.4 Small Business

Small Business market customers are those with a Low Voltage Non-Maximum Demand (DG5) connection. Figures 3.5 & 3.6 show the suppliers' market shares by customer numbers at end December 2010 and billed consumption for Q4 2010. Figure 3.6 shows that Energia had a 32.92% (GWh) share of small business market which is a decrease of 1.57% since Q3 2010. The combined market share (GWh) of Electric Ireland is 30.20%. This is an increase of 0.95%

since Q3 2010. Bord Gáis Energy's market share increased by 0.81% since Q3 2010.

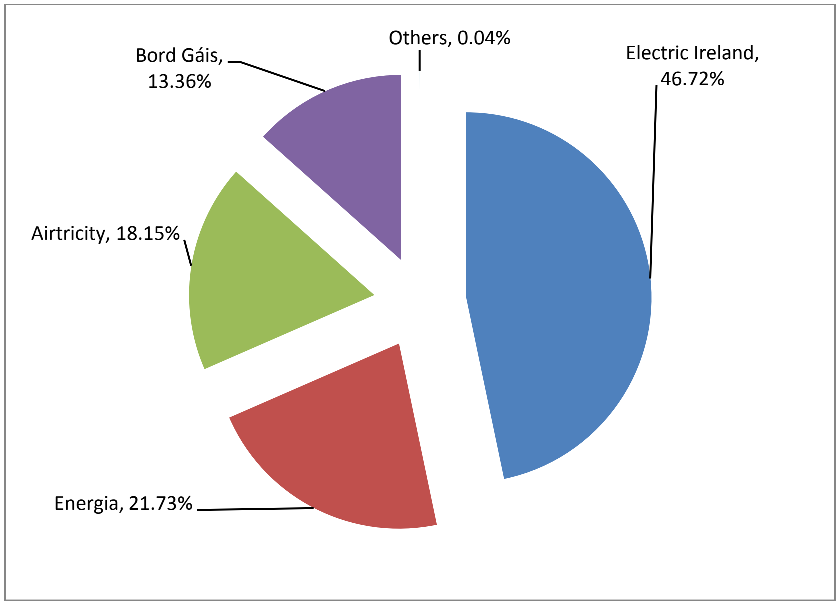

Figure 3.5 % Small Business Market Share (No. of Customers) end Dec 2010

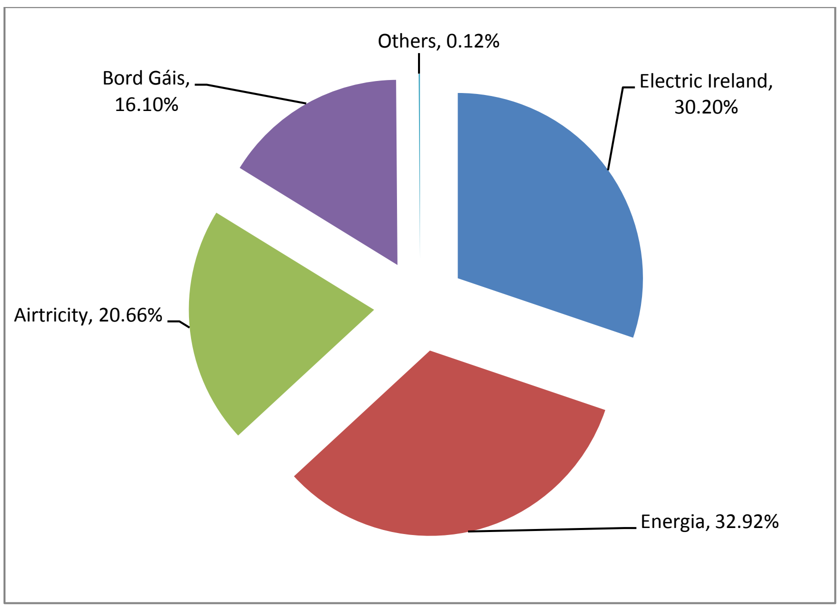

Figure 3.6 % Small Business Market Share (GWh) in Q4 2010

2.5 Domestic Market

The domestic market refers to residential customers with an urban (DG1) or rural (DG2) connection to the low voltage network. Figures 3.7 & 3.8 show market share by customer numbers at end December 2010 and billed consumption for Q4 2010. Regarding consumption, Airtricity had 15.01% market share (an increase of 1.5% since Q3 2010) and Bord Gais Energy had 24.49% (an increase of 0.51% since Q3 2010) at end of Q4 2010. Figure 3.8 shows that Electric Ireland had a market share (GWh) of 60.19% at end of December 2010, this was down from 63.67% in Q3 2010.

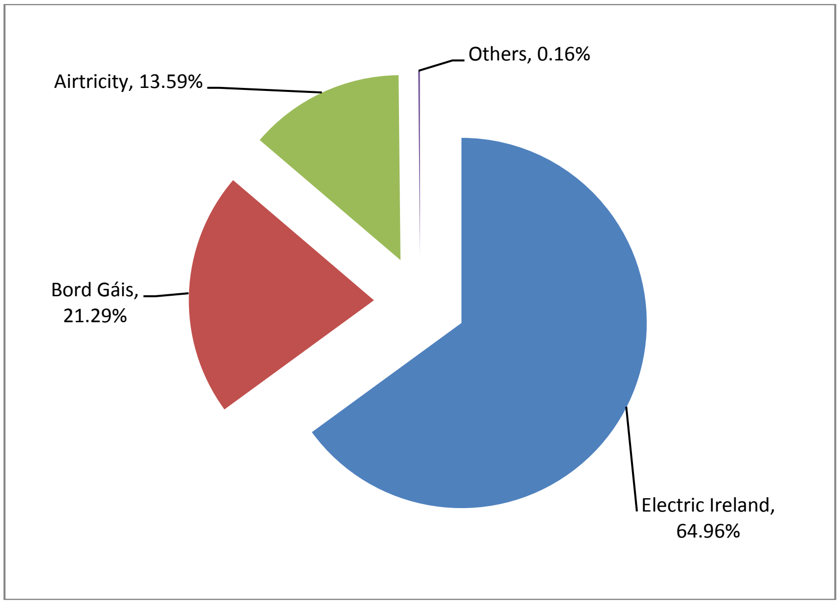

Figure 3.7 % Domestic Market Share (Customer Nos) end Dec 2010.

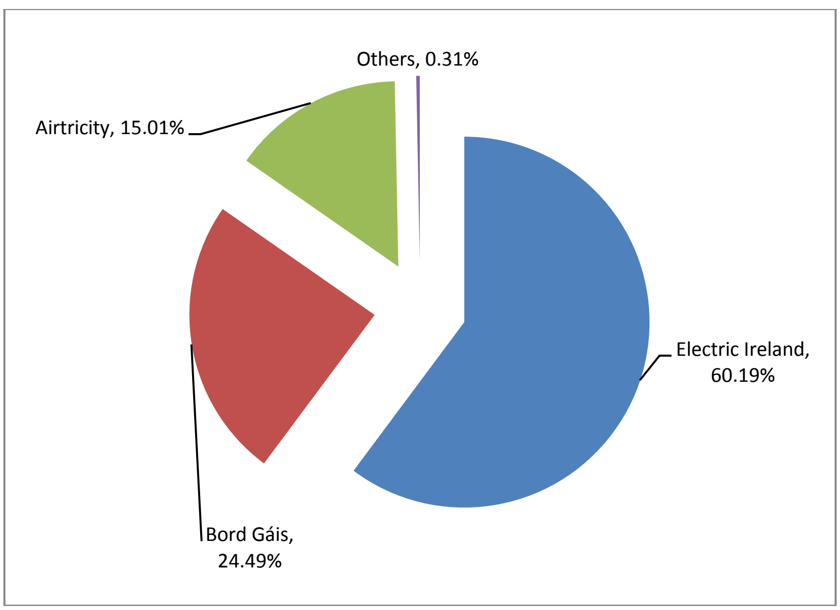

Figure 3.8 % Domestic Market Share (GWh) in Q4 2010.

2.6 Switching

117,439 customers across all four relevant markets switched supplier during Q4 2010. This resulted in a switching rate from October ’10 to end December ’10 of approximately 21%.

3.0 Next Steps

The CER will continue to monitor competition in the market. The date for forthcoming review is set out below.

Next Steps	Date
Q1 2011 Review	June 2011