



1st April 2011

Maurice Stack,
Commission for Energy Regulation,
The Exchange,
Belgard Square North,
Tallaght,
Dublin 24.

By email

RE: CER/11/044 – Customer Bad Debt in Electricity and Gas Markets

Dear Maurice,

Endesa Ireland welcomes the opportunity to respond to the Consultation Paper on Customer Bad Debt in Electricity and Gas Markets.

Endesa Ireland supports the introduction of debt flagging for business and domestic customers with a provision for debt transferring between suppliers, preferably an automatic debt transfer on change of supplier. Endesa Ireland considers that if this is introduced there is no need for debt blocking as suppliers will be able to exercise their judgment in accepting a new customer.

Endesa Ireland is not in agreement with the proposal that the debt blocking/flagging facility would not be applicable for Large Energy Users in the electricity market or Daily Metered (DM) or Large Daily Metered (LDM) customers in the gas market. Endesa Ireland considers that all customers should receive the same treatment in this regard and to do otherwise is discriminatory. From a supplier's point of view larger customers can incur greater debt, and suppliers should therefore be aware if there is any outstanding debt before signing up a new customer.

As regards the grounds proposed by CER for raising a flag or block Endesa Ireland considers;

- **Contract Default:** The procedures for dealing with contract default should be set out in the contract itself, there is no need to use the debt flagging/blocking procedure.
- **Level of debt over a certain threshold, outstanding for a period of time:** Endesa Ireland considers that a debt flag should be raised if the customer is in any debt, that is, if a bill has not been paid by its due date.
- **Level of debt below the industry threshold which has been outstanding for a period of time:** As stated above, Endesa Ireland considers that a debt flag should be raised where the customer has not paid a bill by its due date.



Endesa Ireland considers that customer data protection must be ensured. This can be achieved by gaining customer agreement at the point of sign-up, by including a provision in the contract. Where a customer wishes to change supplier but does not authorise the transfer of bad debt notification, the new supplier can include a provision in the new contract that it may access this information. Where agreement is not forthcoming, a supplier can use its own judgment on whether or not to accept a customer.

Endesa Ireland considers that introducing debt flagging for customers wishing to switch supplier does nothing to hinder competition. This would allow suppliers to make an informed offer to their customers and would ensure that customers that pay their bills in a timely manner are not bearing costs that should be attributed to customers that do not pay their debts.

Allowing for debt to transfer between suppliers should rule out the problem of debt hopping; it should be borne in mind that right to switch suppliers, as with any right, comes with responsibility. In order to exercise the right, customers are responsible for paying their bills

If debt blocking and/or debt notification procedures are introduced, Endesa Ireland is in favour of the introduction of a Code of Practice for suppliers.

With respect to system requirements, Endesa Ireland considers that any costs for changing market systems should be weighed against the quantity of bad debt, and should not be implemented if the costs are unduly high. As all customers will ultimately pay for these measures, it should be ensured that the costs incurred are no more than is absolutely necessary to resolve this issue and it should be remembered that most customers are feeling the effects of the economic downturn. CER should consider this issue of costs in tandem with ongoing work on a pre-payment solution (and the rollout of smart metering if this is not the chosen pre-payment solution) and should examine whether an integrated solution, which allows for the repayment of bad debt, can be delivered in a more cost-effective manner.

Please don't hesitate to contact me should you wish to discuss any aspects of this response.

Regards,

A handwritten signature in blue ink that reads 'Deirdre Powers'.

Deirdre Powers
Director, Energy Management