



**Response by Energia to the Commission
for Energy Regulation Consultation Paper
CER/11/817**

Review of Electricity and Natural Gas Supply Licences

08 November 2011

1. Introduction

Energia welcomes the opportunity to respond to this Commission for Energy Regulation (CER) consultation on proposals to update and amend the electricity and natural gas supply licences to primarily comply with legislative changes and to acknowledge regulatory and market developments. Energia considers the review of the electricity supply licence to be a timely exercise whereas the review of the natural gas supply licence is considered to be merely housekeeping in light of the recent protracted review of this licence by the CER.

This response is structured so as to first provide summary comment on the development of this consultation and review process, before addressing some specific matters that arise in respect of individual proposals.

2. General Response

Despite the somewhat different contexts within which the reviews of the electricity and gas supply licences are taking place, Energia maintains the appropriate approach to this process is one of interactive interaction with industry, similar to that undertaken with respect to the gas shipper/supply licence splitting and recent review.

3. Detailed Comments

These comments are not exhaustive but rather highlight some of the pertinent issues and points of clarity identified in this first round of review. As the most significantly revised document is the electricity licence, comments contained herein are made with reference to the new conditions of this licence. Where similar new conditions are applied to the gas supply licence a read across is appropriate.

Condition 20.3.(a).(i)

Energia calls on the CER to clarify the requirement on suppliers to provide final customers with a copy of the supplier's terms and conditions applicable to their agreement. This may not be required explicitly in the drafting of the licence. However, Energia consider it important that any new licence conditions do not impose constraints on suppliers, such as the need to provide hard copies of their terms and conditions. This approach is unlikely to fit with the customer acquisition processes, with a move to online offerings, and therefore clarity is requested around the suitability of 'soft copies' of terms and conditions being compliant with this requirement.

Condition 23.5.(d)

Given the proposed scope of this new condition, Energia considers it important that the CER develop, in parallel with this review, a process and definition surrounding the proposed powers of this new condition pertaining to reasonable requests to supply. Such clarity is considered an integral part of suppliers' ability to comment meaningfully on this new condition.

Condition 22

It is necessary that clarity is brought by the CER to the intended meaning of “unnecessarily increase” in this newly proposed condition. It is Energia’s view that this condition, as it follows on from S.I. 542/2009, exceeds the requirements specified in European Commission Directive 20006/32/EC. This is a concerning and largely unjustified extension that seeks to impose a significantly greater burden on suppliers than envisaged by the Directive. Specifically, Article 10 of the Directive states;

“1. Member States shall ensure the removal of those incentives in transmission and distribution tariffs that unnecessarily increase the volume of transmitted or distributed electricity.”

In the context of the proposed new licence condition, as opposed to the intention and wording of the Directive, Energia calls on CER to clarify the suitability of the wholesale market price floor (-€100/MWh) and the apparent conflict between this feature of the market and the newly proposed condition to prohibit incentives to unnecessarily increase the volume of transmitted or distributed energy.

Condition 20.3.(b).(ii) – by extension

With regard to the proposed requirement to ensure suppliers Codes of Practice are aligned with CER guidelines, Energia requests clarity to be provided by the CER on the requirement to notify customers of price changes 30 days in advance of any change. Further to this, whether such provisions apply equally to domestic and non-domestic customers. Energia notes that the equivalent requirement pertaining to the relevant EU regulations on this matter require customers to be notified of any change within one month of the change being effected. Once again clarity and justification for exceeding the EU requirements in this area should be provided.