



national consumer agency
gníomhaireacht náisiúnta tomhaltóirí

putting **consumers** first

Market Monitoring in the Electricity and Gas Retail Markets (CER11/221)

The National Consumer Agency (NCA) welcomes the opportunity to comment on the CER's consultation paper – "Market Monitoring in the Electricity & Gas Retail Markets" (CER11/221).

The key points the Agency wishes to highlight are as follows:

- The NCA appreciates that there is a difficult balance to be struck between collecting sufficient information to allow for adequate market monitoring to ensure transparency for all electricity and gas users and requiring a level of detail that will be overly burdensome on the industry and which could lead to increased costs to users. The Agency therefore makes its recommendations in terms of data capture but we note that the CER also has powers to obtain further data from industry participants if it believes that there is a problem in a particular market or customer category.
- It is the Agency's view that uniformity of data collected is critical to its usefulness, therefore a standardised methodology should be prescribed as appropriate. Furthermore, the usefulness of the data collected will be greatly enhanced by ensuring, where possible, that data is comparable with other EU energy markets.
- Although the information to be collected has a focus in terms of analysing and monitoring the on-going performance of the energy market, the NCA is of the view that the level and structure of information in relation to key metrics such as switching and tariffs for example should be published in a format that is digestible to the general consumer.
- The Agency notes that the CER has not developed a price comparison website¹ nor accredited any third party websites. Given the increasing complexity of the electricity market, in particular, we would request that the CER ensure that a reliable and accurate comparison be made available from a trusted source to consumers as soon as is practicable.

¹ As per ERGEG Indicator number 3 which states that "*there is a reliable price comparison website available for customers*"

Specific Observations

Q 1 and Q 2 – Category Selection for Data Reporting

Electricity

The Agency is of the view that, at a minimum, Option 2 - *Eurostat Customer Categories* should be used as this allows for comparison of Irish data with other EU member states.

Gas

The Agency believes that Option 3 - *Modified Eurostat Customer Categories* is most appropriate, with the subdivision in the residential category which will yield more relevant data in an Irish context, given that over 95% of domestic customers fall into category D2 as noted in the Consultation Paper (p.31). The Agency notes the regular publication of data by SEAI and feels that it provides a very useful comparator with other EU Member States. The sub-division of data, as mentioned above, would further enhance the SEAI publication.

The Agency is also of the view that although detailed category classification yields a greater level of information, it may be appropriate for some of the metrics proposed to be collected at a higher level of customer category without losing key information to monitor the market, for example retail margins and connection rates.

Q 3, Q 4, Q 6 and Q 5 – Switching and Renegotiations

In relation to the proposals concerning switching the NCA is of the view that data should also be collected for “repeat switchers”. This will allow for a better assessment of switching rates.

The Agency welcomes the inclusion of new provisions relating to renegotiations, which will capture customers who are renegotiating better deals with their current supplier as opposed to switching to a new supplier. This may offer consumers the incentive to approach their existing supplier in order to get a “better deal”. We would recommend that a distinction be made in this category between accounts in arrears and those which are fully paid up.

Q 8 – Repairs

In relation to repairs, the reporting frequency of a year seems out of sync with other metrics, and we suggest that Customer Minutes Lost and Customer Interruptions data for electricity and supply restoration for gas should be published more often, possibly by quarter.

Q 12 – List of active suppliers in each market segment

The Agency welcomes the fact that the CER intends listing the suppliers currently active in each market segment and suggests that a section on the CER website be maintained detailing the current active suppliers, along with the relevant contact details. This would provide consumers with a starting point when comparing tariffs on offer.

Q 14 – Retail Margins

In order for there to be benefits to the data collected there needs to be a standardised approach to cost allocation, otherwise the data will be non-comparable. At a minimum, we believe that data should be collected in relation to domestic and commercial categories as a whole, with the ideal being a further granulation of data across customer categories.

Q 15, Q 16, Q 17, Q 18 and Q 19 – Tariffs and Contracts

The Agency welcomes the proposed requirement to provide further detail on tariff and contract issues and feels consumers may benefit from more frequent reporting of these metrics, perhaps on a monthly basis. Ideally a cost comparison website would be the best solution to making this data available to consumers in a meaningful and useful way.

In relation to measuring arrears, we believe that the provision of a monetary arrears value as a percentage of the annual usage, split into relevant percentage groupings, would add value to this metric. For monitoring penalty clauses, more detail may need to be added in order to understand why people are exiting contracts early, possibly including a list of reasons for ending contracts early by the percentage of those exiting contracts.

Q 20 and Q 21 – Customer Satisfaction

The Agency believes that customer satisfaction with the market is an important part of assessing how effectively a market works. Measuring complaints in the suggested format appears sufficient. The continuation of the Annual Consumer Survey as outlined in section 1.4 of the Consultation Paper is also important to gauge the level of satisfaction of consumers directly. This should include data

relating to the ease of switching and whether or not consumers saved money by switching supplier. If consumers are found to have easily switched and saved money, this information can be used in public awareness campaigns to incentivise other users to examine their current expenditure and tariffs to see if a better deal is available, again ideally by using a price comparison site.

The NCA believes that the definition of an enquiry needs to be refined in order to avoid unnecessary and irrelevant data collection. It may be simplified by using relevant predefined categories which will be comparable across suppliers.

Conclusion

In summary, the NCA welcomes the proposals for an agreed framework of market monitoring. We have set out here our views as to how that can be accommodated. The Agency is of the view that the effectiveness of metrics should be reviewed periodically and revised if any are proved to be ineffectual or overly burdensome.

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