

CER Consultation Paper CER 11/221 on Market Monitoring in the Electricity and Gas Retail Markets: SEAI response

Question 1 – Respondents are invited to comment on the three options presented for electricity market segments? Respondents are also invited to suggest alternative market categories.

Response: Average electricity and gas prices are required to be collected on a semester basis under the EU Gas and Electricity Price Transparency Directive (2007/394/EC). These will continue to be required into the future and it would be useful to incorporate this data into the market monitoring indicators as proposed by CER. SEAI would also welcome the increased frequency of collection and publishing of average price data to quarterly periods. In this regard, however, we would stress that data ought to be collected at a level of segmentation sufficient to allow the aggregation of the quarterly data to semester data as required under the Price Transparency Directive. Specifically, this would call for segmentation into consumption bands such as suggested below, with collection of consumption volumes and associated revenues for each band.

The usefulness of having this segmentation incorporated into the proposed indicators is related to two of the tenets of good statistical practice: comparability and coherence. As the EU Directive is in force throughout the whole of the EU, adopting this segmentation would ensure comparability of analysis across countries. By collecting other parameters based on this segmentation then would allow for the combining of statistics and indicators in a coherent and reliable manner that can yield deeper analysis and interpretation.

SEAI's preference under this question is for Option 2 – Eurostat Customer Categories.

We also recognise the value in continuing the historic DUoS categories. The third option suggests combining the DUoS and Eurostat approaches which results in 74 categories. There is a fourth option of not combining the approaches but to report separately on both. This would involve 24 categories in total and have the effect of allowing the continuation of the historic DUoS time series and of satisfying the comparability and coherence to the existing Eurostat price system.

Question 2 – Respondents are invited to comment on the three options presented for gas market segments? Respondents are also invited to suggest alternative market categories.

Response: SEAI's response to this question is along the same lines as Question 1 with some additional comment on modification of the Eurostat Customer Categories.

SEAI's first choice is for Option 3 with increased granularity in the Eurostat Domestic categories but ensuring that the data can be aggregated on a quarterly and semester basis to the Eurostat categories for the purposes of reporting under the Price Transparency Directive.

We agree that the existing Eurostat domestic category D2 is too broad, ranging from 20 to 200 GJ per annum (5,555 kWh to 55,555 kWh per annum). However, we think that the suggested D2a range (5,555 kWh to 22,222 kWh per annum) in the consultation is also too coarse as it would represent a composite of apartments, 2 and 3 bed houses and some larger houses, and preclude appropriate differential analysis. SEAI would therefore suggest that categories in either Table 1 or Table 2 below would be more appropriate.

Table 1. Suggested consumption bands for residential gas reporting – preferred option

Category	Eurostat Code	Annual Consumption (GJ)	Annual Consumption (kWh)
Residential	D1	< 20	< 5,555
	D2a	20 – <40	5,555 – 11,111
	D2b	40 – <60	11,111 – 16,666
	D2c	60 – <80	16,666 – 22,222
	D2d	80 – <200	22,222 – 55,555
	D3	>=200	>=55,555

Table 2. Suggested consumption bands for residential gas reporting – alternative option

Category	Eurostat Code	Annual Consumption (GJ)	Annual Consumption (kWh)
Residential	D1	< 20	< 555
	D2a	20 – <50	555 – 13,888
	D2b	50 – <80	13,888 – 22,222
	D2c	80 – <200	22,222 – 55,555
	D3	>=200	>=55,555

Question 12 – Respondents are invited to comment on the proposal to include a list of active suppliers in each market segment.

Response: SEAI supports the proposal to include a list of active suppliers in each market segment.

Question 14 – Respondents are invited to comment on the whether the proposals for retail margins are sufficient. Is the proposal outlined above sufficient? If not, what other approaches should be used?

Response: Under the EU Gas and Electricity Price Transparency Directive (2007/394/EC) Ireland is required to report annually on the breakdown of average electricity by consumer band into the component of energy & supply costs, network costs and non-recoverable taxes. Since the Directive came into force in 2008 Ireland has not been compliant in this aspect of reporting. SEAI recommends that, at a minimum, these parameters should be collected and published. If more detailed parameters are collected then it is recommended that the parameters are chosen so as to allow aggregation into the requirements of the Directive. This would ensure that Ireland is compliant with Directive 2007/394/EC and enable the comparison of the breakdown of electricity costs across EU member states.