



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

## Domestic Disconnections for Non-Payment of Account May 2014

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QUERIES TO:	acostello@cer.ie



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

[www.cer.ie](http://www.cer.ie)

## 1.0 Introduction

It is the CER's statutory obligation to ensure a high standard of protection for final customers in the electricity and gas markets. In compliance with the Code of Practice on Disconnections, suppliers must ensure that disconnection is always the last resort.

The [Supplier Handbook](#) sets out the minimum service levels that electricity and gas suppliers must provide to their customers; including in the areas of disconnections and PAYG meters. In dealing with customers that are in arrears, suppliers must take a number of steps prior to disconnecting a property. The disconnection of a customer's energy supply should always be the last resort and all suppliers are required to offer a payment plan and a PAYG meter to customers in arrears in advance of proceeding to disconnect. Suppliers must also facilitate a customer that wishes to nominate a third party to represent them.<sup>1</sup>

While suppliers are adhering to the minimum standards set out in the code of practice<sup>2</sup>, domestic disconnections in 2013 were 5,895 in gas and 10,122 in electricity. In early 2014, the CER, in conjunction with industry, reviewed the market processes to ascertain if more could be done in further reducing disconnections. While this work was ongoing the CER imposed a moratorium on domestic disconnections, which was lifted on 20<sup>th</sup> February. As part of this work, the CER committed to moving to monthly reporting of domestic disconnections notes. This note provides information to stakeholders on domestic disconnections in the period 1<sup>st</sup> May until 31<sup>st</sup> May 2014.

Due to the termination of the moratorium on domestic disconnections (which ended on the 20<sup>th</sup> February 2014), the number of domestic disconnections recorded in March, April and May 2014 may not be typical<sup>3</sup>. For this reason, comparisons with previous months or years would not provide useful or verifiable information. Therefore this note focuses solely on the domestic disconnections undertaken in the month of May 2014. The disconnections in this report refer only to disconnections for non-payment of account (NPA).

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<sup>1</sup> e.g. money advisor including MABS, a recognised charity or Social Welfare Representative.

<sup>2</sup> See the CER's recent Disconnections Audit: [CER 13/248](#), Audit of Compliance with the Code of Practice on Disconnections for the Domestic Market, 11 November 2013.

<sup>3</sup> As a moratorium was not in place during the same period in 2013. For a background on these notes and on the moratorium on disconnections, please see the Domestic Disconnections Note for February 2014, [CER14/073](#).

## 2.0 Trend in Domestic Disconnections<sup>4</sup>

This section outlines the domestic NPA<sup>5</sup> disconnections at supplier level in May 2014.

### 2.1 Domestic Disconnections<sup>6</sup>

Table 1 shows the total number of domestic electricity and gas disconnections that were undertaken by each supplier in May 2014.

Total domestic electricity disconnections	Bord Gáis Energy	Electric Ireland	SSE Airtricity	Total
May 2014	45	420	241	706

**Table 1 Disconnected Domestic Electricity Sites, May 2014**

In May 2014, there were approximately 706 disconnections of domestic electricity customers for non-payment of account (table 1). In gas there were 517 disconnections of domestic customers in May 2014 (table 2). Caution must be taken when comparing data from early 2014 with other periods as a moratorium on domestic disconnections was in place in early 2014<sup>7</sup>.

Total domestic Gas disconnections	Bord Gáis Energy	Electric Ireland	SSE Airtricity	Flogas	Total
May 2014	457	13	40	7	517

**Table 2 Disconnected Domestic Gas Sites, May 2014**

Anecdotal evidence from suppliers suggests that a significant number of disconnected properties are in fact vacant. ESNB and Bord Gáis Networks are at the initial stages of a new process by which deemed vacant sites are identified during the disconnection process by the network technician that visits the site (an action arising from the Disconnections Taskforce). These are sites that are suspected of being vacant based on the observation of the technician/fitter visiting the site. Both networks introduced this process at the beginning of March 2014 and the CER will review the methodology for the identification of deemed vacant sites in the coming months.

Using a different methodology, it has been previously estimated that in 2013, 40% of disconnected electricity sites and 36% of gas sites were deemed to be vacant<sup>8</sup>. Applying these estimates to the above figures suggests that disconnections of customers in difficulty are significantly lower than suggested by the data.

<sup>4</sup> Sources of data are ESNB for electricity and BGN for gas.

<sup>5</sup> This can cover customers in arrears that have been disconnected because they cannot pay due to financial hardship or disconnected customers who choose not to pay. Currently such customers cannot be distinguished in the data. This NPA data does not include data on self-disconnections or disconnections for reasons other than debt.

<sup>6</sup> This data is provisional only and has yet to be validated by suppliers.

<sup>7</sup> Such a moratorium was not in place during the same period in previous years.

<sup>8</sup> The method used to estimate vacant sites in 2013 involved the estimation of the time to reconnect a disconnected site. Vacant sites in electricity were regarded as those that were not reconnected within 5 weeks after disconnection, and in gas, a proxy of 6 months was used.

The next section looks at the disconnection rate per supplier in May 2014.

## 2.2 Domestic Disconnection Rates

This section analyses the rate of domestic NPA electricity and gas disconnections at supplier level<sup>9</sup>. This note does not compare disconnections in May 2014 with those in May 2013. A moratorium on disconnections was in place in January 2014 until 20<sup>th</sup> February 2014. Such a moratorium was not in place during the same period in 2013. The level of disconnections in May 2014 will be influenced by the moratorium in early 2014 meaning a comparison with 2013 is not appropriate in this instance.

The rate of disconnections is measured by the number of disconnections per 10,000 customers and takes into account the market share of each supplier. It is an accurate measure of disconnection intensity by supplier.

In electricity, the data reveals that SSE Airtricity had the highest rate of disconnection of domestic customers (rate per 10,000 domestic electricity customers) in electricity (table 3 below). In contrast with April 2014, Bord Gáis Energy had the lowest disconnection rate per 10,000 domestic electricity customers in May 2014.

Rate per 10,000 customers	Electric Ireland	SSE Airtricity	Bord Gáis Energy
March 2014	5.70	5.03	2.03
April 2014	3.60	3.61	7.20
May 2014	3.32	6.59	1.54

**Table 3 Domestic Electricity Disconnections per 10,000 Customers, March-May 2014**

Table 4 below identifies the disconnection rate per 10,000 domestic gas customers for each supplier. Bord Gáis Energy continued to have the highest domestic gas disconnection rate in May 2014. Electric Ireland maintained the lowest disconnection rate in the domestic gas market and its rate was lower than in the previous month.

Rate per 10,000 customers	Bord Gáis Energy	SSE Airtricity	Flogas	Electric Ireland
March 2014	9.46	7.20	9.14	2.46
April 2014	16.92	7.04	4.56	3.03
May 2014	13.05	3.68	2.13	0.95

**Table 4 Domestic Gas Disconnections per 10,000 Customers, March-May 2014**

<sup>9</sup> The data for January-May 2014 has yet to be validated by suppliers. The quarterly Electricity and Gas Retail Market Reports will contain validated disconnections data.

## 2.3 Market Developments

In May 2014, most domestic electricity and gas suppliers<sup>10</sup> launched a voluntary code of practice on disconnections, 'Energy Engage Code'<sup>11</sup>. This Code followed on from the work of industry, the Department of Communications, Energy and Natural Resources and the CER in early 2014.

The voluntary code outlines the actions suppliers will take in limiting disconnections of customers in genuine financial difficulty. The Code supplements existing obligations on suppliers as set out in the CERs Electricity and Natural Gas Supplier Handbook<sup>12</sup>.

The impact of the code on the level of disconnections will be continuously monitored by the CER.

## 3.0 Conclusions & Next Steps

This note provided a summary of the current level of disconnections in May 2014.

The next domestic disconnections note will examine the number of disconnections undertaken in June 2014.

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<sup>10</sup> Bord Gáis Energy, Electric Ireland, Energia, Flogas Natural Gas and SSE Airtricity.

<sup>11</sup> Energy Engage Code:

<http://www.eaireland.com/fileupload/Markets%20Committee/Retail/EAI%20Energy%20Engage%20Code%20web%20friendly.pdf>

<sup>12</sup> CER Electricity and Natural Gas Supplier Handbook, CER/12/081:

<http://www.cer.ie/docs/000484/cer12081.pdf>