



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

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

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## 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> August until 31<sup>st</sup> August 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 early 2014 may not be typical<sup>3</sup>. For this reason, comparisons with previous months or years would not provide useful or verifiable information. 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 August 2014.

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

#### *Electricity*

Table 1 shows the total number of domestic electricity disconnections that were undertaken by each supplier in August 2014. There were approximately 483 disconnections of domestic electricity customers for non-payment of account in August 2014.

Total domestic electricity disconnections	Bord Gáis Energy	Electric Ireland	SSE Airtricity	PrePayPower <sup>7</sup>	Total
August 2014	99	234	142	8	483

Table 1 Disconnected Domestic Electricity Sites, August 2014

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>8</sup>.

#### *Gas*

In gas there were 266 disconnections (credit locks) of domestic customers in August 2014.

Total domestic Gas disconnections	Bord Gáis Energy	Electric Ireland	SSE Airtricity	Flogas	Total
August 2014	193	24	41	8	266

Table 2 Disconnected Domestic Gas Sites, August 2014

Anecdotal evidence from suppliers suggests that a significant number of disconnected properties are in fact vacant. It has been previously estimated that in 2013, 40% of disconnected electricity sites and 36% of gas sites were deemed to be vacant<sup>9</sup>. Applying these estimates to the above figures suggests that disconnections of customers in difficulty are significantly lower than suggested by the data.

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

<sup>4</sup> Sources of data are ESBN 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> PrePayPower states that these sites were suspected of being vacant based on an analysis of vend and consumption data.

<sup>8</sup> Such a moratorium was not in place during the same period in previous years.

<sup>9</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.

## 2.2 Domestic Disconnection Rates

This section analyses the rate of domestic NPA electricity and gas disconnections at supplier level<sup>10</sup>. This note does not compare disconnections in August 2014 with those in August 2013.

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 Bord Gáis Energy and SSE Airtricity had the highest rates of disconnection of domestic customers (rate per 10,000 domestic electricity customers) in electricity (table 3 below). PrePayPower had the lowest disconnection rate per 10,000 domestic electricity customers in August 2014<sup>11</sup>.

Rate per 10,000 customers	Electric Ireland	SSE Airtricity	Bord Gáis Energy	PrePayPower
March 2014	6	5	2	-
April 2014	4	4	7	4
May 2014	3	7	2	15
June 2014	2	5	7	10
July 2014	3	5	4	6
August 2014	2	4	4	1

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

Table 4 below identifies the disconnection rate per 10,000 domestic gas customers for each supplier. Bord Gáis Energy had highest domestic gas disconnection rate in August 2014. Electric Ireland maintained the lowest disconnection rate in the domestic gas market.

Rate per 10,000 customers	Bord Gáis Energy	SSE Airtricity	Flogas	Electric Ireland
March 2014	10	7	9	3
April 2014	17	7	5	3
May 2014	13	4	2	1
June 2014	8	5	6	2
July 2014	5	9	5	4
August 2014	6	4	3	2

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

<sup>10</sup> This data is provisional and has yet to be validated by suppliers. The quarterly Electricity and Gas Retail Market Reports will contain validated disconnections data.

<sup>11</sup> PrePayPower states that they only disconnect in situations where they suspect a site of being vacant based on an analysis of vend and consumption data.