



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Domestic Disconnections for Non-Payment of Account March 2014

DOCUMENT TYPE:	Information Paper
REFERENCE:	CER/14/095
DATE PUBLISHED:	21 st May 2014
QUERIES TO:	acostello@cer.ie



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

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

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.¹

While suppliers are adhering to the minimum standards set out in the code of practice², 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 20th February. As part of this work, the CER committed to moving to monthly reporting of domestic disconnections notes. This is the first such note which provides information to stakeholders on domestic disconnections in the period 1st March until 31st March 2014.

Due to the termination of the moratorium on domestic disconnections (which ended on the 20th February 2014), the number of domestic disconnections recorded in March 2014 may not be typical³. This is the first month of a 'PAYG in the Van' trial. This trial is evaluating a process whereby a customer who agrees to the installation of a PAYG meter during a disconnection visit will have the meter installed there and then rather than waiting until a later date (as is currently the process).

For these reasons, 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 March 2014. The disconnections in this report refer only to disconnections for non-payment of account (NPA).

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

² 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.

³ 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 Disconnections⁴

This section outlines the domestic NPA⁵ disconnections at supplier level in March 2014.

2.1 Domestic Disconnections

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

March 2014	Bord Gáis Energy	Electric Ireland	SSE Airtricity	Flogas	Total
Total domestic electricity disconnections	60	723	188	NA	971
Total domestic gas disconnections	337	33	79	30	479

Table 1 Disconnected Domestic Electricity and Gas Sites, March 2014

Anecdotal evidence 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. 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 vacant⁶. 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 March 2014.

2.2 Domestic Disconnection Rates

This section analyses the rate of domestic NPA electricity and gas disconnections at supplier level⁷. This note does not compare disconnections in March 2014 with those in March 2013. A moratorium on disconnections was in

⁴ Sources of data are ESNB for electricity and BGN for gas.

⁵ 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 debt. 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.

⁶ 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.

⁷ The data for March 2014 has yet to be validated by suppliers. The Electricity and Gas Retail Market Report for Q1 2014 (due to be published in Q3 2014) will contain validated disconnections data.

place in January 2014 until 20th February 2014. Such a moratorium was not in place during the same period in 2013. The level of disconnections in March 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 Electric Ireland and SSE Airtricity have relatively similar rates of disconnection in electricity (table 2 below). Bord Gáis Energy has the lowest disconnection rate per 10,000 domestic electricity customers.

Rate per 10,000 customers ⁸	Electric Ireland	SSE Airtricity	Bord Gáis Energy
March 2014	5.70	5.03	2.03

Table 2 Domestic Electricity Disconnections per 10,000 Customers, March 2014⁹

Table 3 below identifies the disconnection rate per 10,000 domestic gas customers for each supplier.

Rate per 10,000 customers	Bord Gáis Energy	SSE Airtricity	Flogas	Electric Ireland
March 2014	9.46	7.20	9.14	2.46

Table 3 Domestic Gas Disconnections per 10,000 Customers, March 2014¹⁰

Bord Gáis Energy had the highest domestic gas disconnection rate in March 2014. Electric Ireland maintained the lowest disconnection rate in the domestic gas market. Bord Gáis Energy and Flogas both have relatively high disconnection rates in the domestic gas market, indicating that on average, more customers get disconnected per 10,000 customers than for other suppliers.

3.0 Conclusions & Next Steps

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

The next domestic disconnections note will examine the number of disconnections undertaken in April 2014 and will assess the actions that have been undertaken since this note and the reasons for any trends (increases or decreases) in the number of disconnections of domestic customers at supplier level.

⁸ Using customer numbers as at end 2013.

⁹ The disconnection rates in this report are not comparable to those in the March report because the periods analysed differ (monthly compared to quarterly).

¹⁰ Ibid.