

National Smart Metering Programme

**Empowering & Protecting Customers
CER/15/272**

Bord Gáis Energy Response to CER's Proposed Decision

1.0 Introduction

Bord Gáis Energy welcomes this opportunity to comment on the CER's proposed decision on the NSMP – “Empowering and Protecting Customers” (CER 15/272). We believe there is currently a high level of consumer protection in the Irish energy retail market. This strongly supports measures to ensure that consumers continue to enjoy protections under the NSMP. We have always fully engaged with CER during the development of the current consumer protection measures through the Supplier Handbook, our Codes of Practice, Customer Charter and Terms and Conditions of Supply and we take our obligations as a Supplier very seriously in this regard.

Smart metering and the availability of actual consumption data for each half hour in the day will enable Bord Gáis Energy to offer new products and services that should reward our customers for using energy more efficiently. The use of actual consumption data together with effective customer engagement will make the energy market more efficient, dynamic and competitive with better service and new products. A smarter energy market based on consideration of useful information will enable a simpler, clearer and fairer market. Customers can be empowered to regulate their own energy consumption and should benefit from a greater degree of consumer protection as they are more in control of their energy consumption.

We set out below our responses to the specific consultation questions.

2.0 Response to Specific Consultation Questions

1. *Do you have any views on the CER's Proposed Decision to clarify policy on the Harmonised Downloadable File (HDF) to ensure that updates are incorporated (and hence made available to interested customers) in a timely manner, and frequently?*

Bord Gáis Energy agrees that the HDF should be made available both in a timely manner and frequently. We welcome the CERs' emphasis on HDF availability to “*interested customers*”. This is important because it is highly likely that the overwhelming majority of customers will not seek a HDF file within 24 hours of consumption. Service provision at reasonable and proportionate cost must be borne in mind. In this context, an energy supplier would not be able to provide an updated HDF file to its entire customer base within 24 hours. It is important that all customers do not have to pay (via higher units rates) for a service not utilised by the vast majority.

The consultation paper points out that HDF will be used for facilitating competition (tariff comparisons etc.). In order to obtain an accurate quotation the customer will most likely need 365 days of consumption. It is the whole and complete (365 day) data set which will drive quotation accuracy and not that the data is say 1 day old or 1 week old. This should not matter.

We believe that the number of customers who wish to avail of an updated HDF within 24 hours will be very small. For this reason, we believe that suppliers should only be expected to apply *reasonable endeavours* to supply a HDF file within 24-48 hours to customers who request it. This would mean that the costly processing overhead in this instance would not increase energy costs for the consumer. We would request that the CER reconsiders this proposed decision given the cost implications when very few customers will require this service.

2. Do you have any views on the CER's Proposed Decision for minimum standards for the provision by Suppliers of "at a glance" information to residential customers, to complement the Smart Bill and Energy Statement, and access to a Harmonised Downloadable File (HDF) of their consumption data – including evidence on the cost and/or competition implications of the provision of In Home Devices by Suppliers?

There is clearly a market for In-Home Displays ("IHDs") as some customers will find an IHD useful; where it makes economic sense these customers should be provided with an In-Home Display. We would contest that IHDs are "always on". For example, British Gas has deployed close to 2 million IHDs in Great Britain and has evidence that more than 45% of IHDs are not connected or plugged-in.

Bord Gáis Energy believes that an obligation on suppliers and/or networks operators to provide IHDs would be a waste of resources. We would ask CER to note that very few jurisdictions have made IHDs mandatory as the costs outweigh the benefits. There is no evidence to suggest that mandated IHDs and particularly a basic model with two year support will yield net benefits.

Suppliers will be making a range of information channels available to our customers. From 2019, we expect that there will be a place for IHDs for certain types of customers. However, Suppliers must have the flexibility to decide which customers would use and benefit from IHDs. We would ask that the CER reconsiders their proposed decision on mandatory IHDs and considers the cost-benefit implications.

Like other suppliers, Bord Gais Energy also has a critical dependency on the development of a bridging capability from the Smart Meter Home Area Network to the customer home area or WiFi network. This definition of this capability is still absent from the National Programme and its absence ensures that only ESNB can offer a physical device in the home with immediate access to information.

3. Do you have any views on the CER's Proposed Decisions on the need to amend and augment the rules on the presentation of tariff information, consequent to the introduction of Time-of-Use Tariffs?

Bord Gáis Energy agrees that customers must be able to accurately compare tariffs of different suppliers to avail of the deals that best suit their needs. We appreciate that new energy offerings should not be unduly complicated. Simplicity is one of Bord Gáis Energy's core values and we will always strive to help our customers understand our

offerings. The NSMP should assist customers' understanding of their energy usage due to the increased volume of information available close to real-time.

We agree that customers will need assistance to better understand Time of Use Tariffs as these tariffs are unusual in the current market and are more complex by their nature.

We agree that the CER's Supplier Handbook should be amended for the purpose of supporting a clear, customer-friendly format of presentation for ToU tariffs. Suppliers currently have to follow the requirements of the Supplier Handbook in relation to the presentation of tariffs so the presentation of ToU tariffs should be incorporated into the Supplier handbook in a similar manner.

We agree that a standard metric for use in presenting and comparing any two tariffs should be developed and we support the concept of the presentation of an "annualized cost". Presentation of an annualized cost will show the true cost to the consumer including all charges instead of comparisons on unit rates only which currently occurs in the market.

4. Do you have any views on the options set out in section 3.3.4 for giving practical effect to the concept of simple labels and standard metrics to enable customers to understand and compare Time-of-Use tariffs more easily?

Bord Gáis Energy agrees with the concept of simple labels and standard metrics to allow customers to compare Time of Use tariffs more easily. We also agree with the inclusion of an "annualised cost" component of the label. This will allow customers to see the full annual cost to them rather than just a comparison based on one element of the tariff (the unit rate) as happens currently. The labels proposed by the CER seem reasonable and clear subject to the following comment:-

- The use of "annualised cost" on the sample ToU tariff is unclear (Figure 1). We assume this is only an annualised cost for Fixed Charges as it states underneath "plus charges for electricity used". This should be made clearer.

5. Do you have any views on the CER's Proposed Decision to amend the disconnection process in order to maintain comparable levels of customer protection in the context of disconnection (and reconnection) not requiring a site visit in order to undertake physical works following the rollout of smart meters?

CER suggests that Suppliers "take reasonable and effective steps to speak directly with the customer not more than 48 hours before the disconnection is to take effect and if the Supplier has been unable to contact the customer, then for ESBN or GNI, as appropriate, to undertake a site visit on the day of the disconnection and before the disconnection occurs."

It is certainly feasible that Suppliers could attempt to speak directly with a customer not more than 48 hours prior to a disconnection. Indeed letters, emails, phone calls and text messages are currently part of the Supplier's disconnection process. However, if a Supplier cannot reach a customer by phone, the CER is then proposing that a Network Technician visits the premises. Bord Gáis Energy does not agree with this proposal. Firstly, we cannot currently reach a relatively significant percentage of customers by phone at the moment for credit and collections purposes (which is why we need other methods of communication such as letter). The reasons for this are that we may not have been provided with a telephone number, the telephone number might be out of date or the customer simply does not answer. It would be a backward step in the smart metering world to still require a Network Technician visit if we cannot reach the customer by phone. With smart metering, a Supplier can disconnect remotely but we can also re-connected swiftly.. Moreover, Suppliers have difficulty enough in getting networks staff to successfully access meters in today's process so we would not be in favour of re-instating a dependence on network staff/contractors to successfully make contact with our customers.

The requirement for a site visit *when remote disconnection is possible* would have significant cost implications for the industry, costs which will be borne by energy consumers. We would urge CER to re-consider this proposal on the basis that technology should be harnessed to reduce costs for the consumer.

That technology could similarly be used to remotely switch customers earlier in an arrears cycle to Prepay mode. This would avoid a disconnection engagement and provide the customer with additional certainty on the basis for supply. In addition it would allow for a relatively seamless change in the customer's credit arrangements most appropriate to their changed circumstances. This may be a smarter engagement model for arrears management.

6. Do you have any views on the CER's Proposed Decision not to develop more extensive changes to the framework of regulation and access to data for third party intermediaries at this stage – but to keep the issue under review as part of a wider work programme on Retail Policy?

Bord Gáis Energy appreciates that it is difficult for CER to develop regulatory policy for third party intermediaries in the smart metering market when the market is still under discussion and such third parties are not yet active. However, we believe the CER should develop some high level consumer protection principles for third parties. For example, third parties should be bound by the same high standards of consumer protection as energy suppliers when they are selling energy products and services.

Suppliers currently have to abide by the CER's Supplier Handbook which contains very detailed consumer protection measures. CER should ensure that it has the ability to regulate third parties effectively and should not be restricted by only regulating these third parties through Suppliers. The CER should also set out a commitment that it will act to regulate such third parties in a timely manner in order to protect consumer

interests. We do not want third parties entering the smart metering market and potentially undermining it before the CER can act.

7. Do you have any views on the CER's Proposed Decision on different forms of NSMP participation, and the role of policy in respect of customers who do not participate fully?

Bord Gáis Energy agrees with the CER's proposals in relation to NSMP participation set out in section 3.5.1 of the proposed decision paper. However, we note that the reference to a surcharge could be contentious. Tariffs should be cost-reflective and customers should be made aware that legacy tariffs may therefore become increasingly expensive. The increased cost should be presented as a product of the non-participating customers choice and not an arbitrary penalty imposed by the Supplier.