



CONSULTATION ON CER NATIONAL SMART METERING
PROGRAMME – EMPOWERING & PROTECTING CUSTOMERS

SSE AIRTRICITY RESPONSE TO
THE COMMISSION FOR ENERGY REGULATION

2015

INTRODUCTION

SSE Airtricity welcomes the opportunity to comment on the CER's paper "National Smart Metering Programme – Empowering & Protecting Customers".

SSE Airtricity is the largest independent supplier operating in Ireland with over 800,000 customers served across both electricity and natural gas markets. SSE Airtricity is committed to the development of competition in energy markets in Ireland and to presenting its customers with choice and quality customer services. We continue to be supportive of the NSMP and believe an effective roll out will provide opportunities to directly deliver benefits to our customers, both in terms of customer empowerment and protection along with optimised energy usage. We see smart metering as a fundamental component in the continued success of the energy retail markets in Ireland.

GENERAL COMMENTS

SSE Airtricity welcomes the opportunity to put forward its views on the Empowering & Protecting Customers consultation paper published by the CER. Whilst we have provided comments to each question we believe that it is premature to comment on some of the proposals put forward at this point as appropriate discussions have yet to take place. In addition we believe that the data protection framework has not been appropriately considered in the context of this paper.

SPECIFIC COMMENTS

Q1. 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?

SSE Airtricity request that the requirement to take reasonable endeavours to ensure that additions or updates to data relevant to the HDF are incorporated into the HDF available to a customer within 24 hours is reconsidered for the following reasons.

- We do not believe that consumption will change significantly from a daily to weekly basis even for those 'pro-consumers' to justify the costs associated with the proposal.
- Suppliers may not have all the data till after 06:00 for Electricity data and post 07:00 for Gas data. Given that suppliers will be mandated to process this by a certain time for Smart PAYG customers, it seems excessive to expect suppliers IT systems to have to also process all this data every night for HDF.
- When considered in relation to other NSMP obligations we believe that most stakeholders would have to significantly upgrade their IT systems in order to be compliant.

Therefore we would request that the CER reconsiders the requirement of a refresh every 24 hours and propose that a weekly refresh of this data would be sufficient for the vast majority of customers.

Q2. 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?

SSE Airtricity agrees in principle with the proposed decision for suppliers to offer each of their customers energy information "service", free-of-charge, from a point in time aligned to the first Smart Bill and Energy Statement, and augmented when the customer opts for a Time-of-Use Tariff. We also agree with the retention of the requirement for suppliers to deliver this service via a device to a customer if requested, as long as costs can be recovered. We also support the proposal for ESBN making available and supporting the IHD for two years. However we would suggest that further discussion is required in relation to the scope, measures, applicability and timeframe for implementation on offering these services and devices to customers.

With the ever growing prevalence and changes in smart technology, it's likely that the vast majority of customers will have access to a device that will cater for the services outlined in the proposed decision paper by rollout. These changes make it difficult for any stakeholder to be able accurately determine in 2015 what will be the best method to achieve this principle in 2019. Therefore it may not be prudent for ESBN to procure a certain amount of devices at this point as it may unnecessarily add to the costs of the programme in the form of higher distribution charges. There is also a high risk that the procured devices become stranded assets as we move into new emerging technologies that enable smarter offerings. SSE Airtricity suggests that this decision should be set as a principle in the final decisions with a commitment to further discussion and reassessment at a later stage as it's not sensible to establish specifics now.

Moreover we believe that further discussion is also required in relation to the market process that will be used to support the requirement for ESBN to offer a backstop device to suppliers. We have yet to determine the market system that will deal with the request, notification and confirmation of the IHD to customers and whether a new appointment booking system will be accessible by suppliers. In addition to the above we believe that the wording is ambiguous and open to interpretation as it suggest that suppliers may have to provide these services to customers who have rejected a smart meter or who withhold interval data.

Q3. 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?

SSE Airtricity is supportive of this principle and the approach that the specific details will be determined later in the programme following consultation with the relevant stakeholders. We would also suggest that the programme is cognisant of the fact that the supplier handbook is currently under review with a view to amending the minimum standards on the Code of Practice on Marketing and the basis for the content of these proposals may be subject to change. Suppliers may be required to change how tariffs are presented in their sales and marketing material after this decision is made, and again when Smart Metering is implemented. Such changes in a short space of time impact on supplier costs and ultimately customer prices.

In addition, SSE Airtricity would like to highlight that the CER has indicated that it intends on reviewing the underlying fixed charges. While this is welcome, we would not support the removal of the fixed charge component or the conversion of this into a variable charge. Cost reflective tariffs require a split between fixed and variable costs in order to provide accurate usage incentives.

Q4. 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?

SSE Airtricity believes that the options presented in the proposed decision paper are a constructive basis for industry discussions on this matter which will need to occur later in the programme. As per the above we also believe that any decisions need to be cognisant of the fact that the supplier handbook is currently under review.

Furthermore SSE Airtricity would like to highlight that the ability for customers to accurately compare tariffs is a necessity in competitive markets. If a customer cannot accurately compare, then they may make uninformed decisions or may choose not to engage with the market. We propose that there must be standard consumption profiles for use for the purposes of a Tariff Cost Illustration but it should be clear to customers that this may not be based on their actual consumption patterns. We also suggest that research is undertaken on how this is achieved in other jurisdictions where TOU tariffs are in place and that the key learnings from

its implementation are considered. Customer surveys or focus groups can assist in identifying the best approach to the presentation of tariffs.

Q5. 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?

SSE Airtricity understands the intent and merit of the proposal to amend the disconnection process in order to maintain comparable levels of customer protection to customers after the rollout of smart meters. We are fully committed to providing the highest appropriate level of service to our customers and believe that the concern of vulnerable customers need to be adequately addressed when considering any changes in the context of the NSMP. However we do not believe that the proposals outlined are a suitable solution to address these particular issues and would suggest that further discussion is required. In this respect we have outlined a number of alternative proposals and observations that we believe would achieve the same outcome and mitigate the concerns outlined in the proposed decision paper.

Network Site Visit

SSE Airtricity does not agree that a site visit should be undertaken by the network providers as this will not appropriately address the concerns outlined in the paper and it will unnecessarily add to the costs of the overall programme which is passed through to all customers. Data is currently available which should demonstrate how many disconnections were undertaken when a customer is not present. If it was a requirement for Networks to undertake a site visit and speak to a customer, the chances of actually meeting the customer are low and this would mean that multiple visits may be required. The reason for this suggestion appears to be for the benefit of any vulnerable customers that may potentially be disconnected and the paper also states that customers are provided with this protection in the current market. However SSE Airtricity would be interested in seeing the figures from Networks on the number of new vulnerable customers identified at the point of disconnection. This data should be analysed before a decision is made on this to determine if the costs of this exercise outweigh the benefits.

Reconnection

SSE Airtricity disagrees with the rationale presented in the paper in relation to a reconnection of a customer using a smart meter. Currently if it transpires in the midst of a disconnection that a vulnerable customer is present at the property an emergency reconnection needs to be logged which may take a few hours to complete. Using the benefits of the new smart metering technology, reconnections can take place within a matter of minutes if a potential vulnerable customer contacts their supplier or network and advises of the situation which negates the need for the above. Therefore we would suggest introducing a requirement for suppliers to reconnect customers who are inadvertently sent for disconnection within 15 minutes for electricity and 45 minutes for gas of receiving a call in line with the reconnection obligation for PAYG customers.

Vulnerable Register Notification

In conjunction to the above, SSE Airtricity believes that there should be an obligation for suppliers to make their customers aware of their vulnerable customer code of practice at the point of disconnection in addition to the current requirements to notify customers on sign-up. This could be in the form of a prescriptive guideline which requires suppliers to implement a rigorous customer notification process at the point of disconnection which references the priority/special services register in both the letters and phone call. Further notification of the registers could be made on the bills and other correspondence.

Smart PAYG Alternative

SSE Airtricity proposes the introduction of a requirement to move a customer automatically to Smart Pay-as-You-Go as an alternative to disconnection and believe that this should be strongly considered again by the CER. Under the current framework customers require the permission of the owner for the installation of the PAYG meter. Since this will no longer be required under smart metering, consideration should be given to suppliers having the ability to switch customers who are in debt to the PAYG model without their explicit consent at the time of disconnection. Customer could be advised of this process at the time of sign up which would be outlined specifically in their terms and conditions. At the point of disconnection customers will be made aware through an agreed communication method that they will be switched to the PAYG model if they do not contact their supplier to enter into an appropriate payment arrangement. The

arrangements relevant to vulnerable customers will also be considered in this context and any customers registered on the priority support register would be excluded from this.

Customer Communication

SSE Airtricity believes that the proposal for supplier 'shall take reasonable and effective steps to speak directly with the customer not more than 48 hours before the disconnection is to take effect' is ambiguous and needs to be discussed further. Whilst we agree that suppliers should attempt to call customers, we would suggest that where a supplier has not been successful in speaking directly to a customer, this should not necessarily present a barrier to the disconnection. There may be a number of situations where a supplier may not be able to speak to a customer e.g. the site is vacant. A customer also may not have provided the correct contact details and therefore we may not be able to fulfil this requirement by default. In this respect attempts could only be made where a phone number has been provided.

Other Considerations

We also have a few other observations that need to be addressed in relation to any change to this process

- The supplier handbook is currently being reviewed which may make changes with respect to notifying customers of the vulnerable code of practice. We would suggest that this work stream is referenced when considering any changes of this nature in order to mitigate any contradictions in the high level policy in this area.
- The majority of suppliers operating in the industry have already signed up to the Energy Engage Code and go above and beyond the requirements stipulated in helping to protect our engaging customers from disconnection.
- The proposal undermines one of the central investment gains of Smart Metering. It is impractical to invest so much in a solution only to discard one of the few benefits. The cost benefit analysis that is planned later this year should take this into account.
- There is a danger of defining an arduous and costly solution for the small exception of cases and implementing it while at the same time seriously impeding customers, suppliers, network providers and the NSMP CBA.

Q6. 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 to issue under review as part of its wider work programme on Retail Policy?

SSE Airtricity supports the proposal not to develop more extensive changes to the framework of regulation and access to data for third party intermediaries at this stage and would be open to discussion on any review on the matter.

Q7. 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?

SSE Airtricity supports this proposal and agrees that all relevant points have been covered with respect to participation.

CONCLUSION

SSE Airtricity welcomes many of the views put forward by the CER in relation to Empowering & Protecting Customers. Nevertheless we would argue against making any definitive decisions in relation to many of the issues presented such as the enduring solution for the MIHD and proposed disconnection process without further debate.

Whilst SSE Airtricity agrees in principle with the proposed decision for suppliers to offer each of their customers energy information “service”, free-of-charge we believe that it may be premature to make any definitive decisions in this regard at this point. As stated above, the ever changing landscape of smart technology makes it difficult for any of the relevant stakeholders to be able accurately determine what will be the best method to achieve this principle after the implementation of NSMP.

Furthermore whilst SSE Airtricity understands the intent and merit of the proposal to amend the disconnection process, we do not believe that the proposals outlined are a suitable solution to address these particular issues with regard to vulnerable customers. We would ask the CER to consider the alternative proposals and observations outlined and would suggest that further discussion is required.

We would also request that the CER reconsiders the requirement to take reasonable endeavours to ensure that additions or updates to data relevant

to the HDF are incorporated into the HDF available to a customer within 24 hours and propose that a weekly refresh of this data would be sufficient for the vast majority of customers.