Bord Gáis Energy Response to CER’s Consultation Paper

1.0 Introduction

Bord Gáis Energy takes the protection of our customers and potential customers very seriously. We have had Codes of Practice, a Customer Charter and a Special Services Register in place since 2007. We also fully engaged with CER when the CER’s Supplier Handbook was introduced in 2012.

The retail Irish energy market functions well – we have high levels of switching and a fully competitive market while maintaining a good standard of customer protection. The Irish energy market has not had the same criticisms that have been levelled at the GB retail market by consumers, for example. Much of this can be attributed to the rules contained in the current Supplier Handbook which set out a clear regulatory structure within which Suppliers operate and the fact that Suppliers try to abide by these rules.

Therefore, we are concerned that the CER’s consultation paper seeks to over-regulate a market which is working well with high levels of switching and relatively few customer issues. Certain proposals within the consultation are clearly intended to “simplify” the market (for example, the proposals around tariff structure). However, with that simplicity the proposals will sacrifice Supplier innovation, customer choice and switching levels. Some of the proposals would appear to have these inherent unintended consequences in a market currently working well with relatively few customer issues, high levels of competition and switching.

We have extensively reviewed the CER’s consultation (CER/16/031) on the Supplier Handbook and have collated views from across our business. While many of the proposals are sensible and will clearly enhance customer protection for all energy customers, there are certain proposals which are extremely concerning for us. Some are simply not workable and more significantly will actually reduce switching in the market and lead to much decreased competition to the detriment of the energy consumer. We are particularly concerned about certain proposals under the Marketing & Sales Code of Practice. For example, the proposal to introduce eight different information requirements which must appear on all energy advertisements is simply un-workable and will lead to reduced product clarity for the consumer and could potentially lead to energy suppliers ceasing certain forms of advertising altogether.

We note that the consultation paper does not contain a section for non-household customers so we are very unclear as to which of the proposals will apply to business customers. The current Supplier Handbook has a section for non-household customers so currently we have clarity on which requirements apply to them. We cannot simply assume that proposed changes made to the household section may or may not apply to the non-household section. There is a great deal of regulatory uncertainty in this approach and we must have a separate consultation for non-
household customers – especially given the extent and significance of the changes proposed for household customers. This has led to extensive and unnecessary uncertainty across our organization as to how the non-household market will operate after the new supplier handbook is finalized.

We have invested significant time and effort in considering the proposals and we have given a very reasoned response to each of the CER’s questions. We would urge the CER to reconsider certain proposals for the valid reasons we have outlined in this response.

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

2.0 Response to Specific Consultation Questions

**Question 1 - Respondents are invited to comment on the introduction of a set of overarching principles to govern the customer-supplier relationship. Should these principles apply to both household and non-household customers? Do you agree with the proposed requirements? What other requirements should be considered? Please outline reasons for agreement or disagreement. (p.28)**

Bord Gáis Energy (BGE) queries the value of adding a set of over-arching principles in the Supplier Handbook to govern the customer-supplier relationship. The Supplier Handbook is very detailed and all of these principles are contained within it already. The introduction of overarching principles could lead to lack of clarity where the same or similar regulation is mentioned within the Codes of Practice section of the Supplier Handbook itself. For example, under proposed Principle 5 ii) it states that Suppliers should not “unfairly discriminate between customers taking different services”. This is a highly unclear statement. In particular, it is very unclear what “unfairly discriminate” and “different services” means. There are detailed rules within the Codes of Practice on the product offers that Suppliers make. This type of overarching principle just adds confusion to the already existing detailed rules within the Codes of Practice sections of the Supplier Handbook and could potentially lead to a situation where the principles and specific codes are interpreted to suit a supplier’s requirements.

**Question 2 - Respondents are invited to comment on the proposed requirement. Do you agree with the proposed amendment? Please outline reasons for agreement and disagreement. (p.30)**

Bord Gáis Energy agrees with the introduction of requirements to strengthen the customer protection framework for Suppliers’ representatives. We would ask the CER to note that there are certain 3rd parties operating in the Irish market today who do not act on behalf of a Supplier but are acting on behalf of a customer or collective of customers. We refer to the increasing number of energy brokers that exist in the market and organisations such as One Big Switch. We would urge CER once again to consider introducing regulations to monitor the activities of 3rd parties such as these where Suppliers have no agency relationship with them and hence have no control over their activities.

Bord Gáis Energy already has extensive training and robust quality assurance frameworks in place for all of its outsourced agents. We believe this is essential to ensure consumer protection
and to protect BGE’s brand values. However, we would ask CER to note that the training requirements outlined on p.29 (section v) is extensive and very prescriptive. For these reasons it would prove to be costly to implement across all of our outsourced agents. Moreover, not all of this training is relevant to all of our representatives. For example, not all of this training would be relevant to our credit collection agents. We do not agree that CER should be setting out detailed training requirements for all Supplier representatives in this manner. These represent over-regulation when the Irish market has seen relatively few examples of mis-selling or bad practice from suppliers’ representatives.

**Question 3 - Respondents are invited to comment on the proposed amendment. Do you agree with the proposed amendment? Please outline reasons for agreement and disagreement. (p.30)**

BGE agrees with the requirement to bring the Codes of Practice to the attention of customers once per year with or on the energy bill. BGE already refers to its Codes of Practice on every customer bill. We also advertise the Codes on our website and in our At Home (bill insert) magazine from time to time.

Please see our comments on the PAYG statements under Question 42.

**Question 4 - Respondents are invited to comment on whether the current requirements of the introductory section (i.e. Introduction, Application and Approval Process) require updating. (p.30)**

BGE does not believe that this section of the Supplier Handbook requires updating.

**Question 5 - Respondents are invited to comment on whether the current requirements of this section require updating. Should other requirements be considered for inclusion? Please provide arguments to substantiate your point of view. (p.31)**

BGE does not believe that this section of the Supplier Handbook requires updating as the obligations set out within the Handbook already capture the aforementioned legislation.

**Question 6 - Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement? Please outline reasons for agreement and disagreement. (p.34)**

BGE agrees with the introduction of this proposed requirement but is unclear on the proposed wording in section e. [“fair in both term of its content and format of presentation”]

We are unclear as to what “fair” means in this context when specific/clear rules are set out in sections a to d. As an advertiser, it is not clear to us what “fair format” would mean for example. This needs to be clarified by the CER.
**Question 7** - Respondents are invited to comment on the proposed requirement. Do you agree with this requirement? Please outline reasons for agreement and disagreement. (p.35)

BGE agrees that Household tariffs should be published on the Supplier’s website and must be accessible from the homepage and be clear identifiable. We would ask the CER to note that BGE is already in compliance with this proposed requirement. We believe that the definition of current tariffs is important as some suppliers “hide” their standard rates as they do not consider them a current tariff, i.e. all new customers enter on a discount tariff so the standard rate is not a current tariff but in fact a future tariff. Therefore, it is very important to make it clear what a Supplier’s tariffs are.

BGE completely disagrees with the requirement to publish our Non-Household tariffs on our website. (As there is no section for Non-Household customers within the consultation, we are unclear whether this is being proposed to be introduced). This is not a current requirement in the Supplier Handbook and it should not be introduced for the business market which is very complex with multiple tariff structures and customers being given individual price plans. It is simply not appropriate that business tariffs are published on our website.

**Question 8** - Respondents are invited to comment on the proposed requirement. Do you agree with these requirements? Please outline reasons for agreement and disagreement. (p.35)

While BGE agrees that Suppliers should notify price comparison websites of any new products or changes in prices in a timely manner, this requirement is too one-sided on Suppliers. Price comparison websites must also be held to standards to reflect accurate and up to date price data. An SLA is required on price comparison websites to ensure that they upload new offers and rates within a certain defined period. Currently, this does not always happen in a timely manner.

**Question 9** - Respondents are invited to comment on the proposed requirements. Do you agree with these requirements? Are there other requirements that we should consider for inclusion in this section? Please outline reasons for agreement and disagreement. (p.37)

BGE is extremely concerned by this proposal and strongly objects to its introduction. CER has set out eight different requirements that must appear on ALL advertising material. The length of these requirements is just simply too long and the “small print” would be longer than an actual radio advert, for example. This is unworkable and will put a stop to many forms of advertising for energy suppliers such as television and radio adverts thereby driving down switching rates as consumers are put off by too much information.

Suppliers are already bound by the Advertising Standards Authority of Ireland (ASAI) Code. This Code already sets out detailed rules for advertising and what information must appear on adverts. ASAI has not raised any particular concerns about the energy retail industry which currently advertises extensively on TV, radio and via other media.

We would ask CER to note that all TV adverts must currently be passed for compliance by Clear Cast (an advertising clearance service for all non-RTE channels). Clear Cast sets regulations for television advertising to ensure clarity for the customer about the product being advertised and any “small print” that appears on screen. Clear Cast simply would not pass a
television advert which was in compliance with the CER’s proposed 8 requirements. If we were to abide by the Clear Cast rules we would need to split the small print terms and conditions into three separate sections and run each section for a specific duration of time (see Appendix). The television advert would, therefore, need to last at least 60 seconds so we would need to produce new adverts and run them for 60 seconds which is a significant cost, not feasible and again does not encourage more consumer switching.

BGE has invested considerable time in producing “mocked up” various types of adverts to demonstrate to the CER what the “small print” on our various types of advertising would look like if they were to comply with these proposed eight requirements. Examples of these can be found in Appendices 1-3.

We would ask you to note that the proposed CER small print requirements take over one minute to be read out in a radio advert. The normal length of a radio advert is 30 seconds in total. Radio advertising could potentially cease to exist as a marketing platform for energy suppliers thereby reducing the amount of customer switching in the market.

In relation to advertising for Non-Household customers, these proposals are equally inappropriate. For example, the requirement to provide the details of the early exit fee in advertising materials is unworkable. For our business customers, the early exit fee is not a fixed amount. It is based on a formula which varies from customer to customer.

We would strongly request that CER removes these eight proposed requirements on advertising and allows energy suppliers to continue to advertise in line with the current requirements set out by the Advertising Standards Authority of Ireland.

*Question 10 - Respondents are invited to comment on the options put forward to increase customers’ ability to understand and compare energy offers, as detailed at a), b) and c) above. Do you have a preferred option or combination of options. What other options should we considered? Please provide arguments to substantiate your viewpoint. (p.40)*

**Simplifying the structure of the energy tariff**

Bord Gáis Energy strongly rejects the proposal to simplify the structure of energy tariffs into only two components as we believe it will be very damaging to the innovation and competitiveness of the retail energy market and is contrary to current decisions which have been made for the future smart metering market in Ireland.

If energy suppliers were to reduce tariffs to a variable and fixed component this would seriously hamper our ability to innovate with different types of tariffs and hence would reduce customer choice. There has to be a balance between customer choice and simplicity – simplifying tariffs down to a variable and fixed component would deliver no choice to customers. It assumes that customers only want a simple comparison between Suppliers on two prices. This is not the case – customers choose suppliers based on price and customer service/additional offerings. Moreover, many customers also want flexibility in their choice of tariffs – reducing our tariff to two components (fixed and variable) would deliver no choice whatsoever. We would ask CER to note that we offer a Fixed Rate Price currently and under this proposal we would have to cease this offer as this tariff has two fixed components, for
example. Similarly, we would ask CER to provide clarity on how would this proposal would impact on the current Day/Night tariffs in the electricity market.

This proposal appears not to make sense for the current market and we would question strongly its inclusion in the consultation. Significantly, it appears to make even less sense when considered in the context of the future smart metering market. Much of the discussion between CER and the industry on smart metering has revolved around tariffs to be offered in the future market. CER has made it clear that it wants Suppliers to offer innovative bills based on usage during specific periods during the day. This is clearly contrary to the proposal to “simplify” tariffs.

We would ask the CER to note that current tariffs can appear complex. This is partly due to complex networks charging and regulatory/governmental charges. For example, multiple SME tariff components are driven by regulatory charges e.g. PSO, chargeable wattless and functionality of SME meter types e.g. GPNS/LVMD. It is difficult to see how this could be simplified without taking away value from the customer.

Comparison with customers’ own current energy plan

Bord Gais Energy disagrees with the proposal to have to provide customers with a price comparison based on their own current tariff or CER approved estimated annual consumption figures.

This is simply unworkable for several reasons. There are now many Suppliers in the energy retail market each with multiple tariffs. Each Supplier would have to keep a completely accurate and up-to-date database of all of the other Suppliers’ tariffs in order to make these comparisons accurately and to avoid accusations of mis-selling. This is not possible and would be very difficult for a sales agent to make a completely accurate comparison over the phone or on the doorstep. Moreover, using industry averages is completely meaningless as a direct comparison for an individual customer. A customer could live in a larger or smaller home than the average household and their price comparison would not be accurate. This could in turn lead to accusations of mis-selling by agents who had made honest mistakes over the phone or had to use meaningless industry averages. The Irish energy retail industry has avoided the accusations of mis-selling that have been levelled at the GB market. Suppliers should not be mandated to introduce sales requirements such as this which could lead to accusations of mis-selling and thereby reduce switching rates.

This price-based comparison also incorrectly assumes that customers are only interested in the cheapest energy price which is simply not the case. Most customers also make choices based on good customer service and other value based offerings such as rewards or free boiler servicing etc…

**Question 11 - Respondents are invited to comment on the following questions:**

i. Do you think that specific customer protection measures should be introduced to limit the number, frequency and format of suppliers’ attempts to contact a customer for retention/win-back activities? Should a principle based approach be used for customer protection purposes in this case or would a combination of principle and rule based be more appropriate?
Where a rule based approach is preferred, please comment on what is the most appropriate number, frequency and format of attempts to contact customers for retention/win-back purposes? (p.42)

While BGE believes there is merit in developing some rules around winning back customers who have already changed Supplier, there is some confusion in the proposals around the use of terminology.

CER conflates “win-back” and “retention” as the same practice. This is not the case and greater clarity is needed in the proposals before a meaningful response can be provided. BGE would propose the following definitions of “win-back” and “retention”:

- **Win-back activity** is where a customer has already changed supplier (within the market rules) and the original Supplier attempts to win them back as far as is possible within the market rules.
- **Retention activity** is where the customer has not yet changed Supplier and the Supplier is seeking to ensure that they retain their custom for a further period.

BGE does not believe that there should be any rules whatsoever around retention activity in a fully competitive energy supply market. Moreover, limiting the offers/discounts Suppliers can provide to their current customers drives down customer choice and value. Similarly, we may choose to currently offer customers better rates in order to help reduce debt. This should not be limited by any proposed rules around retention.

However there is merit in reviewing the whole process of win-back (when a customer has changed Supplier) within the context of the current market rules. The current market rules around change of Supplier make it difficult and onerous for customers and Suppliers to win-back a customer. This should be reviewed by CER and industry. As part of that review, the industry could then look at reviewing numbers and types of contacts made as part of win-back activity. We do believe, though, that the market rules around Change of Supplier should be reviewed first in order to make the whole process less onerous for both customer and Supplier.

BGE would also propose that separate, defined rules are put in place around win-back in the PAYG market. The PAYG market has its own set of market rules around change of supplier which are more open to abuse in the change of supplier process (the provision of de-activation codes etc). This market should be reviewed separately.

**Question 12 - Respondents are invited to comment on the proposed requirement. Do you agree with this requirement? Please outline reasons for agreement and disagreement. (p.43)**

BGE agrees with the introduction of this proposed requirement.

**Question 13 - We are inviting respondents to comment on whether specific regulatory measures are required to prevent PAYG lifestyle suppliers from combining the provision of the deactivation code with any retention or win-back activities. Please outline reasons for agreement and disagreement. (p.43)**

BGE agrees that Suppliers be prohibited from combining the provision of a de-activation code with win-back activity.
**Question 14** - Respondents are further invited to comment on whether we should consider additional requirements for inclusion in this section. What should these requirements address and what is the most appropriate wording for such requirements? (p.43)

BGE does not believe that additional requirements are required in this section.

**Question 15** - Respondents are invited to comment on the proposed requirement which will see suppliers’ door to door sale agents having to leave a Cancellation Form with the customer, together with the Doorstep Checklist, upon completion of the sales pitch. (p.45)

BGE agrees that Suppliers must leave a Cancellation Form. BGE has done this in compliance with Competition and Consumer Protection Commission requirements for many years.

**Question 16** - Respondents are invited to comment on the proposed amendments to the Doorstep Checklists for bill pay and pre pay energy offers, as detailed in Annex 4, respectively 5. Do you agree with the suggested amendments? Please outline reasons for agreement and disagreement. (p.46)

BGE agrees that the current doorstep checklist is a positive part of the field sales experience and ensures that customers are clear on the products they have signed up to. We also believe that a separate/different doorstep checklist should be used for PAYG customers.

However, the additional requirements proposed by the CER for the current doorstep checklists make them far too lengthy and could lead to lack of clarity for the customer on the more salient points of the product/contract.

Effectively, the CER is proposing that with the doorstep checklist, the field sales agent explains nearly all points of the contract. It would take some time, for example, to explain proposed point i) – “how long the contract applies for and if there are any changes that apply to the terms and conditions of supply after expiry of the contract such as different rates, billing and payment charges”. CER already sets detailed rules that sales agents must follow for customer sign-up. We do not believe that every aspect of the contract and sign-up process needs to be repeated via the doorstep checklist – especially given that customers are required to be provided with a full set of terms and conditions of supply (as approved by the CER). The length of time it would take to run through the proposed doorstep checklist with the customer would significantly increase the amount of time the agent is required to spend in the customer’s home. This will lead to fewer and more costly sales. Some Suppliers may decide to withdraw from this sales channel altogether due to the additional requirements being proposed.

In addition to the 13 proposed doorstep checklist questions, CER proposes three additional questions for dual fuel products. These additional requirements are extremely detailed – effectively it is proposed that Suppliers explain how balances are allocated for dual fuel and then explain the disconnection process for dual fuel via the doorstep checklist. This is extremely burdensome for Suppliers when all of this detail can be found in our terms and conditions of supply.
We assume that the current regulation will prevail and there will be no mandatory doorstep checklist for non-household customers. While Suppliers may choose to introduce their own checklist, this should not be mandatory in a business to business relationship.

**Question 17** - Respondents are invited to comment on the proposed amendments to Section 5.8 of the Customer Sign Up. Do you agree with the proposed amendments? Please outline reasons for agreement and disagreement. (p.50)

BGE disagrees that Suppliers must go through the charges for all products including unit rate, standing charges and other fixed charges as this would be very onerous. BGE has many different products and it would be confusing, unhelpful and very time consuming to go through the individual pricing components related to each and every product. We currently have a note of all of our individual prices and can let the customer know the rates if queried over the phone. The prices are also available on our website in detail and will be sent the customer as part of their welcome pack post sign-up.

Clearly, it is unrealistic to go through every product’s pricing structure and would prove to be a poor customer experience. This exercise would also have to be repeated twice for customers interested in our dual fuel products. Evidence suggests that a key driver of customer satisfaction is the efficiency of being able to switch supplier. The proposed additional steps could in fact decrease switching rates as customers are reluctant to be taken through detailed pricing structures of all products – especially when these are easily available to them via a Supplier’s websites and welcome packs.

BGE agrees that if the contract is for a fixed term then the Supplier must explain all charges and changes in tariffs that will apply at the end of the contract.

BGE agrees that suppliers must refer to the Suppliers’ Code of Practice and explain how to access these codes.

BGE agrees that customers must be provided with written information on all charges applicable and that suppliers must retain records for no less than 12 months.

BGE agrees with the additional sign-up requirements applicable to customers who are signed-up to a PAYG meter, however, we would seek clarification on whether these proposed rules apply to all customers moving to a PAYG meter (i.e. it includes customers moving from a credit meter to a PAYG meter as well as PAYG to PAYG).

**Question 18** - Respondents are invited to comment on the above options to improve customer participation and protect customers who do not engage with the market. Do you have a preferred option or combination of options?

What other options should we consider to maximise market participation? What other options should we consider to protect customers who do not engage with the energy markets? Please provide a rationale to substantiate your view point. (p.53)
BGE currently contacts its customers prior to the expiry of their fixed term contract to notify them their contract is coming to an end. This is in compliance with the requirements of the current Supplier Handbook but it is also in the interests of Suppliers as we can use this as an opportunity to retain the customer and offer them a further contract.

We do not agree that Suppliers should be bound to include the detailed list of requirements in their notice as set out by the CER. We agree that the notice should include date of expiry, charges that will apply and information on our own electricity and gas offers. However, we strongly object to providing the estimated difference in Euro between the previous average annual bill and the next average annual bill and that no early termination fee applies if they change to another supplier after expiry date. These are still our customers and we strongly disagree that we should be encouraging them to change Supplier when a contract is coming to an end. It does not make commercial sense for a supplier to operate like this.

Annual Prompt Proposal (p. 52)

BGE disagrees that customers who have been on the same tariff or non-discounted tariff for at least three years should receive an “annual prompt” in writing with new offers. This type of customer contact should be within the control of Suppliers. BGE currently contacts all of its customers about new offers and discounts and we should be allowed discretion to continue doing this in the most suitable manner for our customers.

The issuing of an “annual prompt” would be problematic as some customers are already on our best offer for their payment and billing method. For example, a customer who is on our standard variable tariff, pays in cash and receives a paper bill would not currently be offered any discounts. This issue re-iterates that Suppliers must be given discretion to contact their own customers in the most suitable manner rather than issuing a meaningless “annual prompt”.

This proposal also assumes that customers are only interested in staying with their Supplier because of price. This is not the case. Many customers remain with us as they like our customer service and added value aspects.

We would ask CER to note that BGE currently has a number of customers who have opted-out of receiving marketing information under data protection legislation. This type of contact would be perceived as marketing and we could therefore not issue such a notice to customers who have opted-out of receiving marketing information.

Availability of Energy Offers to Existing Customers Proposal (p.52)

BGE strongly disagrees with the proposal to make the same offers available to existing customers as those that new customers receive. This will mean that Suppliers will have to reduce the level of its offers across the board as we could not afford to give all customers the same discounted rate. For example, we could no longer offer a new customer 14% discount off electricity if we had to also offer an existing customer the same rate. This would have the effect of reducing our offers to a much lower single digit discount. In turn, this would make switching less appealing for new customers and switching numbers would significantly decrease. The Irish market has seen high levels of switching and competition has generally
been deemed to be working well by commentators and industry experts. Introducing this proposal would seriously impede the operation of the market with far fewer customers being enticed to change supplier with appealing introductory offers.

Passing on Discounts for bill format & method of payment proposals (p.53)

BGE agrees that for Household Customers, Suppliers should continue discounts for bill format and payment methods post the initial offer period. BGE already continues these discounts for customers beyond the initial offer period.

BGE disagrees that this proposal is appropriate for non-household customers. Suppliers must be allowed to have more discretion in this market.

**Question 19 - Respondents are invited to comment on the proposed new requirements and amendments to current requirements. Do you agree with the introduction of these requirements and the proposed phrasing? Please outline reasons for agreement and disagreement. (p.61)**

BGE agrees with proposed requirement 1 that all customers receive their bills free of charge and have access to their consumption data in an appropriate and free way. In the current Supplier Handbook, there is a requirement to provide 12 month rolling consumption data on bills and BGE currently complies with this requirement. BGE proposes that the provision of this data on bills satisfies this obligation.

BGE agrees with proposed requirement 2 (i), however, CER uses the term “actual consumption”. Clarification is required on this requirement in the context of a situation where a customer’s consumption is estimated.

BGE disagrees with proposed requirement 2 (ii) in bills. To provide this consumption comparison with every bill would require significant, costly and time consuming IT changes to our billing system (both paper bills and online account management system bills). In the GB market, an annual statement is provided to customers with this consumption comparison data. This approach should be considered by the CER. However, we could ultimately query the cost of implementing this extensive change in the light of the upcoming smart metering changes when much of this data will be available to customers.

BGE agrees with proposed requirement 2 (iii).

BGE disagrees with proposed requirement 2 (iv). We do not believe such a comparison will be particularly useful to customers as it may lead to a false impression that a customer can save money by switching to another supplier when in fact they may already be on the cheapest tariff but are not using energy as efficiently as their “user category”. We would also seek clarification on the CER’s definition of “user category”.

BGE agrees with proposed requirement 3.

BGE disagrees with proposed requirement 4 when it specifically states that “where there is a difference in terms and conditions specific to each billing of payment format, such difference shall reflect the costs to the Supplier of the different payment offers”. Suppliers must be
allowed to set their own tariffs in a fully competitive market. If Suppliers can discount certain payment methods then this must be allowed within their discretion and in the context of the overall tariff. It is very difficult to standardise the cost of each individual payment method and be bound to pass on the precise cost savings or indeed increased costs of each payment method. Each Supplier will calculate the costs of their payment methods differently; thus, it is very difficult to devise an exact discount as each Supplier has a different cost base.

BGE disagrees with proposed requirement 5 (6.6.3) as BGE currently charges customers a fee for a special meter read where the customer will not provide a closing meter read or accept a BGE estimated read. This is in our current residential terms and conditions of supply as approved by CER. A meter read is absolutely required in order to finalise billing on an account. This proposal would discourage customers from providing required readings or accepting a Supplier estimated closing meter read.

BGE agrees with proposed requirement 5 (6.6.5).

**Question 20 - Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement.** *(p.62)*

BGE agrees with the requirement to present fuel mix figures and green source products on energy bills in accordance with CER decisions. We would ask CER to note that Suppliers currently provide fuel mix information on electricity bills. It will take significant IT development time and cost to also add Green Source Product information. CER must allow Suppliers adequate time for this development.

**Question 21 - Respondents are invited to comment on the following:**

* i. Are additional requirements needed to regulate the amount that suppliers request customers to pay as security deposit for sign up or reconnection? Should these requirements be based on a specific model/formula or guidelines issued by the CER? *(p.63)*

BGE strongly disagrees that CER should regulate the amount that Suppliers can request for security deposits. Suppliers must have sufficient flexibility when setting deposit amounts for individual customers. Deposits are set based on a customer’s credit rating/payment method – introducing a deposit framework would unfairly impact all customers based on other customers’ behaviour. Moreover, customers can choose payment methods which do not require deposits such as payment by Direct Debit – either bill pay or monthly payments.

* ii. Should customers who opt to avail of a PAYG meter be required to pay a smaller security deposit or any security deposit at all? *(p.63)*

It is BGE policy that customers using PAYG meters are not required to provide a deposit except in exceptional circumstances. Again though, we do not believe that CER should set rules for Suppliers’ deposit requirements. This should be within the remit of the Supplier itself based on its own credit risk policies and appetites.
iii. Are there are other issues that we need to consider in relation to the security deposit? (p.63)

BGE does not believe that there are any other issues that need to be considered in relation to security deposits.

**Question 22 - Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement. (p.65)**

BGE agrees with the proposed requirement and the phrasing used by CER.

**Question 23 - Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement. (p.66)**

BGE agrees that the proposed requirement should be introduced and it will bring clarity to the customer if information provided around definitions, naming conventions etc...are consistent.

**Question 24 - Respondents are invited to comment on the proposed amendments and new regulatory measures. Do you agree with the introduction of these amendments and new regulatory measures? Please outline reasons for agreement and disagreement. (p.67)**

BGE agrees with the proposed requirement and would ask CER to note that BGE currently operates separate bills for both electricity and gas therefore payments are made separately against each account.

**Question 25 - Respondents are further invited to comment on whether we should consider additional requirements for inclusion in this section. What should these requirements address and what is the most appropriate wording for such requirements? (p.67)**

BGE does not believe CER should consider any additional requirements for inclusion in this section.

**Question 26 - Respondents are invited to comment on whether principles, guidelines or regulatory measures are required for suppliers to comply with to ensure that they take customer’s ability to pay into consideration in setting debt repayment arrangements. If yes, what should such requirements include? Please outline reasons for agreement and disagreement. (p.69)**

BGE disagrees that CER should introduce minimum requirements to take customers’ ability to pay into account when settling debt payment arrangements. As previously mentioned, each customer is treated on a case-by-case basis by our credit management team. Therefore, it is difficult if not impossible to find a “one-size-fits-all” rule. This would also be unreasonable for some customers who cannot or do not wish to meet a rigid set of requirements. Suppliers must be given flexibility in this area to tailor the repayment arrangement to a customer’s individual circumstances whilst being mindful of their ability to pay. For example, where we receive contact from other bodies on a customer's behalf (such as MABS or VDP) we would also take
their representations into account. Moreover, in compliance with current Supplier Handbook rules, all customers are referred to support bodies in arrears situations.

*Question 27 - Respondents are invited to comment on whether the current requirements of this section require updating. Should other requirements be considered for inclusion? Please provide arguments to substantiate your point of view. (p.70)*

BGE does not believe CER should consider any additional requirements for inclusion in this section.

*Question 28 - Do you agree with the proposed requirement? Please outline reasons for agreement and disagreement. (p.72)*

BGE agrees with the proposed requirement provided that BGE is in agreement with the CER’s complaint decision and that we are not challenging the decision.

*Question 29 - Respondents are invited to comment on whether the current requirements of this Code necessitate updating. Are there additional requirements that we should consider for inclusion? Please provide reasons to substantiate your viewpoint. (p.72)*

BGE does not believe CER should consider any additional requirements for inclusion in this section.

*Question 30 - Do you agree with the proposed requirements? Are there additional requirements that we should consider for inclusion here? Please outline reasons for agreement and disagreement. (p.77)*

BGE agrees with this proposed requirement. BGE currently informs all customers about our Special Services and Priority Services Register at sign-up – whether online, over the phone or via Field Sales.

*Question 31 - Respondents are invited to comment on whether additional requirements should be introduced for the sign up of vulnerable customers. If yes, what should these requirements provide for? Please outline reasons for agreement and disagreement. (p.77)*

BGE agrees that Suppliers should be required to follow-up on vulnerable customer forms that are sent out but not returned. However, we do not believe that there is a need for any further additional requirements to be included in the sign-up process.

*Question 32 - Respondents are invited to comment on whether it is appropriate to use one registration form for the identification and registration of vulnerable customers, as required under S.I. 463 of 2011. Please outline reasons for agreement and disagreement. Respondents are further invited to comment on whether a standardised registration form or forms should be developed and used by all suppliers for the identification and registration of vulnerable customers. (p.78)*

BGE believes that the Special Services and Priority Services forms should be kept separate. Combining the forms would add complexity for our agents and hence increases the potential to make mistakes when processing vulnerable status. Also, BGE’s current process is that for
Priority Customers we do not send the market message until form is returned but for Special Services we send the registration market message. Having one form would not fit around our current process which has worked well for many years.

However, BGE would like to see a combined gas and electricity Special Service Form. Currently, customers have to complete 2 separate forms for gas and electricity. This is onerous as many customers are now dual fuel customers.

Similarly, BGE believes the energy industry should allow online completion of registration forms. We note that this was allowed for Irish Water when it recently developed its vulnerable customer register.

*Question 33 - Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement. (p.78)*

BGE agrees with this proposed requirement.

*Question 34 - Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement. (p.79)*

BGE agrees with this proposed requirement. We would ask CER to note that our forms are already provided with a free return post. The industry should also give customers the option of completing an online registration form (as per Irish Water’s process).

*Question 35 - Respondents are invited to comment on whether additional requirements should be introduced to ascertain the status of vulnerable customers and ensure that they are registered on the appropriate register. If yes, what should these requirements provide for? Please outline reasons for agreement and disagreement. (p.79)*

BGE believes that Suppliers should have a requirement to contact registered vulnerable customers every 3 years to ascertain their “vulnerability status”. Customers can be asked to update their status if necessary. BGE currently has this process in place and it works well. It also allows us to ensure that our customers personal data is accurate and up to date.

*Question 36 - Respondents are invited to comment on whether principles, guidelines or regulatory measures are required to ensure consistency in the criteria used by suppliers to assess suitability of PAYG meters for vulnerable customers. (p.80)*

BGE would welcome guidelines to ensure consistency in the criteria used by Suppliers to assess suitability of PAYG meters for Vulnerable Customers. We would welcome a set of 3-4 industry standard questions that should be asked to all vulnerable customers before a PAYG meter is installed.

*Question 37 - Respondents are invited to comment on whether specific regulatory measures should be introduce to ensure continuous assessment of suitability of PAYG meters for vulnerable customers (i.e. post sign up). What should these regulatory measures involve? Please outline reasons for agreement and disagreement. (p.81)*
BGE is not in favour of specific regulations to ensure continuous assessment of suitability of PAYG meters for VCs (post sign-up). We do not believe that the benefits of this exercise would outweigh the significant costs. However, we do believe that better information provided to PAYG customers and vulnerable customers at sign-up should be provided. For example, we should state in our PAYG and Vulnerable Customer information (paper and online), that Vulnerable Customers who have a PAYG meter should contact the Supplier immediately if they can no longer access the meter or a PAYG top-up outlet in order that a credit meter be installed.

**Question 38** - Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of such a requirement? Is the requirement formulated appropriately? Please outline reasons for agreement and disagreement. (p.82)

BGE agrees with this proposal. Although this would incur additional costs, it would have a two-fold benefit – it would assist genuinely vulnerable customers and initiate the required processes to identify possible tampering. However, we do not believe this monitoring should be too prescriptive or onerous. Suppliers should have discretion in this area. We would ask CER to note that many customers on PAYG meters who are not topping-up are involved in theft of gas or electricity. It may not be appropriate to mention emergency credit and support agencies. Suppliers must be left to have discretion in this regard.

**Question 39** - Respondents are invited to comment on whether the current requirements of this Code necessitate updating. Are there additional requirements that we should consider for inclusion? Please provide reasons to substantiate your viewpoint. (p.82)

BGE has noted some proposed changes to the Vulnerable Customer Code in our response to previous questions.

**Question 40** - Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement. (p.85)

BGE does not agree with this proposed requirement. It is very problematic to define clearly as the steps differ depending on where the customer is switching to, for example, some Suppliers need a de-activation code and others do not. If any steps are to be set out, a clear distinction between gas and electricity PAYG products will be required as the processes are different.

Moreover, we do not believe that this information is appropriate for Suppliers terms and conditions. Suppliers do not want to highlight the steps involved in a change to another supplier in their own terms and conditions.

**Question 41** - Do you agree with the introduction of the proposed requirement and the associated method of implementation as outlined above? Please outline reasons for agreement and disagreement. (p.86)

BGE agrees with the CER proposal to introduce obligations on Suppliers to release the PAYG deactivation code in a specified and auditable timeframe and format. This could be done by linking the release of the de-activation code to the receipt of a specific Change of Supplier
market message as CER suggests. This would ensure that Suppliers release the deactivation code in a uniform fashion.

**Question 42 - Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement. (p.87)**

In accordance with current Supplier Handbook requirements, BGE currently sends PAYG customers debt statements (quarterly) and non-debt statements (annually) for both gas and electricity. These currently contain top-up information. Significant, costly and lengthy IT system changes would be required to add any additional billing information to our current PAYG statements. There are also further issues with these PAYG statements currently. As there has been a large amount of fixes made to gas PAYG accounts over the years, BGE cannot stand over any older account balances (apart from debt recovery) and we would not be comfortable making these balances available on a regular statement.

Moreover, we do not have evidence that PAYG customers are interested in seeing these statements. Indeed, the current statements are a significant call driver for our PAYG customers who call us to question why they are receiving them. These statements would effectively be akin to bills and would drive up the costs to serve PAYG customers. Ultimately these costs must be borne by the customer and we would simply question the value of these statements going out to PAYG customers. Much information is already available on PAYG meters and will be available with the introduction of smart meters.

We do believe that increased information can be provided on PAYG statements around energy efficiency and other customer protection information (such as information on special services, codes of practice etc) but we do not believe that this needs to be in the format of a quarterly statement.

**Question 43 - Respondents are invited to comment on whether the current requirements of this Code necessitate updating. Are there additional requirements that we should consider for inclusion? Please provide reasons to substantiate your viewpoint. (p.87)**

We do not believe that the current requirements of this Code need to be updated any further than already outlined in our responses to previous questions.

**Question 44 - Do you agree with the introduction of the proposed requirement? Are there other requirements that we should consider for inclusion in this section? Please outline reasons for agreement and disagreement. (p.89)**

BGE agrees that a separate section dealing with Deemed Contracts should be inserted in our Terms and Conditions of Supply. We would ask CER to note that BGE is currently working towards this.

**Question 45 - Do you agree with the introduction of the proposed requirement? Are there other requirements that we should consider for inclusion in this section? Please outline reasons for agreement and disagreement. (p.90)**

BGE agrees that notifications of changes to Terms & Conditions of supply must be in writing, either by post or email. BGE currently does this. We would ask CER to note that price change
notifications are given in the media 30 days in advance. We then notify the customer of the price change with their next bill. We do not propose to alter the way price change notices are given to customers.

**Question 46 - Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement. (p.91)**

We do not accept that requiring customers to give notice under their contract is in conflict with legislation. Customers can still change Supplier at any point and a Supplier cannot object for any reason. Suppliers do require that customers give some notice (a few days) to close down their account in an orderly manner. If no notice provision was given in Suppliers’ Terms and Conditions then there would be no obligation on the customer to close down their account in an orderly manner by providing or agreeing a meter reading and forwarding address. Notice of termination is required in the relationship between Customer and Supplier and suppliers must be allowed to continue to include this in their contracts with customers.

**Question 47 – Respondents are invited to comment on whether there are other requirements that we should consider for inclusion in this section? Please provide a rationale to substantiate your viewpoint. (p.91)**

We do not believe that the current requirements of this Code need to be updated any further.

### 3.0 Conclusion

As stated in this response, Bord Gáis Energy agrees with the majority of the CER’s proposals to amend the Supplier Handbook. Many of the CER’s proposed changes will enhance the clarity of the Supplier Handbook and set new standards which are beneficial for today’s market - especially where we have seen rapid development such as in the Pay as You Go Metering market.

However, as outlined in detail in this response, BGE has significant and serious concerns about some of the proposals which we believe are either unworkable or will damage the competitiveness of the energy retail market. In summary, those proposals where BGE has serious concerns are:-

- **The proposal to include 8 different information requirements on ALL types of advertising material (P.36).**
  - This is unworkable due to the number of the requirements and the detail required and will actually lead to a lack of clarity for the customer. This is also likely to lead to energy suppliers ceasing some forms of advertising altogether (radio and television in particular).

- **The proposal to simplify the structure of energy tariffs (possibly into 2 components only) (p.39)**
  - We believe this will be very damaging to the innovation and competitiveness of the retail energy market and is contrary to current decisions which have been made for the future smart metering market in Ireland.
• The proposal to have to provide customers with a price comparison based on their own current tariff or CER approved estimated annual consumption figures. (p.39)
  o This is unworkable for several reasons as outlined in our response to Question 10 and could lead to accusations of mis-selling.
• The proposal that Suppliers must go through the charges for all products including unit rate, standing charges and other fixed charges during customer sign-up (p.47)
  o This would be very onerous and a poor customer experience as Suppliers have many different products and it would be confusing, unhelpful and very time consuming to go through the individual pricing components related to each and every product.
• The proposals for information requirements in a Fixed Term Notice (p.51)
  o We agree that notice should be given however, we strongly object to providing the estimated difference in Euro between the previous average annual bill and the next average annual bill and that no early termination fee applies if they change to another supplier after expiry date. These are our customers and we strongly disagree that we should be encouraging them to change Supplier when a contract is coming to an end.
• The proposal that customers who have been on the same tariff or non-discounted tariff for at least 3 years should receive an “annual prompt” in writing with new offers (p.52)
  o This type of customer contact should be within the control of Suppliers. BGE currently contacts all of its customers about new offers and discounts and we should be allowed discretion to continue doing this in the most suitable manner for our customers.
• The proposal to make the same offers available to existing customers as new customers receive (p.52).
  o This will mean that Suppliers will have to reduce the level of its offers across the board as we could not afford to give all customers the same discounted rate. This would make switching less appealing for new customers and switching numbers would significantly decrease.
• The proposed requirement to provide consumption comparison with every bill preferably in graphic form (p.59)
  o This would require significant, costly and time consuming IT changes to our billing system (both paper bills and online account management system bills). We question the cost of implementing this extensive change in the light of the upcoming smart metering changes where much of this data will be available to customers.
• The proposal that CER should regulate the amount that Suppliers can request for security deposits (p.63).
  o Suppliers must have sufficient flexibility when setting deposit amounts for individual customers. Deposits are set based on a customer’s credit rating / payment method – introducing a deposit framework would unfairly impact all customers based on other customers’ behaviour.
• The proposal that CER should introduce minimum requirements to take customers’ ability to pay into account when settling debt payment arrangements. (p.68)
Each customer is treated on a case-by-case basis by our credit management team. Therefore, it is difficult if not impossible to find a “one-size-fits-all” rule. This would also be unreasonable for some customers who cannot or do not wish to meet a rigid set of requirements. Suppliers must be given flexibility in this area to tailor the repayment arrangement to a customer’s individual needs.

- The proposal to issue PAYG Energy Statements quarterly and statements must comply with the billing information requirements as set out in the Billing Code. (p.86)
- Significant, costly and lengthy IT system changes would be required to add any additional billing information to our current PAYG statements. Moreover, we do not have evidence that PAYG customers are interested in seeing these statements; ultimately the costs of issuing these statements must be borne by the customer and we would question the value of issuing these statements quarterly.

We also believe that for clarity, the CER should publish a Non-Household Customer Handbook consultation. We currently have a Non-Household Customer Handbook and any changes need to be consulted on separately. CER has stated in this consultation that some proposals may apply to Non-Household Customers. This has created extreme uncertainty for Suppliers in the Non-Household market and we need to be clear which proposals will or will not apply and then be the given appropriate time to respond.

BGE would also request that once a proposed decision document is issued, it should contain reasonable (and consulted upon) lead times by which marketing material, process and IT system changes can be made. Many of the proposed changes would require significant process and IT development. CER must set realistic implementation timescales following detailed discussion with all Suppliers.

BGE would like to meet with CER either individually or with other industry participants to discuss our response to this Consultation Paper given the significance of some of the changes proposed.
Appendix 1 – Mocked up Television Advertisement – End Screen with all CER proposed requirements under Question 9

Terms and conditions apply.
Offer ends 31 May 2016 and is available for 12 months with Level Pay Direct Debit and Paperless billing. After 12 months 5% discount off Standard rates if you continue to pay by Level Pay Direct Debit and Paperless Billing.
Offer is based on 24 month contract and on Urban 24 Hour Electricity tariff with an estimated usage of 6,900 kilowatt hours per annum and on Standard Gas tariff with an estimated usage of 13,800 kilowatt hours per annum.
Estimated annual average Electricity bill of €978 per annum and annual average Gas bill of €842 per annum.
Offer includes: 1. Discount of 12% off Electricity and 10% off Gas; €100 back off your Electricity bill whenever you want and 4,000 Tesco Clubcard points; 2. Annual Standing charge for Electricity of €149.41 including VAT 3. Annual Standing charge for Gas of €93.13 including VAT 4. Electricity Unit Rate of 17.94 cent per kilowatt hour including VAT 5. Gas Unit Rate of 6.742 cent per kilowatt hour including VAT 6. Monthly PSO levy for Electricity of €5.69 including VAT 7. Annual Carbon Tax rate for Gas of 13.5% 8. VAT rate of 18.5% 9. Must be registered for Bord Gáis Energy Rewards Club to avail of €100 off offer and Tesco Clubcard points.
Early termination fee of €50 applies.
See bordgaisesnergy.ie for full terms and conditions.
Appendix 2: Mocked-up Outdoor Advertisement – with all CER proposed requirements under Question 9

She’s thinking about the perfect combination.

THE BUNDLE BONUS

- €100 BACK*
- 12% OFF ELECTRICITY*
- 10% OFF GAS*

Terms and conditions apply.
Offer ends 31 May 2016 and is available for 12 months with Level Pay Direct Debit and Paperless Billing. After 12 months 5% discount off standard rates if you continue to pay by Level Pay Direct Debit and Paperless Billing.
Offer is based on 24 month contract and on loan at 24 hour Electricity tariff with an estimated usage of 5,250 kilowatt hours per annum and on standard tariff for gas with an estimated usage of 3,600 kilowatt hours per annum. Estimated annual average Electricity bill of €397 per annum and annual average Gas bill of €342 per annum.
Offer includes:
1. Discount of 12% off Electricity and 10% off Gas, €100 back off your Electricity bill whenever you want and 4,000 Tesco Clubcard points
2. Annual Standing charge for Electricity of €49.41 including VAT
3. Annual Standing charge for Gas of €393.35 including VAT
4. Electricity Unit Rate of 17.94c per kilowatt hour including VAT
5. Gas Unit Rate of 9.742c per kilowatt hour, including VAT
6. Electricity Unit Rate of 20.48c per kilowatt hour, including VAT
7. Annual Carbon Tax rate for Gas of 13.5c
8. VAT rate of 13.5%
9. Must be registered for Bord Gáis Energy Rewards Club to avail of €100 off offer and Tesco Clubcard points
Entry criteria for free of €100 applies.
See bordgaisenergy.ie for full terms and conditions.
Appendix 3: Mocked-up Radio Advertisement – with all CER proposed requirements under Question 9

BGE Boiler Mother T and C vers.mp3

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Dual Fuel 24 Month Contract Offer – Ts & Cs SCRIPT

Terms and conditions apply.

Offer ends 31 May 2016 and is available for 12 months with Level Pay Direct Debit and Paperless billing. After 12 months 5% discount off Standard rates if you continue to pay by Level Pay Direct Debit and Paperless Billing 12.20Secs

Offer is based on 24 month contract and on Urban 24 hour Electricity tariff with an estimated usage of 5,300 kilowatt hours per annum and on Standard Gas tariff with an estimated usage of 13,800 kilowatt hours per annum. 11.60secs

Estimated annual average Electricity bill of €973 per annum and annual average Gas bill of €842 per annum.
Offer includes:
1. Discount of 12% off Electricity and 10% off Gas, €100 back off your Electricity bill whenever you want and 4,000 Tesco Clubcard points
2. Annual Standing charge for Electricity of €149.41 including VAT
3. Annual Standing charge for Gas of €93.13 including VAT
4. Electricity Unit Rate of 17.94 cent per kilowatt hour including VAT
5. Gas Unit Rate of 5.742 cent per kilowatt hour including VAT
6. Monthly PSO levy for Electricity of €5.69 including VAT
7. Annual Carbon Tax rate for Gas of 13.5%
8. VAT rate of 13.5%
9. Must be registered for Bord Gáis Energy Rewards Club to avail of €100 off offer and Tesco Clubcard points

Early termination fee of €50 applies.
See bordgaisenergy.ie for full terms and conditions. 36.80secs