



CONSULTATION ON THE CER REVIEW OF TYPICAL DOMESTIC
CONSUMPTION VALUES FOR ELECTRICITY AND GAS
CUSTOMERS

SSE AIRTRICITY RESPONSE TO
THE COMMISSION FOR ENERGY REGULATION

2017

INTRODUCTION

SSE Airtricity welcomes the opportunity to comment on the CER's paper on the Review of Typical Domestic Consumption Values for Electricity and Gas Customers.

SSE Airtricity is the largest independent supplier operating in Ireland with almost 800,000 domestic and commercial customers in the Island of Ireland and offers a range of energy efficiency services to all energy customers. Since 2009 we've brought energy savings totalling over €100 million to our home energy customers.

SSE Airtricity supports any initiative that encourages energy savings for customers however information provided to the customer must be relevant, must not be confusing, and must not in turn deter the customer from switching to a better tariff.

GENERAL COMMENTS

SSE Airtricity welcomes the opportunity to comment on the CER's review of typical consumption values. All customers must be given the opportunity to make an informed decision when they take the step to review energy tariffs. Many customers depend on typical consumption values when evaluating tariff offerings so it's imperative that the values are as true as possible to the typical consumer so as to give a true reflection of the potential savings a customer may make. Typical consumption values must be displayed clearly to the customer and must not lead to any customer confusion that may consequently result in the customer selecting an unsuitable tariff or indeed discouraging the customer switching to a better tariff. The introduction of low, medium, high bands is a significant change that requires evidence of the impact on customers.

KEY POINTS

SMALL, MEDIUM, HIGH CONSUMPTION FIGURES

SSE Airtricity does not support the CER's proposal to introduce low, medium, high consumption bands as we believe they will potentially lead to customer confusion and will be difficult to implement. We seek further discussion and understanding of how the CER envisages these figures will be used, in particular in relation to marketing products, in advance of the introduction of this type of information presentation.

Customers using Price Comparison Websites already have to obtain information from their bill to use these websites e.g. Tariff name, MPRN etc. By having a bill to hand, customers can more accurately calculate their own annual consumption rather than using a typical low, medium, high consumption figure.

Customers should be encouraged to calculate their own consumption rather than using a typical figure. SSE Airtricity is concerned that displaying low, medium, and high consumption bands without being relative to the customer will lead to customer confusion as many customers will not know what band they fall into. This may lead to the customer selecting an inappropriate tariff based on an incorrect band selection.

SSE Airtricity considers that the bands on their own will be meaningless to many customers unless they are made relevant to the customer e.g. low = x number of bedrooms, gas used for cooking only etc. However the presentation then of more relevant information on marketing and sales material will be challenging. Many customers change tariffs at time of change supplier or changing tenancy. It may be difficult for a new tenant to self-identify with a band if they are not familiar with the meter type (24hr v day/night meter, storage heating etc.) or have never had gas before. Alternatively, they may incorrectly select a band based on the consumption at their previous property.

While we can understand CER's reasoning for considering the introduction of bands, the only real way to present accurate savings is to use the customer's own actual consumption or where this is not available a clear single average figure which the customer will understand may not fully reflect their usage. We strongly believe that customers may select the wrong band and then consequently the wrong tariff which may not deliver the best savings for the customer. We agree that a balance will need to be

made between moving to more accurate figures and promoting understanding of how the figures are calculated and how customers can identify their appropriate consumption level. However serious consideration must also be given to how this level of information can be presented to customers so as to truly deliver the desired outcome.

CER has given no indication as to how these bands should be presented to customers. SSE Airtricity has serious concerns with how low, medium, high bands can be presented to customers across all marketing media in a customer friendly format. We believe customers will be confused when presented with too much information which may lead to the customer selecting the wrong tariff or worse still abandoning the switching process.

The CER 16289 Supplier's Handbook Draft Revised version places requirements on suppliers with regards to the Estimated Annual Bill. It is SSE Airtricity's view that the EAB should refer to the medium band only and that suppliers must not be required to display the EAB for low, medium, high bands as we believe this will only create confusion and will be challenging to present in a meaningful way. Consultation is still ongoing in relation to the display of the EAB however presenting three EABs on marketing material is not practical given the amount of information already required to be displayed.

FUTURE REFINEMENTS

While we support the regular review of the consumption figures we are concerned that providing customers with sufficient information to self-identify will be difficult to present to customers and may only lead to confusion. Even if the bands are made more relevant for customers e.g. low = 1 bedroom house etc. how will suppliers, third party agents, and Price Comparison Websites present this self-identification breakdown to customers? We suggest that before introducing this type of measure, and the next review period, (2018/19) CER conducts customer research into how customers would like tariff information presented in the absence of customer's actual consumption data before any steps are taken to introduce bands that may not be clearly defined for customers. In the consultation paper CER refers to its market monitoring analysis and suggests that it is possible that customers with low consumption are less likely to switch supplier. Before introducing measures which may not result in the delivery of the desired outcome we would like to see CER consult with those customers of incumbent suppliers to understand better why those

customers are not changing supplier and then introduce specific measures that will encourage switching. We have seen no evidence that the provision of switching information in a low, medium or high format would encourage more customers to switch.

TIMELINES

Given that there is no indication of when the CER's final decision will be made, the proposed implementation date of 3rd April is not allowing sufficient time to implement these changes. With regards to the revised figures the CER must be cognisant of the cost implementation in requiring suppliers to make changes to existing collateral. We suggest that suppliers should be required to implement when new collateral stocks are being created. Alternatively, we suggest 3 months from the date of final decision for the implementation of the revised figures.

The introduction of low, medium, high bands is more complex and will require a longer implementation period. There is no indication of how suppliers would be expected to implement these changes. With specific guidance from the CER on implementation, SSE Airtricity would require at least 6 months from date of final decision to implement these bands should the CER decide to proceed with their introduction.