Supplier Handbook : CER Consultation Questions.

The Estimated Annual Bill

Question 1.

Respondents are invited to comment on the options described above. Do you agree with these options? Outline reasons for agreement and disagreement. What other options should be considered?

Response 1

Electric Ireland ‘s preference is for Option 3.

We are slightly unclear as to the precise differences between particularly, options 2 and 3 and we would welcome further discussion and / or clarification in this area. Nevertheless on a general understanding that Option 3 covers a broader range we support inclusion of the Estimated Annual Bill in all advertisements that relate to price in any way.

Electric Ireland further believes that an accommodation must be allowed for advertisements that deal with offers which extend beyond one year, for example, where suppliers offer longer term, multi–year value deals (as against deals which expire at the end of one year and where the customer reverts to standard rates). Indeed it is arguable that advertisements should make clear to all customers what the estimated annual bill will be for each of a minimum of 2 or more years so that the customer is left in no doubt what changes can be expected at the expiry of any discounted period, based on current rates being offered.

Question 2

Respondents are invited to comment on whether the Estimated Annual Bill should be included in all TV and radio advertisements, regardless of the content? Outline reasons for agreement and disagreement.

Response 2

We agree with the proposal that the Estimated annual bill should be included in all qualifying TV and radio advertisements. We believe customers will also benefit more if at least a year 2 EAB is also required to be included, as this will provide better guidance to customers seeking more enduring value from their energy supplier; and / or greater clarity about what they can expect to pay at the expiry of their ( usually one year) contract.
B) Method for the calculation of the Estimated Annual Bill

Question 3

Respondents are invited to comment on the proposed methodology for the calculation of the Estimated Annual Bill. Do you agree with the proposed methodology? Please outline reasons for agreement and disagreement. Are there other components of the Estimated Annual Bill that we should include in the calculation method?

Response 3

Electric Ireland supports the requirements as set out. However we propose that an additional condition is included to allow for future pricing / tariff innovation, whereby suppliers individually or as a group might apply for approval of additional elements in the calculation but subject to approval by CER.

Question 4

Respondents are invited to comment on the following proposed requirements:

i. The Estimated Annual Bill to be displayed on marketing and advertising material promoting electricity offers should be calculated as proposed at point b), section 4.1.1, based on the urban domestic 24 hr standard unit rate relevant to each supplier, where the offer is available to this category of customers at the minimum.

ii. Where an electricity offer is only available to a specific category of customers, then the Estimated Annual Bill should be calculated as proposed at point a) section 4.1.1, based on the standard unit rate relevant to that category of customers.

iii. Where the energy offer is not based on discounts off the supplier’s standard unit rate, the Estimated Annual Bill should be calculated as proposed at point b) section 4.1.1, based on the energy prices associated with that energy offer.

Do you agree with the proposed method for the calculation of the Estimated Annual Bill to be displayed on marketing and advertising material? Please outline reasons for agreement and disagreement. Are there other calculation methods that should be considered?

Response 4

Electric Ireland supports the proposals as set out at I, ii, and iii as being the fairest for customers in all circumstances.

It would be useful if, for the purposes of calculating an Estimated Annual Bill (EAB) for customers on Nightsaver tariffs, the ratio of Day/Night usage was specified by the Regulator. This would ensure Nightsaver customers were comparing like-with-like.
c) **Proposed requirements for the display of the Estimated Annual Bill.**

**Question 5**

Respondents are invited to comment on the proposed requirements outlined above. Do you agree with these requirements? Outline reasons for agreement and disagreements. Are there other requirements that should be considered?

**Response 5**

- Electric Ireland supports Proposal 1. We further believe that customers looking for value over the longer term should also be provided with an estimated annual bill for the year following year 1 of the offer, and based on the current offer rates. This will assist customers - who may not normally note the rates that they will revert to at the end of an introductory deep discount headline-year offer - in evaluating offers. This area has been highlighted as a negative area for customers in the recent 2015 CER Customer Survey.

A related issue is how the Estimated Annual Bill should be displayed consistently for exclusive offers available only on accredited PCW’s, specifically where the offer is not available in the market generally. This puts some suppliers who do not have affinity deals with a PCW at a disadvantage and may be damaging to customer confidence in the integrity of the PCW’s, and indeed the market itself, over time. We welcome that the basis of calculation for the EAB and, importantly, related ranking in the market will be consistently applied to all market participants as a result of these revised proposals.

- Electric Ireland does not support Proposal 2. This is a relatively technical design area with many variables depending on the nature of the advertisement and related messaging, brands, logos and/or graphics etc that may be deployed. A simpler option might be to specify that EAB is highlighted in a material way within the main copy of the advertisement, with a font no smaller than that used for the main copy in the advertisement.

- Electric Ireland supports the wording proposed in Proposal 3 but suggests that Suppliers have the option of including the definition or include a link to where customers can access the definition.

- Electric Ireland supports Proposal 4 and welcomes the options outlined as reasonable in the circumstances.
**Content of the 30 Days Notice**

**Question 6**

Respondents are invited to comment on the proposed content of the 30 Days Notice. Do you agree with the proposed content? Outline reasons for agreement and disagreement. What information would you consider appropriate to be included in the 30 Days Notice to achieve the 2 main objectives of this notice?

**Response 6**

Electric Ireland generally welcomes the proposed content as set out though we believe that further discussion on the precise application of items f., g., h., and i., would be worthwhile. In addition we have the following comments on item j -

Electric Ireland disagrees that we, as a supplier, should be supporting references to price comparison websites while they are effectively a competitor of ours through exclusive tactical affinity offers with our competitors. We would urgently welcome a review of the Price Comparison Website framework to clarify this position, particularly in relation to the rules around affinity deals.

Finally Electric Ireland acknowledges that the deep discounting model that has prevailed in the energy market for some time now - offering, usually, targeted short term benefits to customers - is not delivering real enduring value to customers, where customers will likely often revert to higher standard tariffs at the expiry of their short term contract. Electric Ireland has substantially adjusted its approach and is now offering the same terms and conditions, including discounted prices to customers on a continuous basis, year after year, subject to observing qualifying conditions. It should be noted that we are offering these terms and conditions to existing as well as new customers. On that basis, our working assumption is that, as we do not discontinue the discounts at any point that we do not have contracts that expire.

**Content of the Annual Prompt**

**Question 7**

Respondents are invited to comment on the proposed content of the Annual Prompt. Do you agree with the proposed content? Outline reasons for agreement and disagreement. What information would you consider appropriate to be included in the Annual Prompt to achieve the main objectives of this notice?

**Response 7**

Electric Ireland generally welcomes the proposed content as set out though we believe that further discussion on the precise application of items l., m., n., and o., would be worthwhile. We have some additional comments as follows -
As a preamble Electric Ireland has a general question around the definition of the ‘customers who have had no engagement with the energy markets for a minimum of 3 years’. Specifically we would like to understand what ‘no engagement’ means – for example would we exclude customers we had received complaints or queries received from; or exclude customers we had sent ezines to; or sent bill inserts to; or what are our options where prepayment customers (including financial hardship) where we have no alternative offer etc.

Does a 30 day notice itself count as ‘engagement’ with a customer?

Further, if we send an annual prompt this year but the customer chooses not to respond in any way, should we send another next year and the following year and so on. There are a range of customers who do not wish to switch for any reason and we believe that sending a notice annually could be considered a nuisance by this cohort, leading to complaints and dissatisfaction. We suggest that if we have sent an annual prompt that this is considered as an engagement by us with the customer and, in the event the customer does not respond in any way, that we do not send a further prompt until another three years have elapsed. We suggest that this is an area that could be usefully be discussed further at a workshop prior to final decision by CER.

In addition we believe that if a customer has chosen to opt out of marketing we are duty bound to observe this and that no annual prompt would be sent.

Finally Electric Ireland again does not agree that, as a supplier, we should be supporting references to price comparison websites while they are effectively a competitor of ours through tactical affinity offers with our competitors. We would urgently welcome a review of the Price Comparison Website framework to clarify this position, particularly in relation to the rules around affinity deals.

**Customer’s Ability to Pay**

**Question 8.**

Respondent are invited to comment on the principles suggested ..as well as the phraseology used.

**Response 8:**

Electric Ireland welcomes the principles as set out.

We note that the proposals align well with the Energy Engage Code, which Suppliers have been working well with now for some time and where a practical approach has already yielded positive outcomes for impacted customers.