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Respondent’s Details

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General Comments

Electric Ireland (EI) welcomes the opportunity to respond to the CRU consultation on its Debt Flagging Review. The key points for Electric Ireland and our customers are discussed below. Consistent with all of our responses, Electric Ireland views these questions from the perspective of a standalone supplier and as a representative of the customer. The ability for suppliers to raise debt flags is important when both gaining and losing customers.

Debt flagging allows suppliers to consider risk when taking on a customer and also provide an opportunity for them to retain a leaving customer with the aim of clearing their debts (if the switch is cancelled by the receiving supplier). The voluntary nature of debt flagging means that the effectiveness of the process from a supplier perspective is limited by the preferences and practises of the receiving supplier.

Electric Ireland are aware that a customer who has found themselves in debt could be assisted by moving to an alternative supplier who may have different arrangements in place to allow the customer to get out of debt and manage their energy expenditure on an ongoing basis in a manner which suits the individual customer. The threshold values are an important factor in this regard. An appropriate level must be found that is fair to customers who have fairly accrued a debt while deterring and preventing customers attempting to deliberately ‘debt hop’ by changing suppliers.

As noted in the consultation paper, the proportion of debt flags raised since 2016 has been relatively low for both electricity and gas and the bad debt associated with debt hopping has been decreasing. While this is a promising improvement, debt hopping remains a key concern for suppliers which has knock on effects on the wider market and in order to maintain the reduction in associated bad debt it is important that threshold values are reevaluated over time. Electric Ireland would encourage the CRU to revisit and revalue these debt flagging and RP thresholds again in future as energy prices, market practises and general economic performance are likely to change over time. These factors can influence the extent of debt hopping and meter tampering.
Responses to Consultation Questions

1. Do you have any comments on the CRU’s proposed changes to the monetary thresholds for raising a Debt Flag?

EI support the proposed changes to the monetary thresholds for raising a Debt Flag.

2. Do you have any comments on the CRU’s proposal to maintain the current timings for raising a Debt Flag?

EI support the proposal to maintain the current timings for raising a Debt flag.

3. Do you have any comments on the CRU’s proposal to set the debt flagging threshold for unmetered supply to that of DG5?

EI agree with the CRU’s proposal to set the debt flagging threshold for unmetered supplies to that of DG5.

4. Do you have any other general comments on the CRU’s proposed structure or values associated with debt flagging?

EI agree with the CRU’s proposed structure.

5. Do you have any comments on the CRU’s proposal to introduce an RP Flag to both the electricity and gas market?

EI believe that the introduction of an RP Flag would be beneficial to the market. A focused approach targeting meter tampering with a specific flag will be more effective as current debt flagging may not be flagging these instances appropriately. This will allow suppliers to give extra consideration to these cases as they may be viewed as having a higher risk when compared to a typical debt flagged customer. Similarly to debt flagging, the effectiveness of such an approach will depend on the preferences and practises of the receiving supplier.

The safety concerns associated with meter tampering provide an additional reason for these cases to be flagged and dealt with differently to a normal debt flag.

6. Do you have any comments on the CRU’s proposal to align the minimum threshold value to raise an RP flag with that of a Debt flag?

EI agree with the proposals to align the minimum threshold values.

7. Do you have any comments on the CRU’s proposal to have no minimum time threshold for a supplier to be able to raise an RP Flag on a customer?

There should be no minimum time threshold for an RP Flag as the Network Operator will already have issued a market message indicating that meter tampering has taken place and under such conditions the supplier should be entitled to flag any such customer. Meter tampering is fundamentally different from the case of customers simply not paying bills on time and therefore should be treated differently in this respect, particularly when the safety concerns associated with meter tampering are taken into account.
8. Do you have any comments on the CRU’s proposal to have a time limit of one year for a supplier to be able to raise an RP Flag on a customer?

EI do not feel that a time limit of one year is appropriate as the customer may not have paid off any of the debt associated with the meter tampering within this timeframe and the debt values in such cases may be significant. Metering tampering is a form of theft and this should not be viewed lightly and the application of a maximum time limit is likely to create loopholes which debt hoppers will use to their advantage.

While permitting suppliers to raise a debt flag (as opposed to an RP Flag) in situations where the proposed maximum timeline of 12 months has passed may address some of the CRU concerns associated with the process, it may not alert the receiving supplier to the risk of taking on a customer who has been found to be tampering with their meter.

EI agree that an RP Flag would not be enduring once the associated debt has been paid off.

9. Do you have any comments upon the suitability of maintaining the Debt Flag as a suitable deterrent to meter tampering?

The current debt flagging approach is not a suitable deterrent to meter tampering. The requirement for a minimum time threshold is not appropriate for customer debt associated with meter tampering.

10. Do you have any other proposals upon measures that could be introduced to reduce the levels of meter tampering?

EI do not believe that the implementation of an RP flag will eliminate meter tampering entirely but it will give suppliers a means of identifying relevant individuals. Over time, this may result in a reduction in meter tampering as it will be more difficult for individuals to change supplier in order to avoid a debt associated with meter tampering.

Measures such as anti-energy theft campaigns and tougher sanctions for those committing energy theft will be an effective means of addressing the root cause of meter tampering.