Covid-19 Supply Suspension Due to Temporary Closure

Decision Paper

Reference: CRU/20/054    Date Published: 01/05/2020    Closing Date: n/a

www.cer.ie
CRU Mission Statement

The Commission for Regulation of Utilities (CRU) is Ireland’s independent energy and water regulator. The CRU was originally established as the Commission for Energy Regulation (CER) in 1999. The CRU’s mission is to protect the public interest in Water, Energy and Energy Safety. The work of the CRU impacts every Irish home and business. The sectors we regulate underpin Irish economic competitiveness, investment and growth, while also contribute to our international obligations to address climate change.

The CRU is committed to playing its role to help deliver a secure, low carbon future at the least possible cost, while ensuring energy is supplied safely, empowered and protected customers pay reasonable prices and we deliver a sustainable, reliable and efficient future for energy and water.

The CRU is guided by four strategic priorities that sit alongside the core activities we undertake to deliver on the public interest. These are:

- Deliver sustainable low-carbon solutions with well-regulated markets and networks Ensure compliance and accountability through best regulatory practice
- Develop effective communications to support customers and the regulatory process
- Foster and maintain a high-performance culture and organisation to achieve our vision

Further information on the CRU’s role and relevant legislation can be found on the CRU’s website at www.cru.ie
Public/ Customer Impact Statement

Covid-19 was declared a global pandemic on 11th March 2020 by the World Health Organisation. In response the Government has taken various measures to mitigate the impact of Covid-19 in Ireland, which included the closure of all business premises providing non-essential services businesses. The CRU considers that the unique and extraordinary circumstances of the current situation require a modification to current approach to network charges, in part in order to better reflect the prevailing circumstances. The CRU has decided to implement a temporary supply suspension scheme for certain non-domestic customers impacted by Covid-19 restrictions. The scheme should be available to Small and Medium Enterprises (SME) that have been closed due to the Covid-19 restrictions.

Any customer who opts to enter the scheme will have no energy or network charges billed for their business premises supply point for the duration that the measure is in place. In effect, the consumption for their supply point would be estimated at zero and their fixed network charges will be suspended.

To avail of the scheme customers will engage with their supplier to complete an application form. The supplier must get the consent of the customers to apply to the relevant network operator to have the scheme applied to their supply point.

This paper outlines an approach to dealing with this issue which should help to reduce the risk of debt/bad debt in the energy sector over the period and should facilitate a more manageable return to trading operations as the business does not have to worry about debt that may have accumulated during the restrictions. Such an approach should assist both the businesses affected by the restrictions and their suppliers.

One implication of this scheme is that ESBN, EirGrid, and GNI are unlikely to recover all of their expected revenues for the tariff year 2019/20. The CRU will ensure an accurate quantification and recovery of the costs associated with this scheme in subsequent tariff years.
# Table of Contents

Table of Contents .................................................................................................................. 3

Glossary of terms and abbreviations ...................................................................................... 4

1 Introduction .......................................................................................................................... 5

1.1 Introduction ..................................................................................................................... 5
1.2 Purpose of this Paper ....................................................................................................... 6
1.3 Legal background ............................................................................................................. 6

2 Consideration of the Scheme .............................................................................................. 7

2.1 Brief description of Scheme ........................................................................................... 7
2.2 Objectives ......................................................................................................................... 7
2.3 Principles .......................................................................................................................... 9

3 Consultation Process ........................................................................................................... 10

4 CRU Decision ....................................................................................................................... 11

4.1 Covid-19 Supply Suspension Scheme ............................................................................. 11
4.2 Eligibility ......................................................................................................................... 11
4.3 Process ............................................................................................................................ 12
4.4 Monitoring ....................................................................................................................... 13
4.5 Businesses Providing Essential Services ....................................................................... 14
4.6 PSO ................................................................................................................................. 14
4.7 Cost Recovery .................................................................................................................. 14

5 Summary of key decisions ................................................................................................. 15

6 Next Steps ........................................................................................................................... 16
Glossary of terms and abbreviations

<table>
<thead>
<tr>
<th>Abbreviation or Term</th>
<th>Definition or Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Covid-19</strong></td>
<td>Coronavirus is an infectious disease. It was declared a global pandemic in March 2020 and has led to public health restrictions being imposed in Ireland and several businesses have become non-operational as a result following direct from by the Irish Government.</td>
</tr>
<tr>
<td><strong>CRU</strong></td>
<td>Commission for Regulation of Utilities</td>
</tr>
<tr>
<td><strong>DG</strong></td>
<td>Distribution Group - Distribution Use of System (DUoS) tariff (DUoS Group)</td>
</tr>
<tr>
<td><strong>DM</strong></td>
<td>Daily Metered</td>
</tr>
<tr>
<td><strong>DSO</strong></td>
<td>Distribution System Operator; ESB Networks is the DSO for electricity, Gas Networks Ireland is the DSO for gas.</td>
</tr>
<tr>
<td><strong>ESBN</strong></td>
<td>ESB Networks</td>
</tr>
<tr>
<td><strong>GNI</strong></td>
<td>Gas Networks Ireland</td>
</tr>
<tr>
<td><strong>GMARG</strong></td>
<td>Gas Market Arrangements Retail Group – This group oversees the ongoing operation of the retail gas market and is comprised of licenced gas suppliers, Gas Networks Ireland and the CRU.</td>
</tr>
<tr>
<td><strong>IGG</strong></td>
<td>Industry Government Group - This Group oversees the ongoing operation of the retail electricity market and consists of representation from the electricity suppliers, ESB Networks as the DSO, EirGrid, the Meter Registration System Operator and the Retail Market Design Service.</td>
</tr>
<tr>
<td><strong>LDM</strong></td>
<td>Large Daily Metered</td>
</tr>
<tr>
<td><strong>LEU</strong></td>
<td>Large Energy User; electricity customer classified as DG7 and above.</td>
</tr>
<tr>
<td><strong>MRSO</strong></td>
<td>Meter Registration System Operator</td>
</tr>
<tr>
<td><strong>NDM I+C</strong></td>
<td>Non-Daily Metered Industry and Commercial; a gas customer category</td>
</tr>
<tr>
<td><strong>Network Charges</strong></td>
<td>Distribution and Transmission Network Charges</td>
</tr>
<tr>
<td><strong>RMDS</strong></td>
<td>Retail Market Design Service</td>
</tr>
<tr>
<td><strong>SME</strong></td>
<td>Small and Medium sized Enterprises</td>
</tr>
<tr>
<td><strong>System Operators</strong></td>
<td>This means ESB Networks and Gas Networks Ireland in their respective roles as Distribution System Operators.</td>
</tr>
</tbody>
</table>
1 Introduction

1.1 Introduction

Covid-19 was declared a global pandemic on 11 March 2020 by the World Health Organisation. In response the Government has taken various measures to mitigate the impact of Covid-19 in Ireland, which included the closure of all business premises providing non-essential services. On 13 March 2020 the Government announced public health measures to manage the spread of Covid-19 in Ireland which included school closures, crowd restriction and a request for those who could, to work from home. The scope of the measures has been expanded on several occasions and on 24 March all businesses providing non-essential services were directed to limit their operations to those that could be performed from home. The initial measures were put in place until 29 March, but they have since been extended to 5 May. SI 121 of 2020 came into effect on 8 April to provide for the restriction of movement of persons and contains a schedule of essential retail outlets and a schedule of essential services.

The objective of the approach set out in this Paper is to support Small and Medium sized Enterprises (SMEs) to manage the costs associated with their energy connection when temporarily closed as a result of Covid-19 restrictions. The CRU considers that the unique and extraordinary circumstances of the current situation require a modification to current approach to network charges, in part in order to better reflect the prevailing circumstances.

This should help to reduce the risk of debt/bad debt in the energy sector over the period and should facilitate a more manageable return to trading operations as the business does not have to worry about debt that may have accumulated during the restrictions.

Network tariffs in gas and electricity are comprised of fixed and variable elements. Thus, where businesses consume less electricity or gas the business will pay less of the variable element of the network tariffs, thus businesses closed as a result of the restrictions will, by virtue of consuming less electricity or gas, be able to avoid these variable elements of the network charges. However, if a business wished to avoid the remaining fixed elements of the network tariffs, they could, in the normal course of events, seek a disconnection from the network, which would involve a physical disconnection of the customer by the DSO with a resulting disconnection cost to the customer (and if they later re-opened, a reconnection cost).

As outlined later in this paper, in the current circumstances, given the large number of business that might wish to seek such disconnections, and the travel restrictions in place generally, this option is not available at the moment.

This paper outlines an alternative approach to dealing with this issue. The CRU considers that such an approach should assist both the businesses affected by the restrictions and their suppliers.
1.2 Purpose of this Paper

The purpose of this paper is to set out the CRU’s approach to application of the Covid-19 Supply Suspension Scheme.

1.3 Legal background

Under the Electricity Regulation Act, 1999 (as amended the “1999 Act”), the CRU is the independent body responsible for overseeing the regulation of Ireland’s electricity sector. Section 35 of the Electricity Regulation Act 1999 (“the 1999 Act”), provides for the CRU's role in the determination of charges for the connection to and use of Ireland’s electricity network. Under section 35(2) of the 1999 Act, the CRU may give directions to the DSO in respect of the basis for these charges.

Under the Gas (Interim) (Regulation) Act, 2002 (the "2002 Act"), the CRU is the independent body responsible for regulating charges in the natural gas market. Section 14 of the 2002at Act provides for the CRU's role in the determination of charges the legal basis for the CRU to approve charges for connection to or transportation of gas through the distribution and transmission systems. Under section 14(3)(b) of the 2002 Act, the CRU may give directions to GNI in respect of the basis for these charges.

The rules that govern the operation of the retail gas and electricity markets are approved by the CRU through the IGG and GMARG. The market processes to facilitate the scheme will be approved through these channels.
2 Consideration of the Scheme

2.1 Brief description of Scheme

The CRU has decided to implement a temporary supply suspension scheme for non-domestic customers impacted by Covid-19 restrictions.

Any customer who avails of the scheme will have no energy or network charges billed for their business premises supply point for the duration that the measure is in place. In effect, the consumption for their supply point would be estimated at zero and their fixed network charges will be suspended.

This remainder of this section sets out the CRU’s objectives and principles in relation to the Covid-19 Supply Suspension scheme

2.2 Objectives

The Covid-19 Supply Suspension Scheme has the following key objectives:

1. To avoid unnecessary disconnections and reconnections for SMEs.
2. To reduce the charges incurred by SMEs whose premises are temporarily closed due to Covid-19 restrictions.
3. To facilitate SMEs rapidly returning to operation once the Covid-19 restrictions are lifted.
4. To support energy suppliers who would continue to be liable for related Use of System (UoS) and Energy Charges during Covid-19 restrictions.
5. To mitigate the risk of bad debt and liquidity constraints for the energy sector during and post the Covid-19 period.

Dealing with the objectives broadly in order, the CRU considers it appropriate to facilitate SMEs availing of the financial advantages of a physical disconnection where such disconnections are not possible during the current Covid-19 travel restrictions. This is due to the requirement that a networks technician would need to visit a customer’s premises to carry out the disconnection. In the CRU’s view, such travel and physical interaction would not be consistent with the Government’s guidance in relation to Covid-19 and should not generally be considered ‘essential’. In addition, disconnections, and subsequent reconnections, incur a cost for the customer. The CRU also notes that, due to the large number of SMEs whose premises are understood to be closed on foot of these restrictions, it would not be possible for the DSO, even in the absence of these travel restrictions, to physically disconnect such a large number of premises within a practical period of time. In these circumstances, the scheme will allow the disconnection process to take place from an administrative point of view only, without the physical disconnection taking place. This approach will remove the charge that the customer would otherwise pay for disconnection and reconnection and will also reduce the fixed element
of the network charges that otherwise would be paid in the first instance by the supplier to the System Operators and then would be billed to the customer.

By reducing these costs during the restrictions this should help business to cope during this difficult period and will also help suppliers by reducing their concurrent liabilities.

The approach will also facilitate businesses to return to operation as quickly as possible once the restrictions are lifted as no physical reconnection will be required to be performed or paid for.

The measure will also assist energy suppliers in a number of ways during this period. Once a supply suspension is applied to a customer’s account the daily estimated consumption of that account is set to zero. This will allow the supplier (and the system more generally) to benefit from a more accurate estimate of the consumption than otherwise where in the absence of a physical disconnection, the daily consumption at these sites is estimated at pre-Covid 19 emergency levels until the next meter read (noting that meter reading has been suspended). This issue does not arise for larger customers such as Daily Metered (DM) or Large Daily Metered (LDM) customers in gas or for DG7 and greater customers in electricity. Hence this scheme focuses on the smaller customers in gas and electricity. Suppliers will also benefit from the removal of the fixed element of the charges that otherwise would be paid in the first instance by the supplier to the System Operators and then would be billed to the customer. This will assist liquidity for the suppliers and will benefit both customers and suppliers in reducing the risk and/or the level of bad debt and lower the risk of a Supplier of Last Resort event occurring during the period.

It is worth noting that in normal circumstances, in the event of a business closure and a physical disconnection, while the closing business ceases to face Use of System charges from the date of disconnection, in the electricity industry, the supplier continues to pay these charges for 90 more days The concept behind this is to allow the connection to remain active for a short period to facilitate another customer moving in, which is not to be expected in the current emergency.

By removing the fixed network charges and improving the accuracy of the estimated daily usage, the scheme should thereby reduce the risk of bad debt between customer and supplier and between supplier and System Operator. Similarly, the scheme should reduce liquidity constraints for both customers and suppliers. However, the scheme will likely reduce the cashflow of the System Operators during the period of its operation. Therefore, the CRU will actively monitor the impact of this scheme and may review the scheme if considered appropriate.

\[\text{1} \quad \text{The equivalent period in Gas is 60 days}\]
2.3 Principles

In considering the process to achieve the above objectives the CRU has considered the following principles:

1. This scheme is in response to a unique and extraordinary situation and will be applied during the Covid-19 pandemic only, its’ delivery will be monitored throughout the period.

2. This scheme should only apply to temporarily closed premises of small and medium sized enterprises that are unable to trade due to the Covid-19 restrictions.

3. The implementation of this scheme should be pragmatic, reflecting its temporary nature and the prevailing circumstances.

4. The network companies will subsequently recover all costs that have not been recovered during the period of the Covid-19 Supply Suspension, and attributable to the scheme, through the regulatory approved network tariff process.
3 Consultation Process

The CRU undertook a focused consultation exercise on this issue with ESBN, EirGrid, GNI and the energy suppliers during the week commencing 30 March 2020 to inform the development of this scheme. The CRU considers that for this scheme to have a value to the customer it must be developed and implemented quickly, therefore an extended period of consultation including a public consultation process was not appropriate and would undermine the value to the consumer by delaying the implementation of the scheme.

As part of the broad Covid-19 response and as part of the development of this scheme, the CRU engaged bi-laterally with ESBN, GNI and EirGrid; and engaged with suppliers through extraordinary meetings of the IGG and GMARG. These meetings were held on the 1st and 3rd of April via conference call. At these meetings GNI and ESBN set out their proposed processes for implementing this scheme.

The proposed measure was broadly welcomed by suppliers who recognise the intention to support customers and suppliers to manage their costs/liabilities during the Covid-19 period. While there was a general view that it may be difficult to make changes to billing systems quickly, on balance the benefit of introducing the measure outweighed the issues that could arise. The communication and administration of the scheme were also flagged as key elements that need to be carefully considered. Managing the processing of applications may put additional pressure on suppliers and the network operators at a time when their normal operation models have changed. Clarity was also sought on the eligibility criteria including the start and end date as well as what categories of customer could apply.

The CRU also engaged with Chambers Ireland and ISME, the Irish SME Association to establish their view on the proposed scheme and to understand the challenges being faced by businesses as a result of Covid-19 restrictions. Both organisations were welcoming of the scheme and understood the potential relief it could offer to their members.

A summary of the consultation process is included in Appendix 1.
4 CRU Decision

4.1 Covid-19 Supply Suspension Scheme

The CRU has decided to implement a temporary supply suspension scheme for non-domestic customers impacted by Covid-19 restrictions.

Any customer who avails of the scheme will have no energy or network charges billed for their business premises supply point for the duration that the measure is in place. In effect, the consumption for their supply point would be estimated at zero and their fixed network charges will be suspended.

To avail of the scheme customers will engage with their supplier to complete an application form. The supplier must get the consent of the customers to apply to the relevant network operator to have the measure applied to their supply point.

This scheme is voluntary; suppliers are not required to offer it to their customers.

4.2 Eligibility

This scheme does not apply to residential customers. The CRU has separately made provisions for residential customers effected by Covid-19 which have been announced on our website www.cru.ie.²

Any electricity business customer that meets all of the following criteria is eligible to apply for a Covid-19 Supply Suspension:

- the customer is not an essential service provider, as defined by the Government in the context of Covid-19; and
- the customer was trading before the 13th March 2020; and
- the customer’s premises have been closed as a result of the Covid-19 restrictions and will remain closed for a continuous period from 28th March 2020 and the date the relevant Covid-19 restrictions are lifted; and
- the customer is in one of the following categories DG5 or DG6³.

Any gas business customer that meets all of the following criteria is eligible to apply for a Covid-19 Supply Suspension:

² See links here and here.
³ This scheme applies to the DG5 and DG6 customer who are not generators i.e. it does not apply to DG5A and DG6A.
• the customer is not an essential service provider, as defined by the Government in the context of Covid-19; and

• the customer was trading before the 13th March 2020; and

• the customer’s premise has been closed as a result of the Covid-19 restrictions and will remain closed for a continuous period from 28th March 2020 and the date the relevant Covid-19 restrictions have been lifted; and

• the customer is a NDM I&C (Non-Daily Metered Industrial & Commercial) Customer.

4.3 Process

As part of this Decision, the CRU is directing ESBN, GNI and EirGrid separately to finalise the processes to implement this scheme. Once these processes have been developed, they will be notified to suppliers. ESBN and GNI have proposed different processes that can be implemented quickly, will not require changes to the market systems and can be unwound at the end of the current Covid-19 restrictions. The CRU notes that such an approach is consistent with the principles set out above. The process implemented by ESBN and GNI will include the following requirements:

• The supplier, following a request from a customer(s), will request a Covid-19 Supply Suspension at that site(s) from the relevant DSO (i.e. ESBN or GNI) in line with the DSO’s process;

• The supplier will maintain records of the request and will be responsible for communications with the customer;

• The DSO will register that site(s) as a Covid-19 Supply Suspension site(s) and no network charges (distribution or transmission) will apply for that site from the date the application is submitted to the network operator by the supplier;

• The supplier will not bill the customer for energy supply or network charges in respect of this period;

• The supplier will remain registered at the relevant MPRN or GPRN for the duration of the Covid-19 Supply Suspension;

• In order to manage and track this process, and considering that the supply is suspended, other market processes, such as change of supplier, will not be carried out at a site while the Covid-19 Supply Suspension is in place. The CRU acknowledges that this restriction is unfortunate, but it is a necessity and primarily stems from IT requirements of the processes that are not possible to resolve in the time available. However, since the businesses in question are closed and can switch after a verified read has been received following the termination of the scheme, the CRU considers that this is an appropriate trade-off in the current circumstances.
• Meter reads will not be required, and consumption will be estimated to be zero over the period.\(^4\)

ESBN, EirGrid and GNI may make modifications to their processes as required provided such modifications are consistent with sections 2 and 4 of this paper. Suppliers must comply with their obligations under this scheme.

The CRU acknowledges that implementing the scheme quickly may be difficult for some suppliers. CRU recognises that different internal processes for billing may be put in place by individual suppliers to deliver the benefit of the scheme to their customers. Suppliers should ensure that the approach they are taking is clear and effectively communicated to their customers. As always, the CRU expects suppliers to comply with the Supplier Handbook and their licence requirements. In recognition of the challenges in implementing this scheme quickly, the principles in the Suppliers Handbook should be the guiding force in the implementation of this scheme.

4.4 Monitoring

The scheme will be available from 1 May 2020 for eligible customers, for a period of 3 calendar months. The benefit of the scheme will apply from the date their application is processed by the network operator. The scheme will be introduced through a soft launch approach before 1 May. During this period suppliers will engage with eligible customers to inform that about the scheme and to begin the application process in a phased approach. This will facilitate an effective application process and ensure customers can avail of the relief offered by the scheme as quickly as possible. A soft launch will also provide an opportunity for the Suppliers and the DSO’s to test their process to ensure the scheme can be administered effectively. The scheme will be reviewed and evaluated while in operation and may be terminated in advance of the duration of 3 calendar months.

In the event that the review of the scheme results in termination of the scheme in advance of the 3 calendar months, this Termination Date will be set out in an advance notice published by the CRU. The CRU currently expects that this will follow the lifting of Covid-19 restrictions put in place by the Government.

As evidenced in other jurisdictions, restrictions may well be lifted in stages and/or by sector, thus some customers may cease to be eligible for this scheme while other customers remain eligible. Accordingly, the System Operators’ processes should endeavour to facilitate some customers returning to normal operation in advance of the 3-calendar month period or the Termination Date.

Additionally, the CRU may review or terminate this scheme in advance of the full or partial lifting of Covid-19 related restrictions. Such a review will consider the operation of the scheme to date, 

\(^4\) In order to be eligible there must be a reading in the previous year.
the financial implications for the network companies, the circumstances relating to Covid-19, and any other considerations the CRU views as relevant.

From the date of termination of the scheme all relevant network charges will once again apply to the site and consumption will be based on estimated or actual meter reads. The supplier will be charged in accordance with the metered consumption.

Where the supplier or DSO becomes aware that a customer recorded as being under a Covid-19 Supply Suspension is or was operating during the period or is otherwise ineligible for the Covid-19 Supply Suspension, the relevant charges will be applied to the customer. Where a customer had been eligible but ceases to be eligible due to a change in circumstances, the customer must inform their supplier within 5 working days.

4.5 Businesses Providing Essential Services

This scheme applies only to businesses closed as a result of Covid-19 restrictions. Business premises providing essential business services, as defined by the Government in the context of Covid-19, are not eligible for the Covid-19 Supply Suspension and accordingly all network charges will continue to apply to these accounts.

4.6 PSO

The Public Service Obligation (PSO) is a matter for the Minister, and the collection of the PSO is subject to the Electricity Regulation Act and ministerial order. This process does not alter in any way the continued application of the PSO levy to supply suspended customers. The PSO Levy has been in place since 2001 and is a support scheme designed to facilitate the achievement of national electricity policy objectives for renewables. It has delivered on these objectives, with a total amount of renewable generation connected to the electricity grid of almost 4,250MW as of July 2019.

4.7 Cost Recovery

One implication of this scheme is that ESBN, EirGrid, and GNI are unlikely to recover all of their expected revenues for the tariff year 2019/20. The CRU will ensure recovery of the costs attributable to the scheme in subsequent tariff years through the established regulatory processes.
5 Summary of key decisions

Summary of key decisions set out in this paper:

- The introduction of a temporary Covid-19 supply suspension scheme for eligible customers for 3 calendar months (reviewable) from the date the application is received by the DSO.

- ESBN, EirGrid and GNI to suspend the fixed element of network charges for eligible customers: DG5 & DG6 in electricity and NDM I&C in gas.

- ESBN and GNI to apply zero consumption estimates to eligible customer accounts.

- ESBN, GNI and EirGrid separately to finalise the processes to implement this scheme.

- Suppliers to accept and process applications for Covid-19 Supply Suspension from eligible customers.

- Suppliers to maintain records of the request and be responsible for communications with the customer.

- Suppliers not to bill eligible customers for energy supply or network charges for the duration of the scheme.

Where the Supplier or System Operator becomes aware that a customer recorded as being under a Covid-19 Supply Suspension is or was operating during the period or is otherwise ineligible for the Covid-19 Supply Suspension, the relevant charges will be applied to the customer.

It is a requirement of the customers participating in the scheme to:

- Provide accurate information to the supplier in the application process

- To inform their supplier within 5 working days, where a customer had been eligible but ceases to be eligible due to a change in circumstances.
6 Next Steps

The System Operators, ESBN, EirGrid and GNI along with Suppliers will now implement the necessary processes to give effect to this scheme. The CRU will separately issue Directions to ESBN, EirGrid, and GNI to give effect to this decision in relation to the appropriate application of network tariffs and cost recovery.

The CRU will actively monitor this scheme to ensure that customers receive the benefits of the scheme and will review it and may alter or terminate the scheme should the CRU consider it appropriate to do so. As stated above, this scheme is temporary and has been put in place in response to the unique circumstances brought about by the Covid-19 pandemic. It is recognised that the scheme has been brought into being in a compressed timeline and without the usual consultation process and will not necessarily cover all eventualities, however in the current circumstances the CRU considers it appropriate to implement this scheme at this time.
Appendix 1: Overview of Consultation process

- The Government decision to close ‘non-essential’ business premises to aid in national response the Covid-19 means that many business customers’ premises have become non-operational very quickly and may find themselves unable to pay their bills. These customers will continue to receive bills associated with their energy supply and their supplier will in turn continue to receive bills from the network companies and wholesale market operator.

- This cycle is likely to cause an accumulation of debt that the customer and supplier are unable to pay as the customers business is not operational.

- To explore options to address this concern, the Retail Market, Electricity and Gas Networks teams engaged with ESBN, GNI and energy suppliers on several occasions during the week commencing 30 March 2020, to discuss the potential for the introduction of measures to support business customers who may be experiencing financial difficulty.

- To initiate this engagement CRU held a conference call with ESBN and GNI on 31 March requesting them to develop proposals which would support a customer in effect disconnecting from the network if that business has become non-operational as a result of Covid-19.

- Customers are unable to request physical disconnection as a result of public health measures. Therefore, the CRU considered it appropriate to consider a measure that could deliver the same effect i.e. stopping the accumulation of cost associated with a connection to the energy networks.

- On 1 April the CRU notified the electricity and gas suppliers through the Covid-19 IGG and GMARG weekly calls that a measure for non-domestic customers was being considered.

- On 3 April ESBN and GNI outlined their respective proposals to the electricity and gas suppliers on a conference call with the Covid-19 IGG and GMARG participants. The CRU sought feedback from suppliers on the practicality of the proposals and any challenges they could see with its implementation.

- ESBN proposed to amend the estimated consumption at a site to zero which would result in no unit or network charge being levied for electricity customers.

- GNI proposed to amend the estimated consumption at a site to zero and to reclassify the site as ‘tariff exempted’ on the system. This would result in no unit or network charge being levied for electricity customers.
• Feedback was received by the on 6 April.
• The proposed measure was broadly welcomed by suppliers who recognise the intention to support customer and suppliers in trying to manage their costs during the Covid-19 period.
• The majority view from suppliers was that such a measure would be welcomed by businesses and was implementable. While it was broadly acknowledged that it may be difficult to make changes to bills systems quickly, on balance the benefit of such a measure outweighed the issues that could arise.
• Several suppliers indicated that the communication of such a measure would need to be carefully considered to ensure processing of applications was manageable. There were also calls for a centralised approach to processing applications and clear reporting on the uptake of the measure.
• Clarity was also sought on the eligibility criteria including the start and end date as well as what categories of customer could apply.
• Brief informal consultation was also carried out with ISME and Chambers Ireland, both bodies were welcoming of the initiative.