



An Coimisiún
um Rialáil Fóntais
**Commission for
Regulation of Utilities**

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Comparison Tools for Time of use Tariffs

Decision Paper

Decision Paper

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CRU Mission Statement

The CRU's mission is to protect the public interest in Water, Energy and Energy Safety.

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

Executive Summary

Smart meters are the next generation of electricity and gas meters and are being rolled out across Europe and internationally. This move to upgraded digital meters will provide consumers with better and more accessible information about energy consumption, access to new tariffs and services and reduce the need for estimated meter reads.

At present, customers with a day/night meter can get access to tariffs that enable them to save money by shifting some of their electricity consumption from daytime to night-time, when energy is cheaper. The smart meter upgrade will extend access to these “time of use” tariffs to all electricity consumers. Time of use tariffs will be available to all customers with a smart meter by 2021. The expectation is that these types of tariff will become the norm over time.¹

The transition to time of use tariffs, with different electricity rates depending on the time of usage during a day, is an important element of the smart meter upgrade and will play a crucial role in Ireland’s energy future by reducing costs and making supply more resilient and secure. Smart meters will provide customers with more information on their energy consumption allowing them to make more informed choices about their behavior. This will be important considering increasing demand on the system through the electrification of heating and the growth in the use of electric vehicles. Time of use will incentivise consumers to shift consumption to times of the day when electricity is cheaper, enabling them to potentially save money. This shift in consumption patterns should also reduce the requirement to increase investment in the grid and more peak generation capacity.

As part of this transition, CRU is considering the application of the Estimated Annual Bill (EAB) for smart tariffs and whether the calculation methodology needs to be amended to ensure this comparison tool is useful for smart tariffs.² In its’ consultation, CRU/20/108, published on 21st of September 2020, the CRU set out a specific proposal to use ESB Networks Load Profile for the SST to create an Estimated Annual Bill for Standard Smart Tariffs (SSTs).

This tool will help to inform customers about time of use tariffs. It is important for the success of the programme that customers understand these new tariffs. The decision to implement the SST EAB has been carefully considered to achieve a balance between the resource requirement for

¹ As stated by the CRU in 2015 in its ‘Rolling out new Services: Time of use Tariffs’ Decision Paper (CER/15/270).

² The current methodology is contained in the Supplier Handbook (Section 2.3). This is available here: [CRU/19/138](#).

suppliers to implement this change quickly, and the need to provide information to consumers to enable them to make more informed decision about their energy tariff.

CRU Decision

After reviewing the responses to the consultation paper, CRU has decided to implement the Standard Smart Tariff Estimated Annual Bill from the 1st of June 2021.

An information note/general clarification will issue alongside this decision paper to reflect that supplier are required to include the EAB when advertising an SST from the 1st of June 2021.

Public Impact Statement

Smart meters are the next generation of electricity meters, replacing older analogue meters, which, when fully operational, will deliver benefits for consumers, the environment and the economy. The National Smart Metering Program involves the nation-wide replacement of over two million electricity meters over a six-year period. The smart meter upgrade will transform how electricity consumption is measured, managed and paid for. The new systems and processes will provide consumers with more accurate bills and better and more accessible information about energy use.

New smart services and products will be introduced such as time of use tariffs and Smart Pay-As-You-Go. This will enable consumers to take more control and make better informed decisions about their energy usage. Time of use will incentivise customers to shift consumption to times of the day when electricity is cheaper, enabling them to potentially save money. smart meters will facilitate the introduction of more renewables and microgeneration. The shift in consumption patterns should also reduce the requirement to increase investment in the grid and more peak generation capacity.

In 2017 the CRU introduced a requirement on suppliers to introduce an Estimated Annual Bill on all marketing and advertisements which promote a specific energy offer(s) or include any reference to price/tariffs, discounts, savings, or costs.³ This tool is intended to provide consumers with information that would make it easier to compare different energy tariff plans across suppliers. New products like TOU tariffs will become available to customers with a smart meter from 2021. To ensure customers can still compare products easily the CRU will require suppliers to calculate an EAB for these new products. This decision paper provides further detail on when this requirement will be introduced and the reasons for the CRU decision to implement the proposal consulted on in September 2020.

³ See Review of the Supplier's Handbook (CER 17/059)

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Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning
CEP	Clean Energy for all Europeans Package
EAB	Estimated Annual Bill, an estimate of what a typical customer's energy bill would be for one year on a given tariff
Flat-rate tariff or 24-hour tariff	An electricity tariff with the same rate charged for all consumption, regardless of the time of day
SST	Standard Smart Tariff (i.e. A tariff with variable rates depending on time. with a Day (08:00 to 17:00), Night (23:00 to 08:00) and Peak(17:00 to 19:00))
TOU	Time of use, an electricity tariff which features different rates which vary by the time of day that electricity is used.

1. Introduction

1.1 Background-Smart metering and time of use Tariffs

The smart meter upgrade is a project to transform how electricity and gas retail markets operate. Older, mechanical electricity and gas meters will be replaced with updated digital meters. These updated meters will provide many benefits for energy consumers by eliminating the need to use estimated meter readings, making new products and services available (e.g. time of use tariffs) and also empower consumers to make more informed choices regarding their energy needs by providing consumers with more granular information about their consumption. The upgrade to smart meters will also provide more information to the network companies to allow them better manage the grid and ensure security of supply.

The CRU's decision to rollout electricity and gas smart meters for all residential and smaller business consumers was announced in July 2012. This decision was made following comprehensive consumer behaviour and technology trials and in the context of the requirements of the European Third Package Directive provisions for the rollout of smart meters in Member States.⁴ The CRU, working closely with key project stakeholders, conducted further analysis on the design of the smart metering solution throughout 2013 and 2014. This culminated in the publication of the High-Level Design (HLD) in October 2014.

In 2015, CRU decided on the best approach to making the transition to time of use tariffs as the new standard for electricity customers. This included several decisions, including the idea of a Standard Smart Tariff, which is designed to be a tariff with a common and relatively simple design across suppliers.

In 2019, CRU published a decision paper regarding the transition to time of use tariffs. This decision paper included the requirements for a “time of use primer”, to be provided to all electricity customers, the introduction of a “time of use reminder” to customers who have not switched to a time of use tariff 12 months after receiving the time of use primer and a transitional limit to the number of time of use tariffs available to consumers until the end of Phase 2 of the smart metering Program in 2022. These measures are aimed at avoiding customer confusion and enabling easier comparisons at the start of the customer transition to time of use tariffs.

⁴ For further information on the Third Package, see https://ec.europa.eu/energy/topics/markets-and-consumers/market-legislation/third-energy-package_en

With the introduction of smart meters and time of use tariffs, there will be an impact on the way in which tariffs are presented to consumers. The CRU sought views from stakeholders on the adjustment of the existing tool used for this purpose (i.e. the Estimated Annual Bill, EAB). The consultation included a proposal to use the ESN load profile for an SST, in combination with the individual supplier's tariff rates to create an EAB for Standard smart Tariffs. The aim was to ensure that consumers have a simple and familiar comparison tool to ease the transition to time of use tariffs. The CRU decision as set out in this document was developed following careful consideration of the responses received and in the context of the wider market changes being progressed.

1.2 Related Documents

- Rolling out new Services: time of use Tariffs' Decision Paper ([CER/15/270](#))
- Consultation Paper-Review of Suppliers' Handbook ([CER/16/031](#))
- Review of the Suppliers' Handbook Decision and Further Consultation ([CER/16/287](#))
- Review of the Supplier's Handbook ([CER 17/059](#))
- Review of Typical Domestic Consumption ([CER 17/042](#))
- Customer Led Transition to time of use ([CRU 19/019](#))
- Electricity and Gas Suppliers' Handbook 2019 ([CRU 19/138](#))
- Comparison Tools for time of use Consultation Paper ([CRU 20/108](#))

Information on the CRU's role and relevant legislation can be found on the CRU's website at www.cru.ie

1.2.1 Structure of Paper

- **Section 1** contains the Introduction, background information and related documents
- **Section 2** contains the responses received to the consultation and CRU's reply to those responses
- **Section 3** contains the detail on the decision
- **Section 4** contains the next steps from this decision

2. Responses Received

There were five responses received to the consultation paper. These were received from:

- Electric Ireland
- Bord Gáis Energy
- SSE Airtricity
- Bright Energy
- Electricity Association of Ireland (EAI)

The CRU would like to thank all respondents for taking the time to feedback on the consultation paper. The responses received are published online alongside this document.

2.1 Summary of Consultation Responses

The responses submitted to the Comparison Tools for time of use Consultation Paper (CRU/20/108) are summarized below. The consultation was published on the 21st of September 2020 and its purpose was to seek input from industry, members of the public and any other interested parties regarding the proposed use of an EAB for the comparison of SST tariffs.

The key themes emerging from the responses related to the timeline for introducing this requirement, use of load profiles, conflict with future regulatory requirements and the original intent of EABs. There was a particular focus on the ongoing work on the smart metering programme and the need for sufficient time to update marketing material. In addition, respondents noted their concern with the accuracy of load profiles for customers who would be sharing more granular data. Similarly, respondents raised the problem of customers who have unusual consumption patterns, leading to SST EABs being inaccurate for these customers. Other comments included concerns around the potential failure of incentivisation for customers to shift consumption to off peak periods with this EAB and the potential for suppliers to “manipulate” their TOU tariff rates to achieve the lowest SST EAB. This would involve the reduction of a tariff in the peak time period, lowering the incentive to move consumption outside of this time period.

A respondent raised the point that the SST EAB, a market wide comparison tool, may be incompatible with the Clean Energy Package requirements to provide more individualised data to consumers in future.

Respondents expressed their concern that the proposed changes were a move away from the original intent of the EAB, which was to enhance customer understanding of energy tariffs and

enable easier switching as set out when they were introduced in 2017.⁵

2.2 Consultation Responses and CRU response

The comments of respondents to the consultation and the CRU responses are set out in this section.

Timelines for Suppliers

The timeline for introducing an EAB for the SST was raised by a number of respondents. More specifically, respondents felt that the proposed changes would require changes to their marketing material and other customer facing material (e.g. the annual prompt) which would require alterations to IT systems. Several respondents felt that this was not feasible given the timelines for smart services go live in early 2021. The ongoing work on upgrading systems to enable smart services from 2021 was also mentioned by a respondent who noted that this meant that there is no additional capacity for these changes. Some respondents suggested that 2021 or 2022 would be a more appropriate time to implement the EAB for SSTs. One respondent suggested that a more complete review of the information received by a customer should be undertaken in 2021. This could incorporate the review of the Supplier Handbook to include a review of Typical Annual Consumption Figures and the application of Comparison Tools, such as the EAB, post the go-live of smart services.

CRU Response

In 2016 when the CRU introduced the EAB similar views were expressed by suppliers. Despite this, the EAB was successfully introduced. CRU is of the view that the introduction of an EAB for the SST is an expansion of the existing requirement in the Electricity and Gas Suppliers' Handbook. In that context, this requirement will not so much drive 'new' investment but may require revisions to the approach being applied at the moment. The CRU understanding is that in order to meet the requirement a supplier would make updates to their existing suite of marketing materials.⁶ That said, the CRU does acknowledge that requiring these changes to be made in early 2021 would be a significant challenge at this stage. In response to the concerns raised about the timing of the introduction of this requirement, the CRU has decided to delay its introduction until 1st of June 2021. After that date, suppliers are required to include an EAB on all market material

⁵ See CER17/059, *Review of the Suppliers Handbook*

⁶ The Gas and Electricity Suppliers' Handbook gives the required materials for the inclusion of EABs as "all marketing and advertisements which promote a specific energy offer(s), or include any reference to price / tariffs, discounts, savings or cost." These requirements extend to radio and television advertising.

advertising their SST.

Use of Load Profiles and Data Issues

Several respondents suggested a variety of issues surrounding the use of load profiles to calculate the EAB. These included concerns regarding the appropriateness of using a load profile to calculate the EAB, questions around the accuracy of load profiles, and the failure of the proposed methodology to incentivise consumers to change their behavior.

Using a load profile to calculate the EAB

Some responses stated that the use of load profiles is inappropriate as these they are derived using data from the traditional analog meters and it would be inappropriate to use this data to apply to smart metered customers.

One respondent raised the point that these are based on current 24-hour flat tariff customers rather than time of use customers. Several respondents requested that more analysis be conducted on this, with two asking that any changes in this regard wait until a significant body of real-world data on the load profile of smart services customers be built up.

Two respondents suggested that customers who switch to a time of use tariff are more likely to be those who will benefit from having a less “peaky” demand profile. These customers would be poorly served by an EAB for SSTs, as their current consumption does not align well with the existing load profiles. One of these respondents stated that it would be misleading and counter-productive for customers to base their decision to choose a time of use tariff on a generic comparison tool such as an SST EAB, which does not take account of individual consumption.

Lack of incentive to switch

Another issue raised by respondents is that the approach set out in the consultation paper will not incentivize customers to shift their energy use to times of lower electricity demand.

Two respondents noted that EABs are inappropriate for SSTs as they could lead to a situation where a supplier would reduce tariffs during the “peak” time band to close to those in the other time bands (i.e. Day and Night). This would have the effect of lowering that supplier’s EAB, and not serve as an incentive for customers to move their demand to outside of peak. This would be cheaper for some customers whose consumption is very “peaky” but would remove a wider key benefit from time of use tariffs.

Further, several respondents believe that the introduction of an EAB for an SST may lead suppliers to compete on the EAB figure, rather than offering innovative tariffs or products. One respondent noted that this could weaken the incentive to reduce peak energy use, a major objective of the smart metering program. The respondent suggests that suppliers could do this by reducing their peak-time tariff such that there is little cost difference between energy use in or outside of peak.

This, it is explained, would create a lower EAB.

CRU Response

Having considered the comments on the appropriateness of using the SST load profiles to inform SST EAB, the CRU considers this is the best methodology available to it at this time.

Using a load profile to calculate the EAB

It is CRU's understanding following discussions with ESN that the load profile which will be used for the SST EAB is based on data from the smart meter trial conducted in 2011. Thus, the load profile is not based on analog meter data and the structure of the time bands used in the trial are identical to the current SST.

It is and will always be the case that the load profiles are estimates of consumption, not intended to be completely accurate for all customers. This is also the case with the EAB, which was and will continue to be an "estimate". CRU considers that the value of providing a comparison tool for customers to inform their tariff choice outweighs the drawback of the estimated nature of the profile calculation in this proposal. CRU is of the view that it is advantageous to have an SST EAB available to customers early in the roll-out of smart services, rather than waiting until data from customers with a smart meter can be collected, analyzed and aggregated. Awaiting this data could entail a delay of several months to the delay of an SST EAB.

Regarding the point raised by respondents around customers with "less peaky" consumption patterns, suppliers are free to offer more tailored products to individual customers, based on their specific demand profile. Those with unusual consumption patterns (the so called "less peaky" customers above) will need a more tailored product to reflect their atypical consumption pattern. This is currently the case where EABs are useful for a large majority of customers, but are not as useful for those customers with, for example, very low or very high consumption. These inaccuracies are unavoidable for a certain fraction of customers, even with flat rate tariffs.

Lack of incentive to switch

The CRU does not agree with the view put forward by some participants that suppliers could successfully manipulate the EAB in a way which would not serve the smart metering programs' objectives. As the respondent notes, CRU's Electricity and Gas Suppliers' Handbook contains the requirement that suppliers offer "meaningful" differences between tariffs in different time periods.⁷ In addition, given that wholesale electricity prices are highest during peak hours, it would be complex for a supplier to purchase wholesale electricity at an expensive price, sell it at a loss during peak, then aim to make up the cost of this by charging more in the other time periods, while

⁷ See Electricity and Gas Suppliers' Handbook 2019 ([CRU 19/138](#)), Section 9.3.1

simultaneously needing to offer meaningful price differences between periods.

Future Regulatory Requirements

Some of the responses outlined potential issues with the proposal in the consultation when considered in the wider context of future regulatory requirement. More specifically, one respondent expressed concern that the proposal in the consultation paper was in conflict with the intent of the Clean Energy Package, specifically Article 11 (2) of the Electricity Directive⁸ which states that:

“Member States shall ensure that final customers are fully informed by the suppliers of the opportunities, costs and risks of such dynamic electricity price contracts, and shall ensure that suppliers are required to provide information to the final customers accordingly, including with regard to the need to have an adequate electricity meter installed. Regulatory authorities shall monitor the market developments and assess the risks that the new products and services may entail and deal with abusive practices”.

In this regard, the respondent maintains, a generic EAB is not useful when data is available to enable suppliers to engage with individual customers to provide them the best tariff.

Separately, another response mentioned the move to a more principles-based regulatory framework by CRU, which this proposal is not aligned with.

CRU Response

The CRU does not agree that the introduction of an EAB for an SST is against the intent of the CEP's requirements to ensure that customers are *“fully informed by the suppliers of the opportunities, costs and risks of such dynamic electricity price contracts, and shall ensure that suppliers are required to provide information to the final customers accordingly...”*. For clarity, the CRU does not consider that the introduction of an EAB for SSTs limits the ability of suppliers to engage with their customers in line with this requirement. The introduction of an SST EAB does not in any way intend to act as a replacement for such supplier engagement with individual customers. The CRU has made decisions, which the respondent acknowledges, regarding the provision of customer's consumption data to each individual customer. The time of use primer, which is unaffected by this decision, will also act as information for customers around TOU tariffs.

The generic EAB is not intended to be an “alternative” to supplier engagement with customers regarding TOU tariffs, rather it is intended to be a simple tool in the overall messaging surrounding the TOU portion of the smart metering program.

⁸ EU Directive 944/2019, available [here](#)

The CRU retains the right and the ability to intervene in the energy market to protect and inform customers in line with its statutory role, even in under a principles-based regulatory framework.

Original intent of EABs

Several responses raised points around the fact that the EAB proposal is a departure from the original intent of EABs when they were first introduced.

One respondent noted that initially, EABs were intended to encourage more customers into switch supplier. They note that the intent of introducing EABs was firstly to resolve issues around customers remaining with the incumbent supplier who retained a dominant market position, and secondly the issue that customers believed incorrectly that the costs of switching supplier outweighed the benefits. Added to this, they state that altering customer behavior rather than inducing customer switching is the intention of time of use tariffs. The respondent is of the opinion that these are two different problems and that use of an EAB may not be an appropriate tool for the promotion of changes in customer behavior.

Three respondents noted that the EAB is most useful when comparing the same standard tariff across different suppliers. One respondent felt that EABs are “less useful when comparing time of use against different tariff types”.

One supplier noted that using EABs in the way proposed in the consultation may be misleading for consumers and that “the choice of a TOU tariff should be based on individual circumstances and consumption patterns”.

Additionally, some respondents were concerned that the requirement to include an EAB on advertisements for the SST only, and not all time of use products might cause confusion in the promotion of other smart Tariffs.

Finally, one supplier raised the potential for suppliers to compete on just an SST EAB figure, rather than in other areas.

CRU Response

The EAB was introduced in 2016 to allow for improved customer decision making when switching supplier. The original intent of the EAB upon its introduction was to “Provide customers with a clear and easy to understand basis for undertaking comparisons between energy offers”.⁹The intent of the SST EAB is to build upon the usefulness of the existing EAB and encourage

⁹ See CER/16/031 Consultation Paper-Review of Suppliers’ Handbook [here](#)

switching to an SST tariff, which, while not exactly identical to the original intent of EABs, is similar.

CRU understands the concern that SST EABs may be less useful in comparing SSTs across suppliers relative to comparing flat rate tariffs across suppliers. This will be a challenge for customers at the go-live of smart services and TOU tariffs regardless of whether an SST EAB is in place or not. There is a wider requirement for understanding of TOU tariffs by customers. Only once this understanding is widely in place, will it be possible for customers to compare tariffs and choose correctly amongst many options. The SST EAB aims to ease the burden on customers learning process and provide a quick reference, to avoid customer disengagement with TOU tariffs as a whole.

The CRU acknowledges that the EAB is, by its nature an estimate and therefore is not perfect. However, it is a useful comparison tool for all customers and will support the uptake of TOU tariffs. In addition, suppliers are free to compete based on price, as is the case currently, as well as by offering new and innovative products to customers. Indeed, the introduction of time of use tariffs and the smart metering program in general widens the space in which suppliers can compete with one another, with more innovative product offerings, more suited to each individual customer. These new possibilities for product differentiation, resulting from the new tariff structures available a result of smart metering, offer suppliers more opportunity to compete on the non-price characteristics of their products. This will reduce the possibility of suppliers solely competing based on just the SST EAB.

In future, as the number of customers with a smart meter increases, and individualized tariffs become more widespread, the requirements around EABs will be considered by the CRU. The existing policy framework envisages an increase in the number of time of use tariffs post Phase 2. The CRU will take the opportunity at that point to consider the ongoing requirement for the SST EABs.

Electricity and Gas Suppliers' Handbook Requirements

One respondent queried several requirements which were included in an Appendix to the consultation document. The information in the appendix set out the proposed new requirements that would be included in the next review of the Electricity and Gas Suppliers' Handbook. These included Section 2.3, 2.4 and 2.5 of the Electricity and Gas Suppliers' Handbook, which are part of the Code of Practice on Marketing and Advertising. Several of the respondent's comments refer to requirements within Sections 2.3, 2.4 and 2.5 which are not intended for amendment as part of this consultation.

CRU Response

In 2019, the CRU committed to reviewing the Suppliers' Handbook more frequently. The next review will take place in 2021.

As part of the 2021 review, the CRU will update the wording of the relevant sections of the Electricity and Gas Suppliers' Handbook to reflect the decision to introduce an EAB for the SST.

For clarity these are:

- Section 2.4.1
- Section 2.4.5
- Section 2.5.4
- Section 2.5.6

The new wording to be incorporated into the Suppliers' Handbook in 2021 is set out in the Appendix.

3. Decision

CRU has considered the responses above in making its decision and noted the importance of the implementation timeline for all respondents. Data issues and accuracy, as well as problems with the use of load profiles for calculating an EAB were also considered. CRU also took into account the existing and future regulatory environment, which some respondents made reference to, when making its decision. Finally, CRU considered the respondents issues regarding the EABs' original purpose and the relation to the consultation proposal in coming to the decision.

The CRU has decided that suppliers will have to provide an EAB for their SST from the 1st of June 2021.

The main objective of time of use tariffs is to incentivise customers to shift their consumption to non-peak times. To do this, customers must be informed and understand the time of use tariffs that will be introduced in 2021. A vital part of this will be to ensure that simple and straightforward comparisons between supplier's tariffs can be made for the SST. As such, it is important to provide customers with the tools to do this comparison quickly and easily, which is the underlying rationale for the introduction of an SST EAB.

CRU aims to deliver a comparison tool which mirrors the success that the current EAB has seen in enabling consumers to compare tariffs with ease. CRU recognizes the challenges of this implementation for suppliers at a time where significant work is ongoing in relation to smart metering and smart services go-live. However, CRU is of the opinion that this decision achieves a

balance between the requirement for customers to have a tool which enables easy comparisons between SSTs offered by suppliers and the impact of the changes which will need to be made by suppliers.

CRU is also cognizant that the number of customers with a smart meter will be at least 500,000 by 1st of June 2021. This date also has the advantage of having a larger proportion of the population with an installed smart meter, and who will have received a time of use primer document which must be delivered to customers in line with CRU19/019.¹⁰ This paper states that customers will receive the time of use primer depending upon when their meter is installed. The time of use primer will provide information on time of use tariffs to customers and will encourage customers to switch to one. Following this, if a customer has not switched to a time of use tariff, they will be provided with a time of use reminder 12 months after their receipt of the time of use primer. This engagement by suppliers will continue after each subsequent 12-month period, should a customer not switch to a time of use tariff. Throughout this transition period to time of use tariffs, the SST EAB will exist, providing an additional tool for consumers. These measures will enhance customer understanding of time of use tariffs in general. This will assist in meeting the objective of customers shifting their consumption to off-peak periods.

4. Next steps

The changes to the Electricity and Gas Suppliers' Handbook as set out in the appendix will be incorporated into the Code of Practice on Marketing and Advertising in the Electricity and Gas Suppliers' Handbook when it is reviewed in 2021.

In the interim, the CRU is introducing the requirement for suppliers to include an EAB for their SST on all marketing material from the 1st of June 2021.

An information note/general clarification will issue alongside this decision paper to reflect that supplier are required to include the EAB when advertising an SST from the 1st of June 2021.

¹⁰ Available at [CRU 19/019](#)

Appendix 1: Changes to text of the Electricity and Gas Suppliers' Handbook

As a result of the changes decided above for EABs, there will be changes to the text of the suppliers' handbook, specifically the requirements for suppliers' Code of Practice on Marketing and Advertising.

The amendments to the text are included below in track changes (red text);

2.3 Presentation of Information on Marketing and Advertising Material

2.3.1 Suppliers are required to ensure that the minimum information outlined below is included on all marketing and advertising material. This includes but is not limited to TV, radio, newspaper, social media and online advertisements, sales / retention calls by phone or door to door, suppliers' websites, leaflets, brochures, posters, banners, and third parties' marketing and advertising platforms promoting energy offers. Footnotes may also be used for details of the offer e.g. unit rate, standing charge, PSO levy, etc. Minimum information required:

- a. Reference to all charges applicable to the offer (i.e. unit rate, standing charge, prepayment charge) and where to access information on these charges;
- b. The estimated annual bill figure ~~excluding Time of Use tariffs~~
- c. Where the offer involves discounts or savings presented either in percentages or actual amount, the information must disclose how discounts/savings are calculated and how they apply;
- d. The date when all tariffs presented or referred to in the advertisement were in place and that prices are subject to change;
- e. The validity period for the offer. If the end date is unknown, the 'valid from' date should be included;
- f. Duration of fixed term contract (if applicable);
- g. Reference to early termination fees, where applicable;
- h. Reference that T&Cs apply and how to access the T&Cs.

2.3.2 For the avoidance of doubt this requirement (Section B: 2.3.1) does apply to digital marketing through channels including, but not limited to, advertisements presented on search

engines such as Google and advertisements presented on social media sites such as Twitter, Facebook, YouTube, Instagram or LinkedIn¹¹. However, the CRU recognises that the dynamic nature of digital marketing, and social media advertising, lends itself to a more flexible presentation of the mandatory product information. Therefore, for the purposes of compliance with Section B: 2.3.1, the CRU recognises the presentation of mandatory information can also be delivered through the use of dynamic or ‘clickable links’ which easily, and instantaneously, bring customers from the initial digital advertisement through to the supplier’s website where the complete set of mandatory product information is available. This means that through one click on the advertisement, the customer is brought to a page containing all the information which is required by the Supplier Handbook. Please note that this guidance will be kept under review from the perspective of the customer experience.

2.3.3 Estimated Annual Bill Figure - Non Time of Use Tariffs:

Suppliers are required to ensure that the information provided to customers in relation to the Estimated Annual Bill is in accordance with the following requirements, excluding Time-of-Use Tariffs.

The requirements for EABs for Standard Smart Tariffs are listed in section 2.3.4 below. Other time of use tariffs are excluded from the requirement for the calculation of EABs.

- a.** Suppliers are required to display the Estimated Annual Bill on all marketing and advertisements which promote a specific energy offer(s), or include any reference to price / tariffs, discounts, savings or cost. Suppliers are not obligated to present the EAB when these topics are not presented. Footnotes may be used to provide detail or a link to relevant information on the EAB.
- b.** Suppliers are also required to communicate or display the Estimated Annual Bill on all adverts including TV and Radio advertisements.
- c.** Suppliers are obligated to utilise the following methodology when calculating the Estimated Annual Bill:
 - I.** Must be based on updated average consumption figures approved by the CRU
 - II.** Must include all energy costs such as unit rate, standing charge, PSO levy, etc.

¹¹ In line with the CRU General Clarification on the Code of Practice on Marketing and Advertising CRU/19071

- III. Must not include monetary value attributed to non-energy related elements by suppliers, their representatives or third parties e.g. loyalty points, non-cash vouchers, cash-back offers, etc.
- d. Suppliers are also required to calculate the Estimated Annual Bill based on the following:
 - I. Where a specific tariff is presented / referenced the EAB must be calculated based on that tariff, or;
 - II. Where a specific tariff is not presented / referenced, the EAB must be calculated based on the most relevant standard tariff to the consumers that can avail of the offering.
- e. Suppliers are required to display the Estimated Annual Bill on all marketing and advertising material as follows:
 - I. The Estimated Annual Bill should be displayed in the main body of the advertising or marketing material, in a prominent position, and is not to be displayed only in footnotes;
 - II. The font of the Estimated Annual Bill figure should be no smaller than the second largest font in the main body of the advertising or marketing material;
 - III. Details of the definition of the Estimated Annual Bill, method calculation, etc. can be displayed in footnotes or a reference can be made to more information located on the supplier's website.

4 Estimated Annual Bill Figure - Standard Smart Tariffs

Other time of use tariffs are excluded from the requirement for the calculation of EABs.¹² For Standard Smart Tariffs, the requirements for EABs are as follows:

- a. Suppliers are required to display the SST Estimated Annual Bill on all marketing and advertisements which promote a specific energy offer(s), or include any reference to price / tariffs, discounts, savings or cost. Suppliers are not obligated to present the EAB when these topics are not presented. Footnotes may be used to provide detail or a link to relevant information on the EAB.

¹² This footnote will refer and link to the decision paper, once it is published.

- b.** Suppliers are also required to communicate or display the SST Estimated Annual Bill on all adverts including TV and Radio advertisements.
- c.** Suppliers are obligated to utilise the following methodology when calculating the SST Estimated Annual Bill:
 - IV.** Must be based on updated average consumption figures approved by the CRU
 - V.** Must include all energy costs such as unit rate, standing charge, PSO levy, etc.
 - VI.** Must not include monetary value attributed to non-energy related elements by suppliers, their representatives or third parties e.g. loyalty points, non-cash vouchers, cash-back offers, etc.
- d.** Suppliers are also required to calculate the SST Estimated Annual Bill based on the following:
 - I.** In all cases, calculations must use the most recent applicable Load Profile created by ESB Networks for customers average consumption in each time band (Day, Night or Peak)
 - II.** Where a Standard Smart Tariff is presented / referenced, for any tariff time period, the SST EAB must be calculated based on that tariff
- e.** Suppliers are required to display the SST Estimated Annual Bill on all marketing and advertising material as follows:
 - IV.** The SST Estimated Annual Bill should be displayed in the main body of the advertising or marketing material, in a prominent position, and is not to be displayed only in footnotes;
 - V.** The font of the SST Estimated Annual Bill figure should be no smaller than the second largest font in the main body of the advertising or marketing material;
 - VI.** Details of the definition of the SST Estimated Annual Bill, method calculation, etc. can be displayed in footnotes or a reference can be made to more information located on the supplier's website.

2.3.5 Suppliers are required to make customers aware of any change in conditions which may occur once the period of the promotion / offer expires, or of any additional terms, conditions or charges which may be associated with the promotion in advance of the customer signing up for

it. Where changes in conditions are not known at the time of sign up, the customer must be informed in writing (by email or post) of these changes in advance of their coming into effect and no less than 30 days before the end of the promotional contract.

2.4 Comparisons

These requirements are in addition to the other requirements outlined in this section.

2.4.1 Any comparisons between tariffs must be based on the customer's actual annual consumption or the Estimated Annual Bill, (for both a flat-rate tariff EABs or a Standard Smart Tariff EABs) and include all other applicable charges (i.e. variable and fixed charges, such as standing charges, prepayment charges, levies, taxes) and energy related discounts (such as cash backs or cash refunds) but exclusive of non-energy related elements (such as loyalty points, vouchers, free or discounted products or services).

2.4.2 Where a supplier is aware that they are comparing their tariff to a tariff that is due to change within the next three months, they must notify the customer of this fact.

2.4.3 Where a supplier compares its tariffs to competitors' tariffs, the following rules must be adhered to:

- a.** The comparison must be conducted on a like for like basis;
- b.** Information must be dated to show when all tariffs presented were in place;
- c.** Customers must be made aware that the competitor's tariffs are subject to change.

2.4.4 Where a supplier is offering discounts or claiming savings based on their own standard unit tariff or a competitor's tariff, it must ensure that the savings amount advertised is achievable/realisable by the customers/group of customers at whom the advertisement is directed.

2.4.5 Where a supplier is offering discounts based on their own standard tariff or a competitor's tariff, those discounts should set out clearly any difference in all charges, including standing charges and prepayment charges that the customer will have to pay.

2.4.6 Where a supplier's fixed rate tariff contains components which are or may be subject to change, this must be highlighted clearly in any sales literature and customers must be made aware that these components, are subject to change and may impact the final tariff

2.5 Presentation of Information on Tariffs

Suppliers are required to adhere to the following requirements when presenting information on tariffs:

2.5.1 Display tariffs inclusive and exclusive of VAT on a per unit basis.

2.5.2 Show all fixed charges, including but not limited to standing charges and pre-payment charges that apply to that tariff as an annual amount inclusive and exclusive of VAT.

2.5.3 All energy related charges (variable and fixed charges) should be presented alongside any discounts on unit rates in the same text and font size. Footnotes may be used for details of the offer e.g. unit rate, standing charge, PSO levy, etc.

2.5.4 Show the Estimated Annual Bill (for both a flat-rate tariff EABs or a Standard Smart Tariff EABs) associated with each tariff, where appropriate, as detailed in Section 2.3.2 (See Appendix A for examples).

2.5.5 Discounts must be set out clearly in cent per kWh. Discounts offered off the standard unit rate must be calculated and displayed incrementally or shown as a cumulative discount (See Appendix A for examples).

2.5.6 Where a supplier also wishes to present their tariff on a full year basis, the annual industry agreed consumption figures as approved by the CRU from time to time should be used.

2.5.7 Where a supplier is displaying day/night tariffs on a full year basis the number of day and night units must be clear and may be approved by the CRU from time to time.

2.5.8 A supplier must also separately display any additional levy or charge which applies to the account inclusive and exclusive of VAT.

2.5.9 Where a supplier is offering a dual fuel bundle, the gas and electricity tariffs should be shown separately with details provided on the additional components of the tariff.

2.5.10 Where a supplier offers a 'green tariff' the supplier must set out the credentials of the tariff. For example, explain how the tariff is green and differs from their other tariffs.

2.5.11 Where a supplier offers a Time-of-Use tariff, such as the standard smart tariff, the unit rates and associated time bands must be clear.

2.5.12 Where a supplier offers a tariff with a structure that differs from that described herein, the supplier is required to seek approval from the CRU directly on a suitable presentation. For example: if the supplier wishes to offer a variable tariff with a unit rate that may change weekly, this may require presentation in a different way.