From: Ken Healy < >
Sent: 28 October 2021 19:44
To: Clean Export Remuneration <cleanexportremuneration@cru.ie>
Cc: Ken Healy < >
Subject: Response to consultation paper CRU21117

Dear Mr. Lynch,

This is by way of a response to the consultation paper on Interim Clean Export Guarantee.

PREAMBLE

The commission should be aware that the consultation was not made very obvious or highlighted in any way on its website. There is no notice on the CRU home page advising that a consultation is underway, let alone due to close. Furthermore, a keyword search using the word consultation yields a response that does not include this consultation, with the most recent one shown being from June 2021. The only way to discover this consultation was to go to the Publications section and be fortunate enough to find it. As an initial remark to the commission, I must say that this does not seem to be a very good way of obtaining responses.

Response to Q2.1

A deemed calculation would appear to be a reasonable method for calculating a customer's export but may not be needed. Older meters lack a "back-stop" and excess energy exported to the grid results in the meter winding backwards (I can say this as a fact, because this happened to me). Once a Smart Meter is installed this ceases to be an issue. However the need for a deemed calculation can also be limited by requiring (a) that those companies installing generation equipment on a "home" (the most obvious here being solar panels) submit an NC6 form to ESB Networks within (say) 10 days of installation and (b) that ESB Networks install a Smart Meter in all such cases within 30 days of receipt of an NC6. Where this is not done, the customer should be due a small payment: say €25 per 7 day period until the meter is installed. Without a financial penalty there is no value in putting any such regulation in place as it will not be followed properly otherwise.

Q2.2 a) and b) -- I have no view here, though again draw attention to the above, where any need for deemed calculation or deemed export quantities can be limited to very short periods or even eliminated entirely.

Q2.3 a) and b) again refer to above.

Q3.2 +Q3.3 -- The only issue with this proposal is that it seems to mean that self-consumers will need to wait over a year in order to receive any payment for energy exported to the grid. I don't think that any such mechanism would be proposed in reverse (i.e. it would not be suggested that energy suppliers wait 1 year for payment. Surely it would be a fairer solution to provide a mechanism for settlement to take place in parallel with normal billing periods?

Q4a) and b) -- refer to answer 2 above. If a customer avoids installation of a Smart Meter then they will benefit because their meter will roll backwards. Suppliers may argue that this confers an unfair benefit, however as the energy is the same then this is difficult to argue. Any perceived unfair benefit can be removed by simply deducting energy exported to the grid from the energy supplied by the grid for all self-consumers, thus ensuring everyone is treated the same way.

Q5.2 -- Setting a "floor" tariff of effectively €0.01 would not fulfil the commission's duty, nor go any way to ensuring that self-consumers receive "market value". The "market value" for energy is known on a monthly basis (this is clear from the consultation document). Therefore a floor tariff can be easily set using the SEM data and adjusted on a fair basis (if a monthly adjustment is considered too frequent, then a bi-monthly adjustment could be used, in line with typical billing periods). This approach may mean that in some periods a self-consumer receives less than the actual current value (where prices have recently risen) but equally will receive more in other periods (where prices have recently dropped). This approach can be trialed over a 1 year period, in line with the commission's proposal.

To set a €0.01 floor tariff and then propose to leave this unchanged for at least a year (probably more as the commission may decide to carry out a further consultation at that time) will be a dis-service to self-consumers. There will be no reason for suppliers to set a reasonable tariff if such an approach is taken.

Furthermore, the commission must ensure that:

-- suppliers do not set energy prices differently for self-consumers than for any other customer (i.e. that a different supply tariff cannot exist for self-consumers) as otherwise suppliers could set a supply tariff for self-consumers that would simply eliminate (or substantially reduce) any benefit from exported energy.

-- that where a supplier increases or decreases its supply tariff, that a similar increase or decrease is made to its CEG export tariff. This is to avoid any situation where suppliers increase the supply tariff while leaving the CEG tariff unchanged, which is almost impossible to support. If energy prices have increased then the energy provided by self-consumers has also gained value

This area represents the commission's most important decision. It is essential that the commission act to ensure that "market value" is obtained under the CEG tariff. The commission cannot stand over any situation where market prices for supply are high, but CEG tariffs are low (or vice versa). Simply allowing market competition to govern the CEG tariff will not work. Self-consumers have no means to argue or negotiate for a fair tariff, as their excess energy will flow to the grid in all cases. It is therefore essential that the commission sets a reasonable floor tariff using the SEM data -- and can then review this mechanism accordingly.

Regards,

Ken Healy