



Review of Competition in the Electricity and Gas Retail Markets

Reference: CER17019

April 2017

SVP welcomes the opportunity to input into the Review of Competition in the Electricity and Gas Retail Markets. In our input, we have focused on the Customer Protection and Retail Price Over Time chapters.

Consumer Protection	
<p>1. Are there additional measures that can be taken to increase awareness of the registration process for vulnerable customers for gas and electricity?</p>	<p>We suggest CER consider if it is practical to have a mechanism or protocol with the HSE and / or the Department of Social Protection in terms of new vulnerable customers, dependent on high energy, life-saving suppliers. This would ensure that any customer whose changed circumstances result in them becoming a vulnerable customer, could be advised at the earliest opportunity on how to get registered. Hospitals / health centres and local Community Welfare Officers, could disseminate leaflets on the Priority Service Customer register and process on how to get registered.</p>
<p>2. This chapter has outlined a range of customer protection indicators that are currently monitored by the CER, including the level of disconnections and customer complaints. Are there other customer protection issues in the market which should be monitored by the CER? If so, please explain the perceived value of monitoring such indicators.</p>	<p>While we welcome the considerable drop in disconnections, we remain concerned at the level of debt carried by those in energy poverty and the lack of data to provided targeted solutions. The numbers of payment plans cited by the utilities are quite staggering with a high default rate and subsequent renegotiation effort by all parties. We welcome the additional requirements around payment plans introduced in the most recent Suppliers Handbook, and the onus on the supplier to take account of the customer’s ability to pay when agreeing any repayment arrangement, by credit or prepayment meter and confirm with the customer that arrangements are manageable.</p> <p>We are also conscious of the Decision 13 in in Decision Paper relating to Market Monitoring in the Electricity and Gas Retail Markets (July</p>

	<p>2014) to capture data on Payment Plans and Arrears. This data is only published in aggregate form. However, we feel that greater visibility and analysis of this key data, would provide better insight into market arrears and the market more broadly, as well as repayment plans, and could ensure that repayment plans are realistic, and vulnerable customers won't over extend themselves. We would be keen to explore how this data can be leveraged to address the significant arrears issue.</p>
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Retail Prices over time	
<p>1. We would like to explore the topic of prices further and receive stakeholder's views on the information presented. Do you concur with our assessment of wholesale, network and supplier costs for standard and discount tariff customers? Is there additional information and data or methodology the CER should consider as part of our examination of this matter?</p>	<p>The analysis of wholesale, network and supplier costs is useful in understanding price trends over time and provides some assurance of how the market is functioning.</p> <p>However, for the low usage customer and those in energy poverty this provides little information on which to act. The ultimate price the vulnerable customer sees is the total 'energy bill'. This comprises the components outlined above and taxes and levies as listed in your Table 5.1. With these customers, the proportion of uncontrollable costs (standing charges, taxes and levies) to controllable (energy costs) is significant – approaching 50%. We recommend that the CER should consider all such costs in its methodology notwithstanding that such costs are not controlled by suppliers but by Government policy. A number of factors will likely increase the proportion of these costs for all. Government's support for off-shore wind and solar will likely increase the PSO levy. Increased supports for customers to be 'prosumers', even with domestic solar panels can only lead to standing charges becoming a greater proportion of the energy bill.</p>
<p>2. Consumption figures are a key input to determine an estimate of the best available offer for a customer. Are there further steps that can be taken to improve communication and information regarding understanding consumption levels?</p>	
<p>3. The assessment on prices shows that low consumption customers may not be incentivised to switch. Views are invited on further actions that can be taken in this regard.</p>	<p>The key measure of success for the energy market seems to be customer switching. This assessment examines many of the factors that prevents customers switching. However, we want to ensure that the many customers who have difficulty paying their energy bills and find themselves in energy poverty get a fair and good deal. Utilities are only now rewarding loyal customers with some of the benefits / discounts offered to new customers. Such an offering could benefit the energy poor even if they are a low consumption customer but manage to pay their bills perhaps even with assistance.</p> <p>In addition, the obligation on suppliers to issue a written notification on an annual basis to</p>

	<p>those customers who have been on a fixed term contract could be leveraged to explore opportunities to promote switching. When sending out the annual prompt, a brief statement setting out energy usage over the last 12 months, could be provided by the supplier which could then be used by the customer for comparison purposes with alternative providers.</p>
<p>4. Are there additional actions that can be taken for customers who cannot access offers related to direct debit and e-billing?</p>	<p>SVP has identified and highlighted in the past the inequity in the market of those on low incomes being unable to avail of discounts if they do not have a bank account or technology access to accept online billing. We welcome the recognition in this assessment that a significant proportion of customers in the electricity and gas markets cannot access discounts associated with e-billing or price comparison tools if they do not have a bank account that allows them to select an offer with direct debit.</p> <p>We understand that at least one utility (Electric Ireland) provides a discount to customers on the Household Budget Scheme who direct some of their allowance to their energy bill. Consideration should be given as to how such discounts / benefits could become more widely available and communicated to customers on low incomes who qualify for the Household Budget Scheme.</p>
<p>5. A key finding of this chapter is that most customers are not on the best available discounted plan with their supplier. In addition to the actions outlined in the CER's Supplier Handbook, are there additional policies that should be explored in this area?</p>	<p>We have made comprehensive responses to the Suppliers Handbook and Further Consultation and feel the proposed prompts by suppliers should be applied and the customer response reviewed before further changes are proposed.</p> <p>We are conscious of the recent consultation on 'Typical Domestic Consumption Values for Electricity and Gas Customers' and decision paper on same deciding to use a single revised mean value for gas and electricity for price comparison websites. While this should make it easier for consumers to compare, additional analysis is warranted of customers in energy poverty in terms of their consumption patterns and how to engage with this vulnerable customer group, if the energy market is to better serve and support them to avail of the best discounted plan. We note that there is still a need for the future inclusion of different</p>

	types of customers (such as PAYG) to help customers self- identify and use a more accurate consumption value, which could potentially be incorporated into price comparison websites going forward.
6. Are there currently barriers to innovation in the market for suppliers? Are there actions that can be taken to allow suppliers to innovate further to benefit customers?	See our response to Q3 above.