

“The Regulatory Framework for Energy Prices”

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Who are the CER?

- **The Commission for energy Regulation
Ireland's independent energy regulator**
- **CER regulates Ireland's natural gas and
electricity markets in the interests of
customers**
- **CER's role is to ensure a safe, secure and
competitive supply of natural gas and
electricity to customers**

Retail Market Deregulation

Changes in the market place

- Market fully open to competition since February 2005
- Increased competition on both generation & supply markets in recent years

Roadmap consultation paper published December 2009

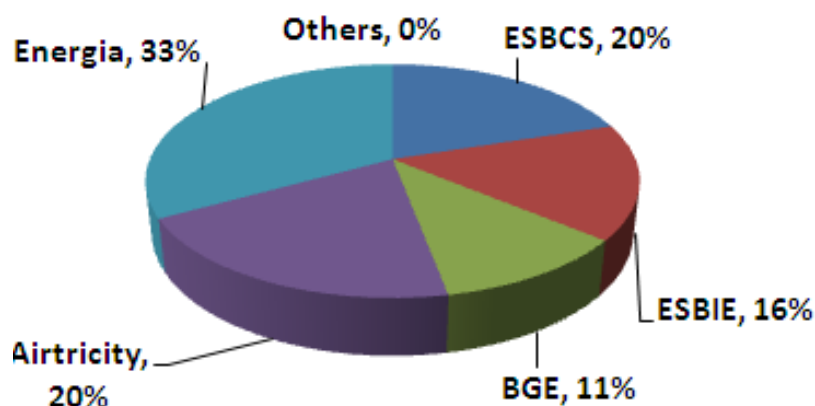
- Consulting on the circumstances under which the price control should be removed from the PES
- Established a structured process of assessment and reasonable framework for decision-making

Roadmap decision paper published April 2010

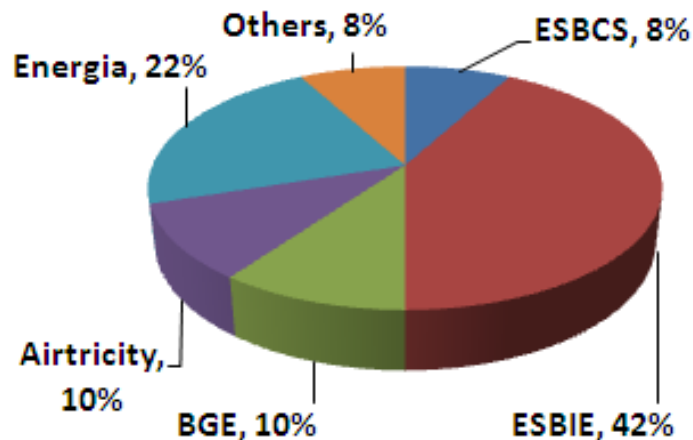
- Set the circumstances under which the price controls should be removed
- Competition review found the criteria for deregulation had been met in all business markets

Why Deregulate?

- **Competition in business markets has been growing for a number of years.**
- **Competition will deliver benefits to customers through;**
 - Increased choice - Improved service - Product/Tariff innovation



Medium-Sized Business
Market Share (GWh) in March 2010

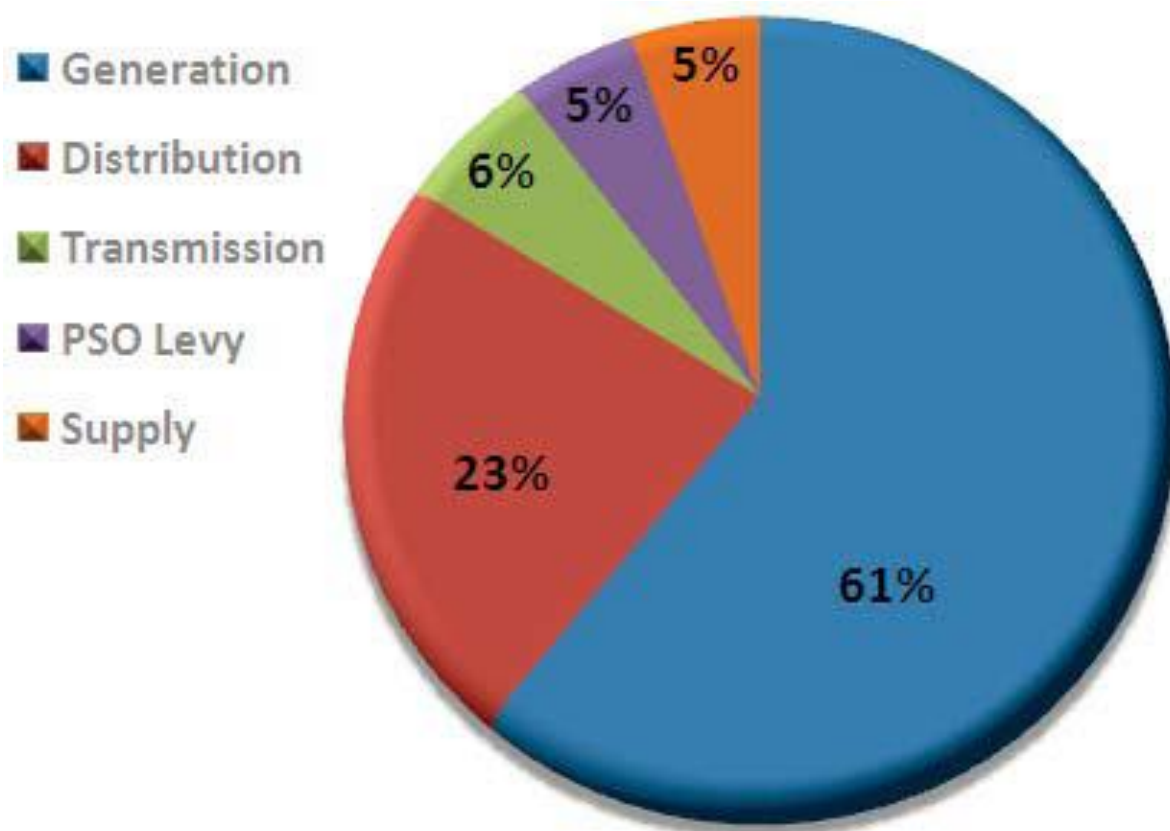


LEU Market Share (GWh) in
March 2010

- **All suppliers licensed by the CER - ESB Customer Supply (ESBCS) licensed as the Public Electricity Supplier (PES)**
- **ESBCS tariffs previously regulated**
- **Deregulation means that since the 1st October there is no longer a regulated tariff to act as a benchmark**
- **It is important for customers to understand the cost elements which feed into the final price of electricity**

Cost Components

Sample Breakdown of 2010/11 Electricity Bill for an SME



Cost Components

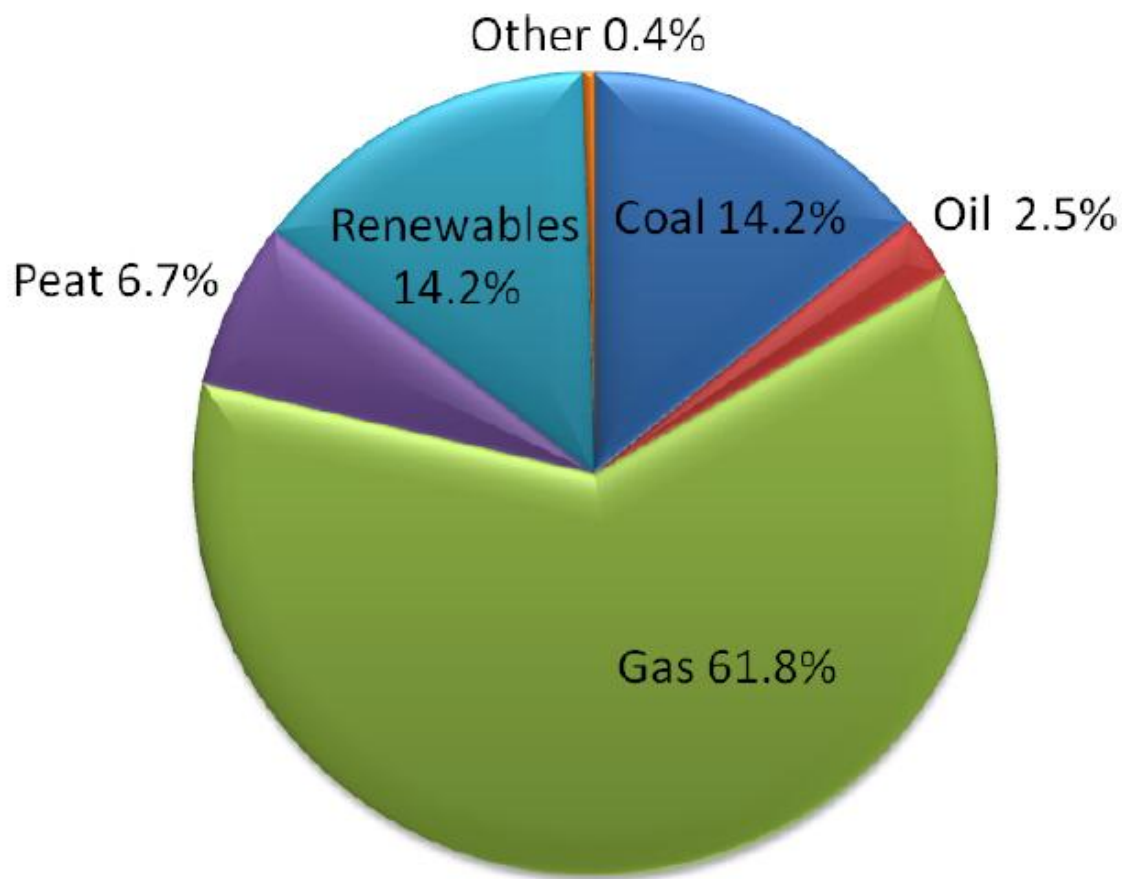
Regulated Components

- **Generation**
 - Market Operator Charges
 - Imperfection Charges
 - Capacity Payment
- **Networks**
 - Transmission Use of System Charges (TUoS)
 - Distribution Use of System Charges (DUoS)
- **PSO Levy**
- **LEU Customer Credits for 2010/11**

Large Energy User	€/ kWh	€/ kVA	Monthly Credit €
LEU Credit 2010/11 – kWh Element	€ 0.008687	-	-
LEU Credit 2010/11 – kVA Element	-	€6.65	€0.5543

- **Pass Through Costs for Business Customers – CER/10/141**

Generation All-Island Fuel-Mix 2009

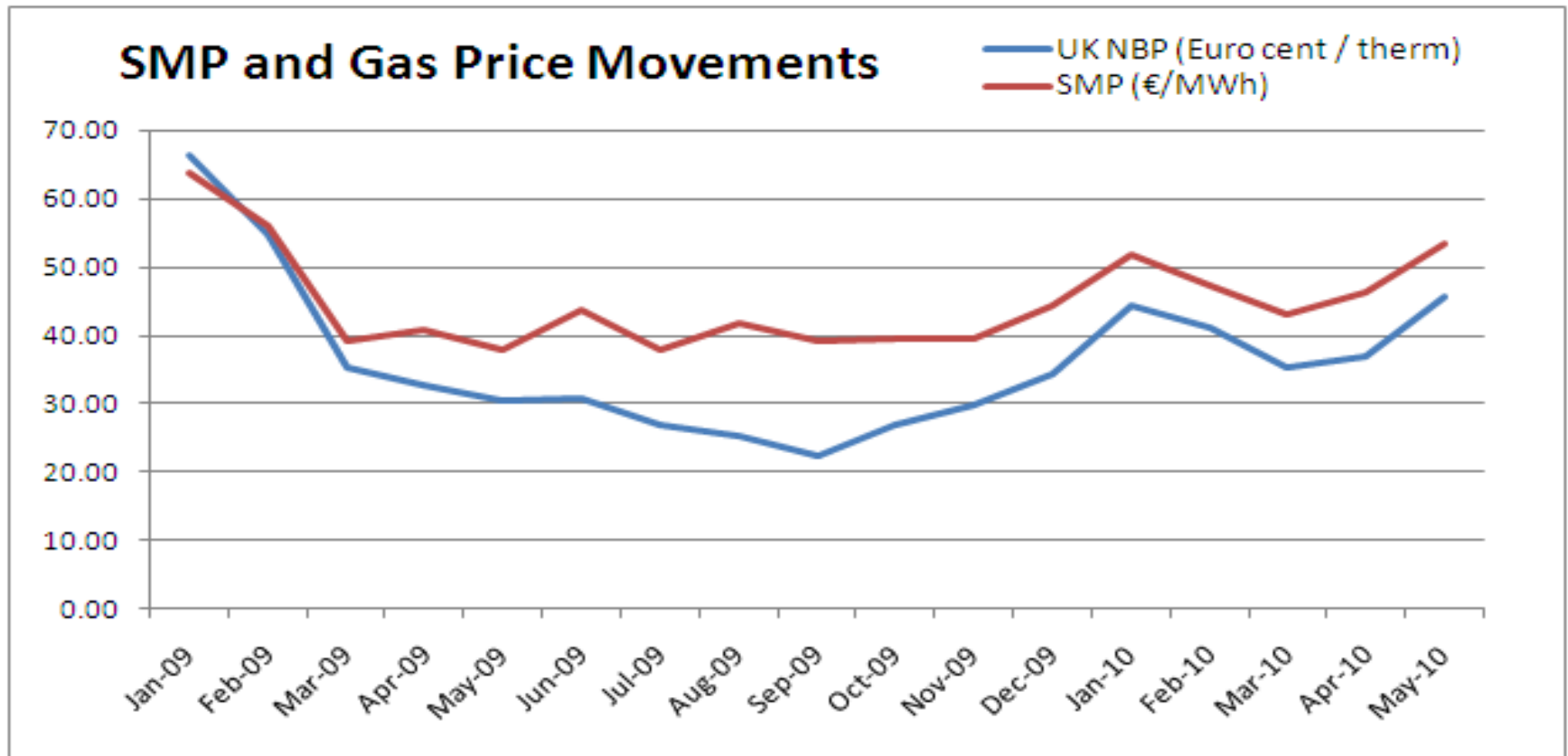


Renewables = 11% wind, 2.6% hydro, 0.6% biomass and >0% photovoltaic

Generation

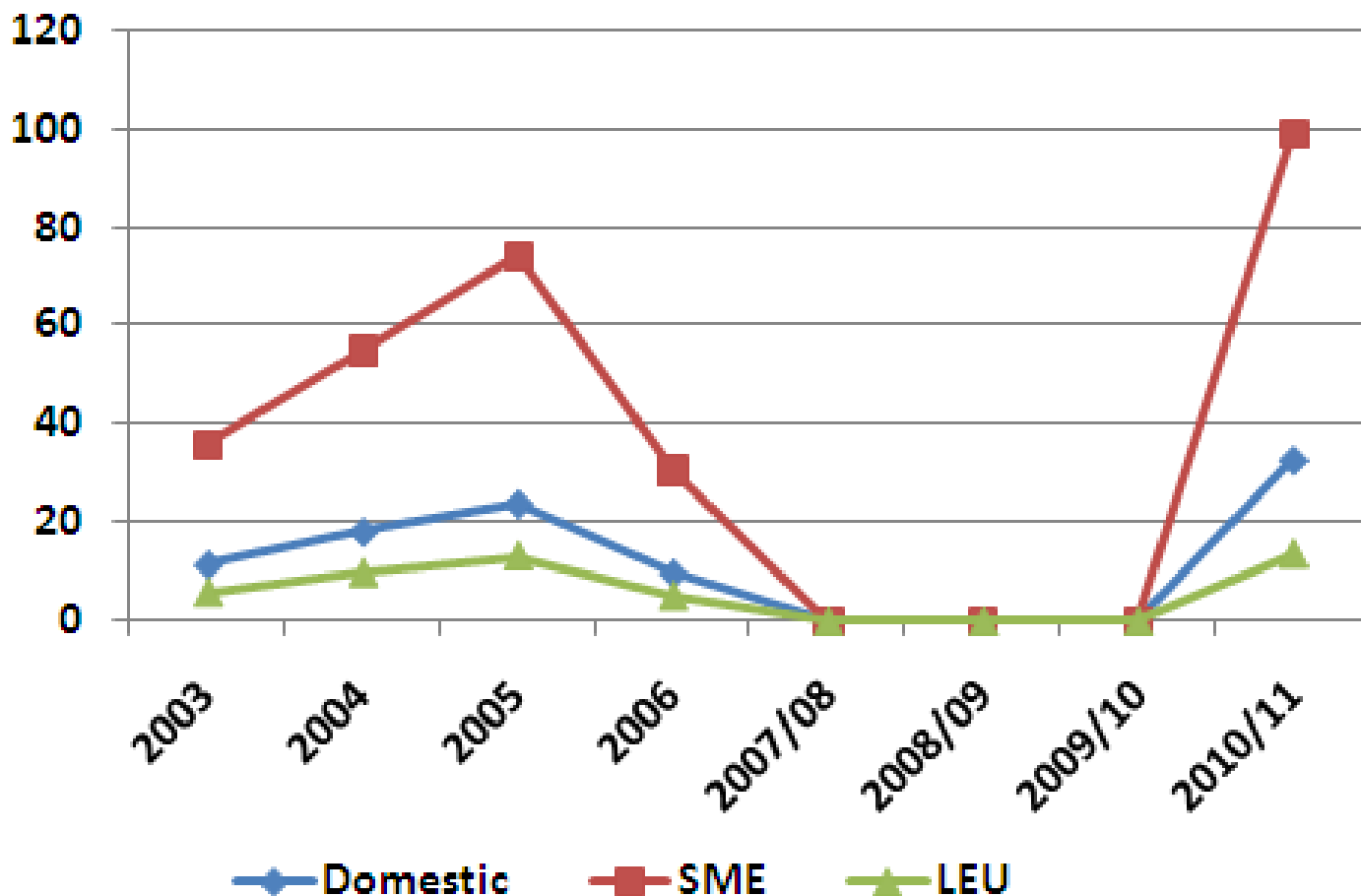
Gas Prices & the SEM

- Natural gas accounts for c. 60% of generation and is the prime driver of the SEM wholesale price - the System Marginal Price (SMP)



- **The Public Service Obligation (PSO) Levy**
- **Set out in legislation under Statutory Instrument No. 217 of 2002**
 - Calculated and administered by CER according to terms set out in SI217
- **PSO subsidy applicable to peat & wind generators**
 - Designed to support the national policy objectives of security of energy supply, the use of indigenous fuels (i.e. peat) and of the use renewable energy sources in electricity generation
- **Applies to all electricity consumers regardless of supplier**
- **Appears as a separate item on a customer's bill**

Annual PSO Charge: 2003-Present



Note - LEU charge shown Per kVA

How to Switch (1)

- **Switching is easy and free**
- **All you need are your account details and your Meter Point Reference Number (MPRN)**
 - Having a meter read helps speed up the process
- **All the details should be on your electricity bill**

M - 12345678901

M= Meter Point Registration Number – This is a unique identifier code which identifies your meter. It is important to use this number when you are experiencing difficulties with your meter or when you are calling in a meter read.

M	1	2	3	4	5	6	7	8	9	0	1
	DG7a			MCC12				08			

DUoS Category Code

Distribution use of service: This identifies how you access the distribution network – rural /urban and also identifies which charge should be used for this access.

Metering Configuration Code

This allows ESB Networks or your supplier to identify what type of meter set up you have.

Profile Code

This code indicates the type of usage profile you have for electricity, e.g. whether your peak usage is in the morning or evening etc.

How to Switch (2)

Getting the Best Quote

To get the best price the CER recommends you take the following three steps;

- 1. Know how much electricity you use**
 - This information is contained on your bills or can be obtained from your current supplier
- 2. Pass this data on to all suppliers**
 - Request a quotation with a breakdown of their rates as well as an estimated annual cost based on the data submitted
- 3. Compare supplier offers**
 - Make sure you are comparing like with like
 - Adjust as appropriate for planned changes in usage etc

How to Switch (3)

Making the Switch

Once you have decided which is the best quote for your business take the following steps;

- **Once you decide contact the supplier directly to arrange the change over**
- **Your new supplier will take care of all necessary arrangements**
- **Once your switch has taken place you will receive a letter from ESB Networks**
 - **This letter is for your information only and does not mean that any aspect of your electricity supply will change**

How to Switch (4)

Your Contract

- **As with any contract the CER recommends that customers read their electricity supply contract thoroughly to ensure that they understand all the terms and conditions**
- **Pass Through Costs - be aware of changes to the Regulated Cost components**
 - **This generally happens on 1st October each year**

Customers can switch supplier regularly and should routinely review their energy supply to ensure they continue to get the best value