



THE UTILITY REGULATOR'S CONSULTATION ON GAS
(INDIVIDUAL STANDARDS OF PERFORMANCE) REGULATIONS
(NORTHERN IRELAND) 2014

AIRTRICITY RESPONSE TO

THE UTILITY REGULATOR

DECEMBER 2013

INTRODUCTION

Airtricity welcomes the opportunity to comment on the standards of performance regulations 2014.

Airtricity is the largest independent supplier operating in Ireland with over 800,000 customers served across both electricity and natural gas markets. Airtricity is committed to the development of competition in energy markets in Northern Ireland and to presenting its customers with choice and quality customers services.

GENERAL COMMENTS

Airtricity is fully supportive of measures designed to protect and enhance customer service and the experience that customers have when dealing with their supplier or distribution operator. It is essential in a competitive market that customers can rely on a minimum service standard and can expect action where this standard is not met. At all times we strive to improve service and meet our customers' expectations.

With this position in mind Airtricity has set out detailed comments below.

We note that the UR has indicated in its cost benefit analysis that no provision will be made through the price control regimes to support the implementation of the standards of service regulations. No basis for this decision or analysis of the costs that may be incurred has been provided by the UR and we are concerned that the UR will not allow legitimate and efficiently incurred costs to meet a regulatory imposed requirement. It is a function under the Energy (NI) Order 2003 for the UR to undertake its functions in a manner that has regard to the need to secure that licence holders are able to finance the activities which are the subject of obligations imposed by the Order/ UR. As a regulated business, Airtricity has a legitimate expectation that the UR will undertake its functions ensuring value for our customers, but also allowing within its price controls costs legitimately incurred to support the mandatory obligations imposed by the UR. Imposing requirements without providing for associated legitimate costs undermines the price control process. Airtricity recognises that funding of payments under the guarantees themselves would be inappropriate under the price control as the guarantees are aimed at incentivising performance.

At this time, Airtricity is completing a cost impact assessment of the standards of service on our business, however in advance of completion we can highlight particular concern with the definition of 'Working Hours' provided by the UR in Part 2 of Schedule 1 of the draft regulations. This definition appears to set out that working hours will be considered 8am to 8pm on each working day and 9am to 5pm on any other day. Airtricity's normal working day as staffed for under the price control is from 8.30 to 5pm. Days that are not working days are not staffed. In order to meet the requirements set out in the standards of service proposals, Airtricity will have to extend its working day by 3.5 hours on regular working days and by 8 hours on all other non work days. Airtricity does not consider it appropriate that a measure that could have considerable impact on its business, if retained, would be excluded from its price control.

Airtricity would also like to raise concerns with respect to the URs statement in 6.1 of its consultation paper. 'It is intended that these regulations come into force by the 1st March 2014. The final proposals document was published in April 2012 and set out the content of these Regulations. Companies have therefore had sufficient time to prepare for the implementation of the Regulations.' As set out on page 4 of the April 2012 document, guaranteed standards 'may change as a result of further consultation.' Airtricity considers it inappropriate that the UR would expect suppliers to commence implementation of any measure during a consultation period. Without the detailed requirements and final decision suppliers would have

to pre-empt the detail and final outcome of a consultation process and potentially incur costs implementing something that could subsequently change. This would not provide value to a supplier's customers or represent good business practice. All decisions regarding new obligations should provide for a reasonable implementation period once time has been given to consider the outcome of the decision. Airtricity is happy to work with the UR with respect to implementation following receipt of the final decision.

Throughout the regulations hours, working hours, days and working days are referenced. In order to avoid confusion Airtricity believes that all standards should reference working days with the exception of standards which apply to time periods of less than 24 hours which should be referenced as working hours.

DETAILED COMMENTS

Airtricity has set out its specific comments in relation to individual proposed standards below:

Meter Disputes

Airtricity supports a standard to ensure customers are protected with respect to meter disputes. 3(6) (b) Airtricity seeks clarification in relation to this clause of the standard. At times a customer may raise concerns with respect to a bill and the level of consumption on that bill. On analysis that bill could show a level of estimated consumption followed by an actual meter reading or could show that there is an inconsistency in meter readings and further action may be required through the gas conveyer to test the meter. Under the meter dispute standard suppliers are required to notify the gas conveyer within 1 working day of any circumstances where you might reasonably expect the issue to have occurred due to the meter operating outside the margins of error. In the example provided above, the supplier may be reasonably expected to consider meter error but would naturally rule out all other explanations before referring the matter to the gas conveyer. Ruling out other avenues however may lead to the 1 working day timeframe being missed. Airtricity believes that an exception should be allowed to this standard where reasonable investigation is ongoing in advance of referring the matter to the gas conveyer. This will also reduce the potential for premature referrals to the gas conveyer.

Meter mix-ups

Airtricity recognises the impact that meter mix-ups can have on customers and fully supports this standard.

Pre-payment meters

Airtricity has set out its concerns with respect to the definition of working hours provided by the UR. In order to meet this standard, suppliers will have to put in place arrangements to cover times that are not usually considered working hours. As set out above, there are cost implications associated with this.

Appointments

Airtricity supports measures to ensure that customers who have appointments with the gas conveyer or supplier are provided with an appropriately timed appointment. However, Airtricity is concerned that the details in the regulations set out a requirement for suppliers that has not been consulted on previously or referenced in the consultation paper. As such, no comment has been provided on this previously. It is important that all aspects of the standards are covered in the consultation paper, in particular where such a fundamental change has occurred.

In terms of the wording of the regulation, we believe the use of the word 'wishes' is inappropriate to a regulation. The standard in relation to appointments should apply to appointments that would be normally offered by the gas conveyer or supplier to customers only and not to appointments that would not normally be carried out. We suggest the following proposed wording as an alternate to be included in all requirements under 6(1):

This regulation applies where-

A domestic customer makes an appointment with the gas conveyer/supplier to visit the customer's premises

Supply restoration

Airtricity supports the standard for supply restoration, however considers that the exceptions list should also include circumstances where it is not safe to reconnect the property within the prescribed time.

Reinstatement of customer's premises

Airtricity supports the standard in relation to reinstatement.

Connections

Airtricity supports the standard in relation to connections.

Notice of planned interruptions

Airtricity supports the standard in relation to planned interruptions.

Responding to complaints

Airtricity supports the appropriate management of customer complaints and considers it every licensee's responsibility to ensure that customers receive a high level of service when addressing complaints. As complaints generally occur when something has gone wrong for the customer, it is unclear why this standard has not been applied to the gas conveyer. Airtricity notes that a number of consumer protection measures set out in the third package do not appear to have been transposed in gas for the gas conveyer and again within the standards of service consultation the gas conveyer has been excluded from this essential aspect of consumer protection. Airtricity believes this guarantee should be extended to cover the gas conveyer.

With respect to the standard itself in (2) (a) (1) the wording implies that a written response is required to the customer. Airtricity believes it is not always in the customer's interest to provide a written response as standard where the customer has made contact by phone and not requested a response in writing. Some customers may choose to make contact by phone specifically to avoid having to address their issue in writing, for example customers who may have literacy issues may prefer to receive a response by phone. Airtricity believes this section of the regulations should be amended to allow the supplier to respond by the method of communication used and in writing on request.

Charges and payments

Airtricity supports customers being able to query and receive information in relation to their bills. With respect to 12 (b)(1) Airtricity believes that while standard queries in relation to the correctness of bills are addressable within the prescribed time, where the customer's query relates to consumption or a complaint an increased level of time is required to sufficiently investigate and confirm the bill.

Disputes

Airtricity believes the wording of the clause related to disputes is very wide and could lead to disputes regarding matters not directly covered by the regulations being referred to the UR for determination. We suggest the wording should limit those disputes to disputes regarding the application of the regulations.

Payments

Airtricity believes provision should be made within section 14 (6) to cover circumstances where the gas conveyor may fail to forward payment to the gas supplier.

With respect to the obligation provided for under this section for suppliers to issue payments due to the gas conveyors failure of service, Airtricity believes it is appropriate for the UR to provide for the gas conveyor to compensate suppliers for the provision of this service.

Exemptions

15 (6) Airtricity believes that safety should be added to the list of considerations where it may not be possible to provide the service guarantees.

Timing of notification

This section of the proposed regulations is unclear in its application. It refers to regulation 3 but does not sit with this regulation. It is also unclear why the UR is determining the end of the working day to be 4pm when the working day may not be over and the customer requirement may still be met within the actual working day. This serves to leave the supplier or gas conveyor exposed to payments under the standards while still meeting the within working day requirement. This also sits outside the definition of working hours provided by the UR.

Notice of rights

This section appears to place an obligation on suppliers to annually circulate copies of the gas conveyor's statement of standards. It is unclear why this obligation is being placed on suppliers and not on the gas conveyor who has access to contact information for all meter points. In the event that this obligation is retained provision should be made to compensate suppliers for undertaking this service on behalf of the gas conveyor.

CONCLUSION

In conclusion, Airtricity views the standards as a positive step for consumers to ensuring a minimum service level. We aim to meet our customer's expectations at all times and recognise when it is not possible to do this action is required to resolve this for the customer. However, we believe costs associated with these standards should be allowable under the price control regime as these are new obligations being placed on suppliers and the gas conveyor. We also believe sufficient time must be provided for implementation once the final decision is issued to ensure appropriate implementation takes place.