



An Coimisiún
um Rialáil Fóntas
Commission for
Regulation of Utilities

An Coimisiún um Rialáil Fóntas

Commission for Regulation of Utilities

2018 Electricity and Gas Retail Markets Annual Report

Information Paper

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ELECTRICITY AND GAS RETAIL MARKETS 2018



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



SWITCHING



NEW RECORDS IN MONTHLY SWITCHING:

NOVEMBER 2018:
7 YEAR HIGH IN ELECTRICITY

OCTOBER 2018:
8 YEAR HIGH IN GAS



14%
OF ALL ELECTRICITY
CUSTOMERS
SWITCHED SUPPLIER

20%
OF ALL GAS
CUSTOMERS SWITCHED
SUPPLIER (NEW RECORD)

29%
OF SWITCHES
WERE DUAL FUEL

9%
OF CUSTOMERS
RENEGOTIATED WITH
CURRENT SUPPLIER

SAVINGS

OVER THE LAST 4 YEARS AN ACTIVE CUSTOMER SWITCHING
OR RENEGOTIATING EVERY YEAR COULD HAVE SAVED:



**ELECTRICITY
CUSTOMERS:**
€1,097



**GAS
CUSTOMERS:**
€704



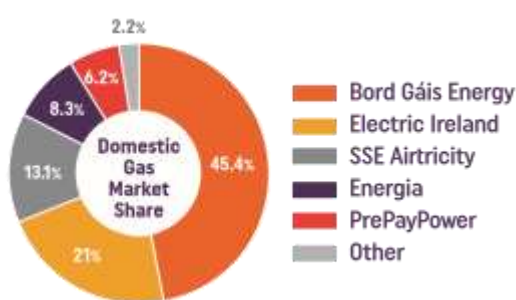
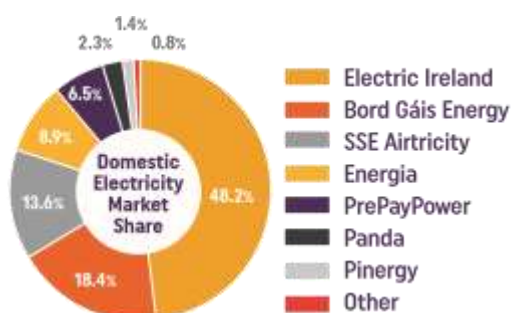
**DUAL FUEL
CUSTOMERS:**
€1,696

CUMULATIVE TOTALS FOR 4 YEARS



GROWTH OF COMPETITION

ELECTRIC IRELAND AND BORD GÁIS ENERGY REMAIN BELOW 50%
MARKET SHARE IN BOTH DOMESTIC MARKETS:



SSE Airtricity - Largest
Share in Large Energy
User Market



Energia - Largest Share
in the Daily Metered Gas
Market for the first time
in Q4 2018

ENERGY PRICES

WHOLESALE PRICES OF ELECTRICITY
AND GAS 33% HIGHER THAN IN 2017:

ESTIMATED ANNUAL BILLS ACROSS
SUPPLIERS **STANDARD PLANS** INCREASED
FROM 2017 BY AN AVERAGE OF:



ELECTRICITY

5%



GAS

13%

ESTIMATED ANNUAL BILLS ACROSS
SUPPLIERS **BEST DISCOUNTED PLANS**
INCREASED FROM 2017 BY AN AVERAGE OF:

3%

11%



Executive Summary

The purpose of this annual CRU report is to provide consumers, industry and other interested stakeholders with relevant information on the development of competition in Ireland's electricity and gas retail markets in 2018. The annual report draws on a range of data sources from the past year and provides an overview of the key developments in the electricity and gas retail markets.

Retail market monitoring forms an important part of the CRU's activities. The information gleaned through market monitoring helps to inform new policy and aids in the assessment of existing regulations. The information and analysis provided in this report aims to provide insight into how the electricity and gas retail markets are functioning and to highlight any specific issues that may need to be addressed. As well as information gathered through the market monitoring framework, the report draws on additional information from a number of key sources including CRU decision papers, stakeholder inputs, industry discussions, audit findings and the CRU's consumer survey.

The report begins with an overview of the supply side of the retail markets including market developments and new entrants in 2018. The customer focused side of the retail markets is then considered, including the components of customers' bills and final retail prices.

The next part of the report focuses on consumer protection through an analysis of disconnections, Pay as You Go (PAYG) and effective debt flagging¹ processes. The main outcomes of the annual audit of compliance are also presented.

The final section of the report presents customer engagement in terms of switching, the status of suppliers' market share at the end of 2018, and metrics of market concentration.

During 2018, the CRU made a number of policy decisions which impacted customers. These measures were designed to make it easier for customers to engagement with suppliers and would have assisted the switching metrics shown in this report. This provided a benefit to customers.

The key messages from the CRU's 2018 Retail Annual Report are outlined in the next section.

¹ When a customer requests to change to a new supplier, the existing supplier has the facility to inform the new supplier of outstanding debt if it is above the industry thresholds approved by the CRU. The new supplier can then choose whether to proceed with or cancel the change of supplier (CoS) request where this 'flag' has been raised.

Key Messages

Market Developments

- Since price deregulation of the electricity and gas markets, a number of new suppliers have entered the market, with a total of 12 electricity suppliers and 9 gas suppliers active at the end of 2018 (with 7 offering dual fuel).
- There were nine active suppliers in the domestic (residential) electricity market and eight active suppliers in the domestic gas market.
- During 2018 a new supplier entered the domestic gas market (Panda Power).

Energy Prices

- There are four main components of electricity prices, namely wholesale energy, network costs, supply costs, and taxes and levies. Wholesale energy and supply costs typically comprise over half of the final electricity price in Ireland. A significant share of this is accounted for by the cost of fossil fuels, particularly gas.
- There are four main components of gas prices, namely wholesale energy, network costs, supply costs, and taxes and levies. Irish wholesale gas prices are dependent upon the UK National Balancing Point (NBP).
- On average the wholesale price of both gas and electricity was 33% higher in 2018 compared to 2017, with much of this increase occurring towards the end of the year.
- Seven suppliers announced energy price increases towards the end of Q2 2018 and beginning of Q3 2018. Of these seven suppliers, four announced further price increases becoming effective in Q4 2018, with the remaining three suppliers announcing further price increases in Q1 2019. These increases were predominantly driven by rising wholesale electricity and gas prices (as above) and higher pass-through costs in electricity.
- Estimated annual bills (EABs) across suppliers' standard plans increased from 2017 by an average of 5% in electricity and 13% in gas in 2018, while EABs across suppliers' best discounted plans increased by an average of 3% in electricity and 11% in gas.
- Regarding pass-through costs for electricity, the PSO levy annual charge rose by 20% for 2017/18 (i.e. 1st October 2017 to 30th September 2018). In electricity, TUoS charges rose by 8.5% for the year 2017/2018 and DUoS charges fell by 1%. In gas, transmission network tariffs for 2017/18 decreased by 3.8%. Distribution network tariffs for 2017/18 increased by 2.3%.
- Comparing Ireland's energy prices to other European countries, in semester 2 of 2018 (July – December 2018), the average price in Ireland for domestic electricity

consumption band DC was 12% above the Euro Area average. For domestic electricity consumption band DD, Ireland was 2% above the Euro Area average. The average price in consumption band DC increased from semester 2 2017 to semester 2 2018 by 8% and the average price in consumption band DD increased by 7%. Please note that in Ireland approximately 36% of the domestic retail market (by consumption) falls under band DC and approximately 41.5% falls under band DD.

- The average price for the main domestic gas consumption band (D2) in Ireland was equal to the Euro Area average. The average price in the dominant consumption band (D2) increased from semester 2 2017 to semester 2 2018 by 17%.
- At the end of 2018, BEenergy offered the cheapest available standard electricity plan with an (EAB) of €964.59². Energia offered the cheapest available discount plan for electricity at the end of 2018 with an EAB of €839.91. Note that the EABs are based on the typical annual electricity consumption value of 4,200 kWh.
- At the end of 2018, Just Energy offered the cheapest available standard plan for gas with an EAB of € 776.09. Flogas offered the cheapest available discount plan for gas at the end of 2018 with an EAB of €699.38. Note that the EABs are based on the typical annual gas consumption value of 11,000 kWh.
- At the end of 2018, for domestic dual fuel Energia offered the cheapest plan with an EAB of €1,533.42.
- CRU data shows that most customers are not on the highest discounted bill. However, customers may select suppliers based on criteria other than the cheapest energy, such as customer service.

Customer Protection

- Disconnections of customers for non-payment of account (NPA) increased by 4% in electricity and decreased by 21% in gas in 2018 compared to 2017. The total number of NPA disconnections in 2018 was 4,829 for electricity and 1,706 for gas, representing 0.2% of all electricity and 0.2% of all gas customers in Ireland. Measures required by the CRU before a supplier can initiate disconnection have helped keep disconnection rates at a low level in Ireland.
- There were 2,065 debt flags raised in the electricity market in 2018, corresponding to approximately 0.6% of all electricity Change-of-Supplier (CoS) requests in the year. This represents a 6.77% decrease from 2017, when 2,215 debt flags were raised, corresponding to approximately 0.7% of all CoS requests in that year.
- 614 debt flagged CoS requests were cancelled in the electricity market in 2018, which means that 30% of debt flags resulted in a CoS request being cancelled.
- There were 1,823 debt flags raised in the gas market in 2018, corresponding to approximately 1.3% of all gas CoS requests in that year. This represents a 24.86%

² All figures for domestic energy retail bills are inclusive of VAT.

increase from 2017, when 1,460 debt flags were raised, although this corresponded to approximately 1.2% of all gas CoS requests in that year.

- 821 debt flagged CoS requests were cancelled in the gas market in 2018, which means that 44% of debt flags resulted in a CoS request being cancelled.
- In 2018, there were 2,228 PAYG financial hardship meters installed for electricity and 744 for gas. In electricity this represents a 40% decrease from 2017 when 3,722 were installed, and in gas this represents a decrease of 55% from 2017 when 1,662 were installed.
- Suppliers received complaints from 1.1% of their customers in 2018.

Customer Engagement

- In 2018, CRU made a number of policy decisions to benefit consumers in the energy market. These decisions, in combination with the “Switch On” campaign conducted in late 2018, enhanced customer engagement with their energy suppliers and with CRU.
- In 2018, the electricity supplier switching rate by customers was 14% and the equivalent gas switching rate was 20%. This is the highest annual gas switching rate recorded to date. Of total switches, 29% were dual fuel switches. Changes to the Supplier Handbook introduced by the CRU such as the requirement for suppliers to display an EAB in their marketing and advertising, the 30 days’ notice and the annual prompt aim at driving switching in the energy market.
- According to the 2018 CEER Retail Markets Monitoring Report, in 2017 Ireland had the fourth highest external switching rate for electricity household customers of 15%, while in gas it had the second highest external switching rate of 18% for household customers across European countries reported on.
- The total number of switches completed in the electricity market in 2018 was 331,900. This represents an increase of 4.2% from 2017, when 318,596 customers switched.
- The total number of switches completed in the gas market in 2018 was 137,125. This represents an increase of 10.2% when compared with 2017, where 124,419 switches were completed.
- In addition to switches between suppliers, approximately 9.1% of electricity customers and 9% of gas customers renegotiated their contracts with their current supplier in 2018. These figures represent a small increase from 2017.
- In total, therefore, 24% (electricity) and 29% (gas) of customers looked for a better energy plan in 2018 through either: switching supplier or renegotiating with their current supplier.
- Of those customers who switched supplier in 2018, 48% of domestic electricity customers and 37% of domestic gas customers defaulted to a standard tariff when their

initial discount period ended. However, a number of customers who defaulted to a standard tariff may have switched or renegotiated their contract at a later stage.

- If a customer had switched to the best available discount tariff each year for the past 4 years they could, over the course of the 4 years, potentially have saved up to: €799 on electricity; €254 on gas; and €1,027 on dual fuel.
- Electric Ireland's share of new domestic electricity registrations (i.e. new connections to the network) in Q4 2018 has fallen to 59% compared to 76% in Q4 2017, following a market change introduced in February 2018. Bord Gáis Energy continued to be the supplier associated with the majority of new domestic gas registrations in Q4 2018, with its share falling from 64% in Q4 2017 to 58% in Q4 2018. This change comes partly as a result of a CRU decision in February 2018 which enabled customers to choose their supplier when they first register, rather than defaulting to the incumbent supplier.

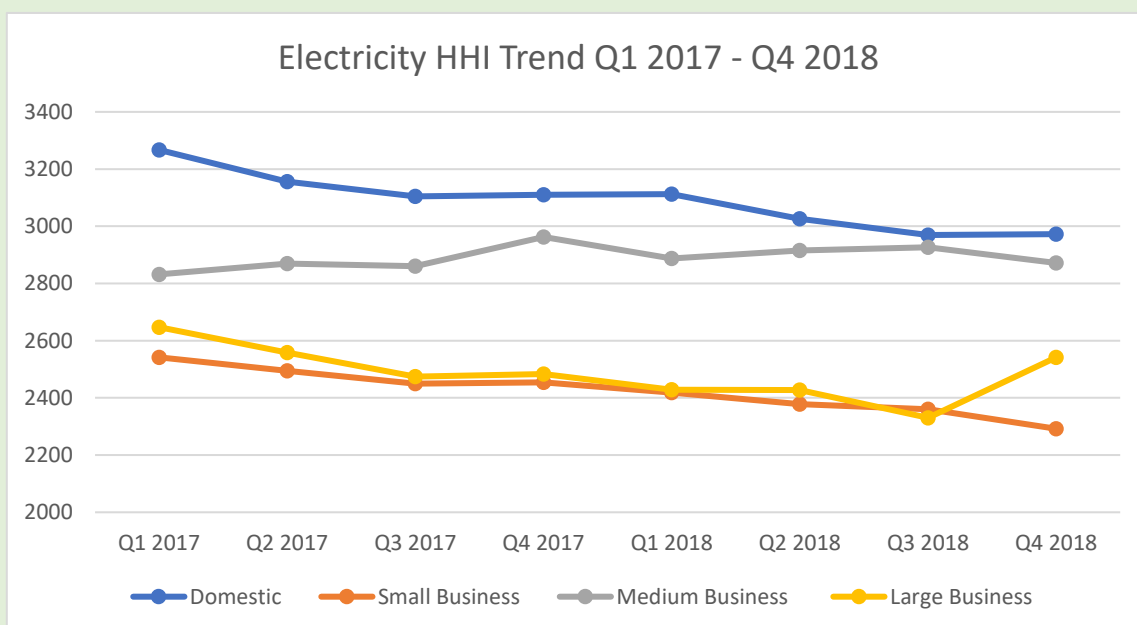
Market Share

- The incumbent suppliers remain below 50% market share in both domestic markets.³ Electric Ireland is at 48.2% market share in the domestic electricity market in terms of consumption and BGE is at 45.4% market share in the domestic gas market in terms of customer numbers.
- In Q4 2018, Electric Ireland held the greatest domestic electricity market share with 48.16% of total consumption. However, its market share decreased by 1.37% between Q4 2017 and Q4 2018 in terms of consumption. Bord Gáis Energy continued holding the second greatest market share by consumption in Q4 2018 with 18.43% followed by SSE Airtricity with 13.58%; Energia with 8.91%; PrePayPower with 6.46%; Panda with 2.31%; and Pinergy with 1.39%.
- In Q4 2018 Bord Gáis Energy held the greatest market share in the domestic gas market with 45.39% of the market by customer numbers. This was followed by Electric Ireland with 21%; SSE Airtricity with 13.15%; Energia with 8.31%; and Flogas with 3.75%.
- In the non-domestic markets Electric Ireland remained the largest electricity supplier in terms of consumption in the small business, and medium business market segments in 2018. However, for 2018, Electric Ireland held the second largest share in the Large Energy User (LEU) market, with SSE Airtricity being the largest supplier in this segment. Bord Gáis Energy remained the largest supplier in terms of customer numbers in the I&C, medium-sized non-domestic gas and LDM gas market segments, while in Q4 2018 its share in the DM market segment dropped to a level below another market participant's (Energia) share for the first time, and it held the second largest share in this market segment.

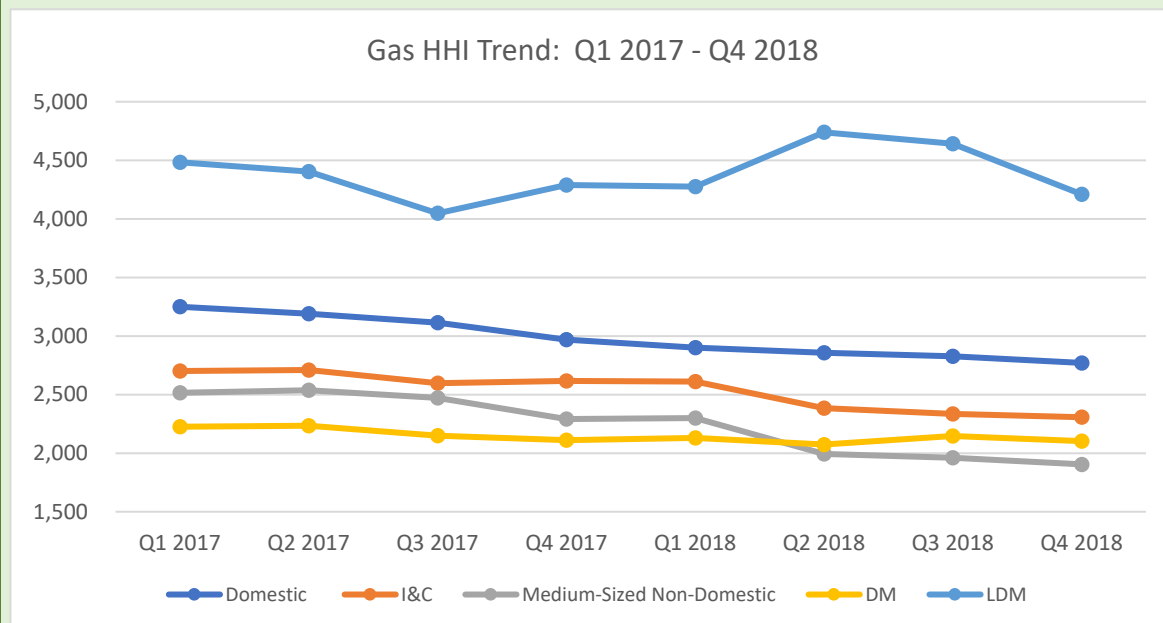
³ The incumbent suppliers are the former monopoly suppliers of electricity and gas - Electric Ireland and Bord Gáis Energy respectively. They had their prices set by the regulator before market deregulation occurred.

Market Concentration

- In the electricity market, the average HHI (measure of market concentration) has steadily decreased in the domestic, small business and large business segments over time, indicating more competition, while there has been a minor increase in the medium business segment. This is shown in the graph below.
- The GINI coefficient is a commonly-used measure of inequality that condenses the entire distribution for a market into a single number between 0 and 1: the higher the number, the greater the degree of inequality in that market. The GINI coefficient has gradually fallen for all segments except the Medium Business, meaning that the market is becoming less concentrated.



- In the gas market, the HHI has seen some significant falls from 2017 to 2018, across all segments. There have been significant HHI decreases in all market segments, with the exception of Medium Business, which has observed a more gradual fall in its HHI, as per the graph below. The GINI for each of the gas market sectors has also seen significant falls in certain segments, such as medium-sized non-domestic and I&C.

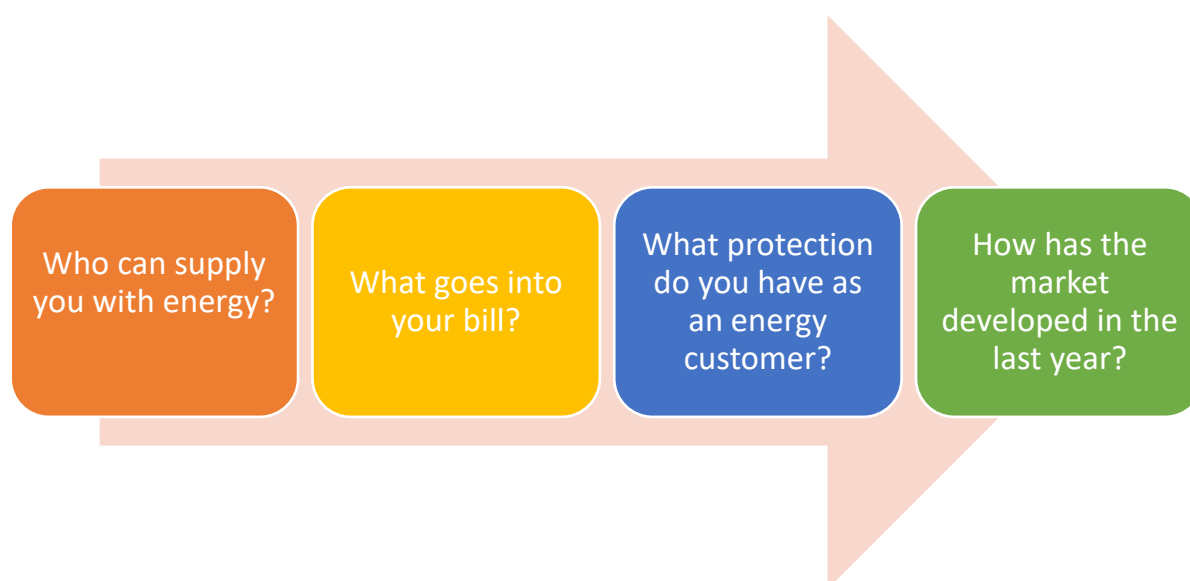


Public/ Customer Impact Statement

The purpose of this annual report is to provide consumers, industry and other interested stakeholders with relevant information on the development of competition in the electricity and gas retail markets in 2018. The annual report draws on a range of data sources from the past year and provides an overview of the key developments in the electricity and gas retail markets.

Retail market monitoring forms an important part of the CRU's activities. The information gleaned through market monitoring helps to inform new policy and aids in the assessment of existing regulations. The information and analysis provided in this report aims to provide insight into how the electricity and gas retail markets are functioning and to highlight any specific issues that may need to be addressed. As well as information gathered through the market monitoring framework, the report draws on additional information from a number of key sources including CRU decision papers, stakeholder inputs, industry discussions, audit findings and the CRU's consumer survey.

This document is divided into four sections, each one focused on particular aspects of the energy retail markets. These sections relate to the development of the market, energy prices, customer protection and switching and market share. Each section aims to give an answer to the questions below and an overview of changes up to the end of 2018.



To answer each of these questions this report considers a number of indicators that the CRU collects from both the network companies and suppliers on a monthly, quarterly or annual basis. These are intended to reflect how the market has developed in the last year across a range of metrics that are directly related to both suppliers and to end customers.

	Who can supply you with energy?	Chapter 2 – Energy Market Structure and Developments
	What goes into your bill?	Chapter 3 – Electricity and Gas Price Components Chapter 4 – Supplier Prices in Ireland
	What protection do you have as an energy customer?	Chapter 5 – Consumer Survey 2018 Chapter 6 – Consumer Protection Chapter 7 – Audits of Compliance
	How has the market developed in the last year?	Chapter 8 – Customer Engagement Chapter 9 – Market Share Chapter 10 – Market Concentration

For any queries on this report please contact retaildata@cru.ie.

Revisions

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Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning
BGE	Bord Gáis Energy
CCT	Customer Care Team
CoS	Change of Supplier
CRU	Commission for Regulation of Utilities
CTSR	Street Isolation
DM	Disconnect Meter
DM	Daily Metered
DUoS	Distribution Use of System
EWIC	East West Interconnector
FVT	Fuel Variation Tariff
GNI	Gas Networks Ireland
GPRN	Gas Point Reference Number
GWhs	Gigawatt Hours
IC	Industrial and Commercial
kWhs	Kilowatt Hours
LDM	Large Daily Metered
LEU	Large Energy User
LNG	Liquefied Natural Gas
MPRN	Meter Point Reference Number

MRSO	Meter Registration System Operator
MWhs	Megawatt Hours
NBP	National Balancing Point
NDM	Non-Daily Metered
NI	Northern Ireland
NIAUR	Northern Ireland Authority for Utility Regulation
NPA	Non-Payment of Account
PAYG	Pay as You Go
PSO	Public Service Obligation
RFT	Regulated Tariff Formula
SEAI	Sustainable Energy Authority of Ireland
SEM	Single Electricity Market
SME	Small-Medium Enterprises
SMP	System Marginal Price
TUoS	Transmission Use of System
RoI	Republic of Ireland

1 Introduction

1.1 Background

1.1.1 The Commission for Regulation of Utilities

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water regulator. The CRU was established in 1999 and now has a wide range of economic, customer protection and safety responsibilities in energy. The CRU is also the regulator of Ireland's public water and wastewater system. Our mission is to regulate water, energy and safety in the public interest.

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

1.1.2 Objectives of this Report

The purpose of this report is to provide industry and interested stakeholders with relevant information on the developments of competition in the electricity and gas retail markets in 2018.

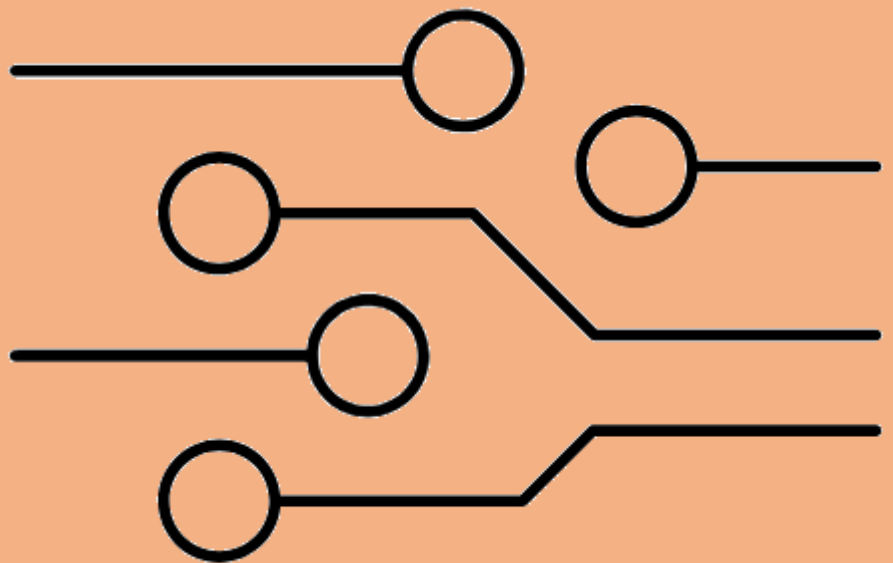
This report analyses trends in a number of key indicators, including consumption, customer numbers, internal and external switching, pay-as-you-go meters, debt flagging, disconnections and prices. It also outlines the key developments in the retail markets.

The primary sources of data in this report are: Meter Registration System Operator (MRSO), ESB Networks and Gas Networks Ireland (GNI) as well as reporting requirements from suppliers.

1.1.3 Related Documents

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

**WHO CAN
SUPPLY YOU
WITH ENERGY?**





2 Energy Market Structure and Developments

2.1 Introduction

- At the end of 2018 twelve suppliers were active in the electricity market, with nine of these being active in the domestic electricity market.
- At the end of 2018 nine suppliers were active in the gas market, with eight of these being active in the domestic gas market.
- Seven suppliers provide dual fuel bundles.
- During 2018 a new supplier entered the domestic gas market.

This section contains information on the structure of the electricity and gas retail markets. The main market segments and the suppliers operating in each are identified and key developments in the supply side of the retail markets are discussed.

Where a supplier intends to enter the market there are specific regulatory steps that must be considered. In a well-functioning competitive market, suppliers should be able to enter the market and grow their customer base or market share.

New entrants to the electricity and gas retail markets can help to improve quality of services, create new offers and drive competitive prices. New entrants can also introduce new and innovative ways of operating and create competitive pressures which force existing suppliers to adapt new strategies.

However, as with any market there are a number of requirements that must be met before a new supplier can begin obtaining customers. This includes procuring wholesale energy or gas from the wholesale markets, obtaining access to the networks on behalf of customers, and establishing customer services for billing customers and dealing with queries.

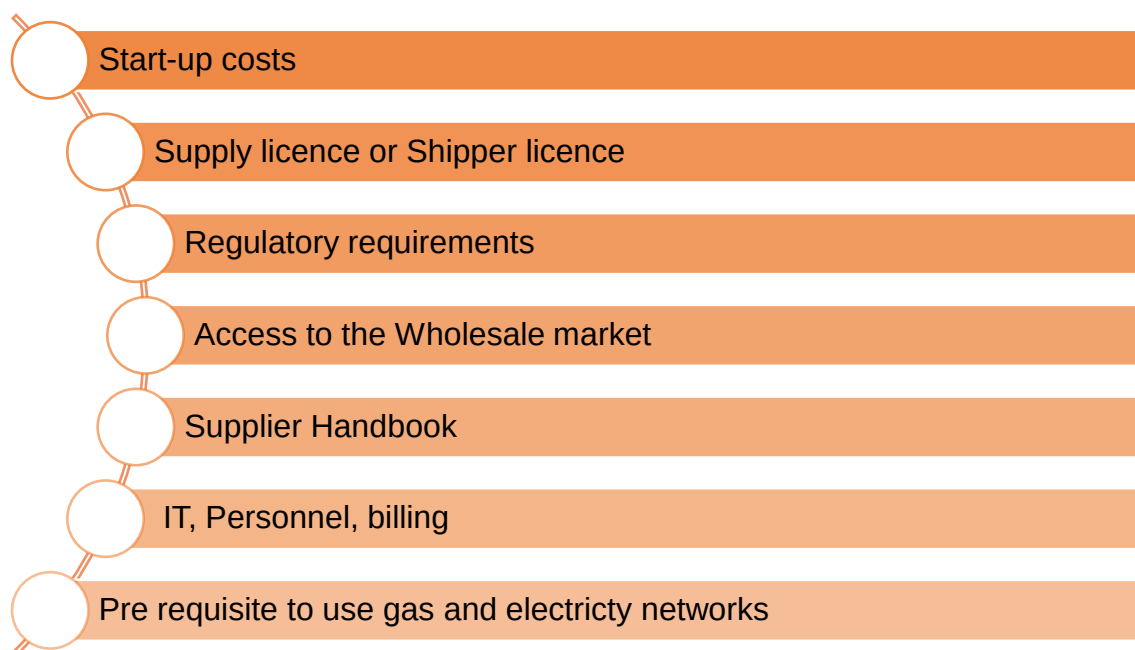


Figure 2.1: Market Entry Requirements

2.2 Market Developments

The following table outlines some key developments in terms of market entry in the electricity and gas retail markets over time.

Key Retail Market Developments 2005-2018		
Year	Electricity	Gas
2005	February: Full market opening. All market segments open to competition.	
2007	- Single Electricity Market developed. - Naturgy enters the non-domestic market.	- July: Full market opening. Open to competition. - Flogas enters domestic gas market.
2008	Airtricity enters domestic electricity market.	PAYG meters for financial hardship & lifestyle choice introduced.
2009	February: Bord Gáis Energy enters domestic electricity market.	
2010	October: Business market segments price deregulated.	May: Airtricity enters domestic gas market.

2011	- April: Domestic market segment price deregulated - October: Debt flagging process introduced. - October: New PAYG meters for financial hardship introduced.	- April: Electric Ireland enters domestic gas market. - October: Business market segments price deregulated. - October: Debt flagging process introduced.
2012	- January: Prepay Power enters domestic market with supplier-led lifestyle choice prepayment model. - March: First price comparison website, Bonkers, accredited by CRU. - April: Go Power enters the non-domestic market. - July: Supplier Handbook published, outlining minimum service levels that suppliers must provide customers with. - October: Harmonised retail systems between NI & RoI.	- March: First price comparison website, Bonkers, accredited by CRU. - July: Supplier Handbook published, outlining minimum service levels that suppliers must provide customers with.
2013	- May: Second price comparison website, USwitch, accredited by CRU. - July: Pinergy enters domestic market with supplier-led lifestyle choice prepayment model	- April: Decision on criteria for the deregulation of domestic gas prices. - May: Second price comparison website, USwitch, accredited by CRU.
2014	January: Energia enters domestic electricity market	- January: Energia enters domestic gas market. - July: BGE price deregulated in the domestic market.
2015	Panda Power enters the domestic electricity market	
2016	Flogas enters non-domestic electricity market	November: PrePayPower enter the domestic gas market.
2017	- March: Be Energy enters the domestic electricity market. - September: Just Energy enters the domestic electricity market.	September: Just Energy enters the domestic gas market.
2018	October: New SEM arrangements go-live.	March: Panda Power enters the domestic gas market.
2019	June: Third price comparison website, Power to Switch, accredited by the CRU	June: Third price comparison website, Power to Switch, accredited by the CRU

Table 2.1: Timeline of key retail market developments 2005-2018

2.3 Active Suppliers and New Entrants

Since price deregulation (between 2010 and 2014) a number of new suppliers have entered the market. This includes Energia, PrePayPower, Pinery, Panda Power, Be Energy and Just Energy. Those with a market share above 1% are reported on by the CRU through market monitoring.

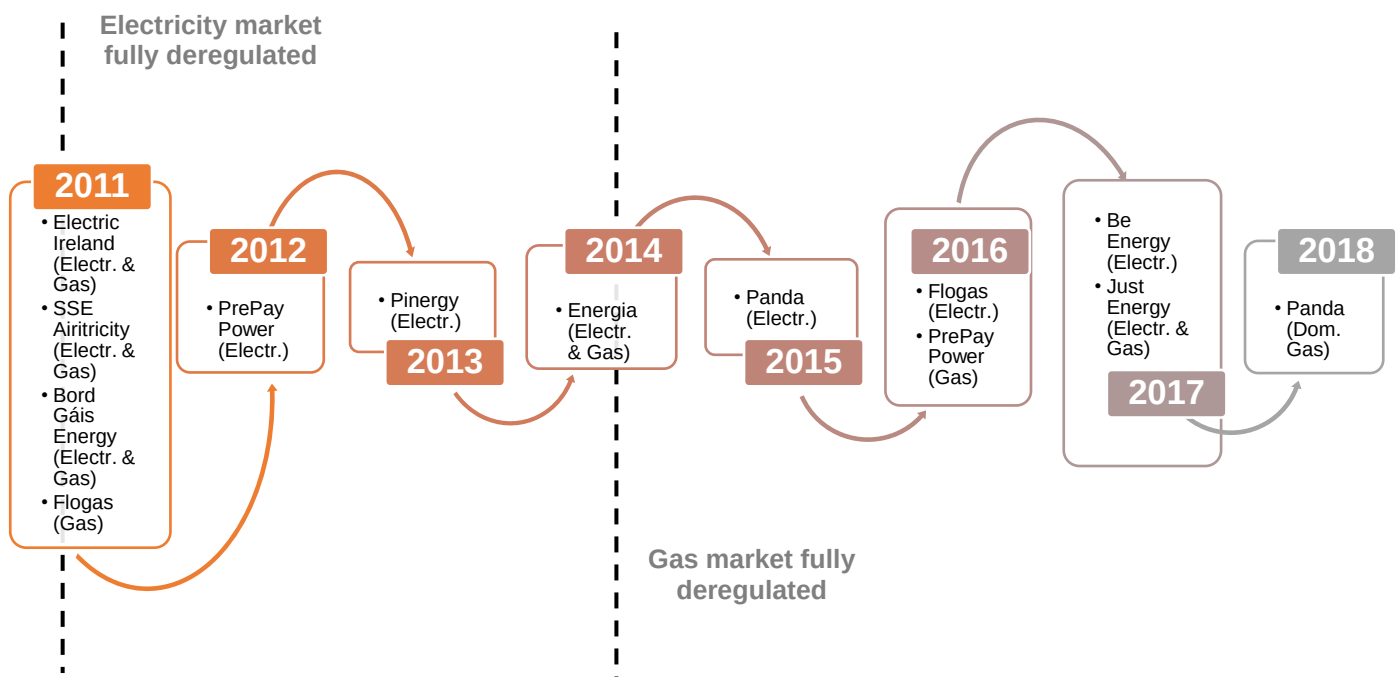
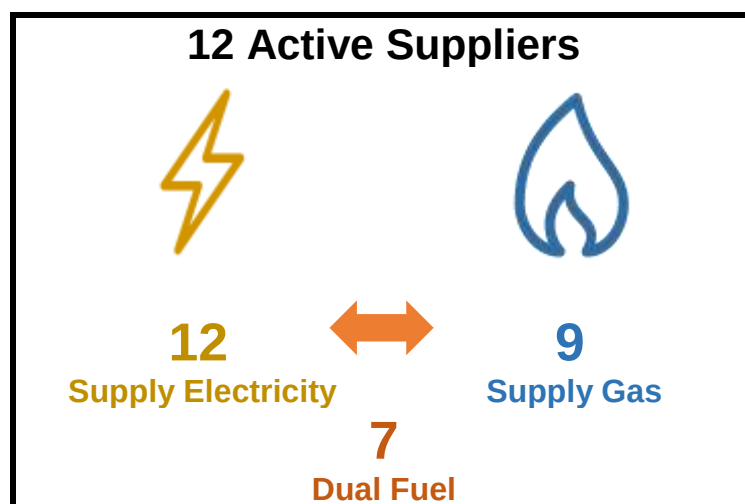


Figure 2.2: Market Developments 2011-2018





In the last number of years, a range of smaller suppliers have entered the market and taken market share from the previous incumbents. Although the incumbent suppliers still retain circa 48% of the electricity domestic market and 45% of the gas domestic market, the range of smaller suppliers in the market indicates that smaller suppliers can successfully capture market share.

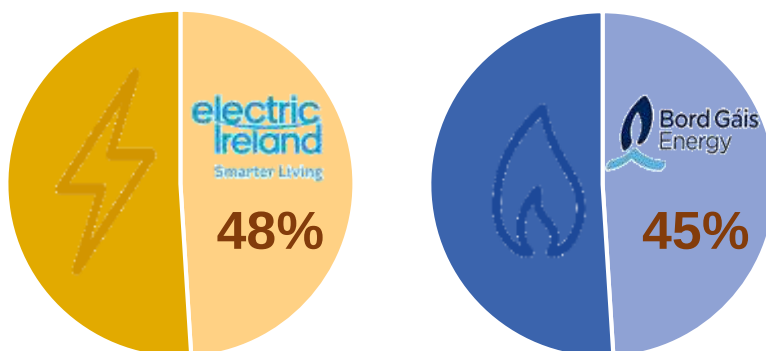


Figure 2.3: Market share of incumbent suppliers

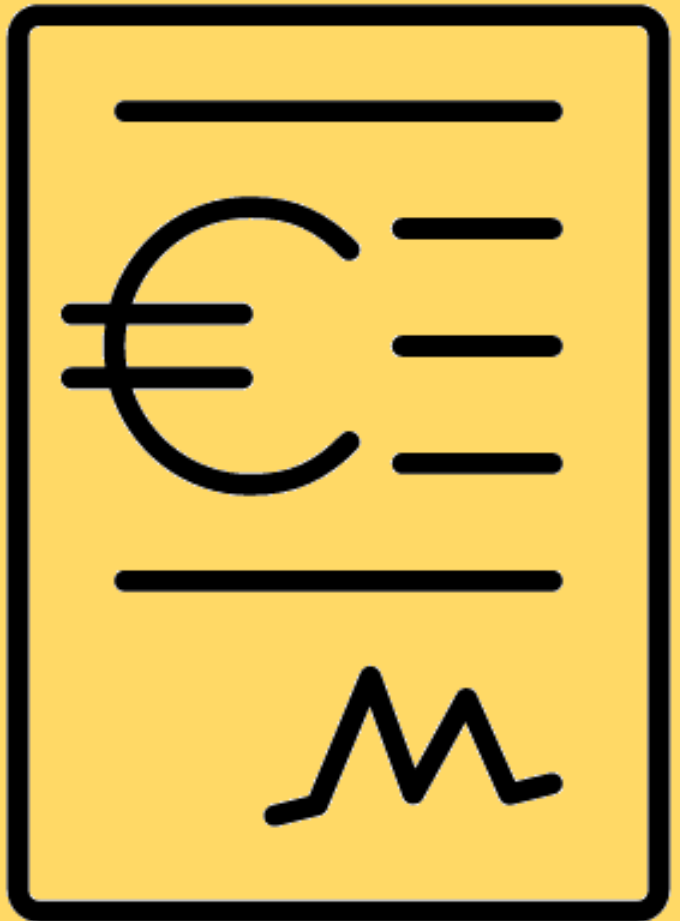


The main suppliers in the electricity and gas retail markets in 2018 are identified in the table below, along with an indication of which markets they are active in.

	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✗	Gas for Business Customers	✗
	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✓	Gas for Business Customers	✓
	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✓	Gas for Business Customers	✓
	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✓	Gas for Business Customers	✓
	Electricity for Domestic Customers	✗	Electricity for Business Customers	✓
	Gas for Domestic Customers	✓	Gas for Business Customers	✓
	Electricity for Domestic Customers	✗	Electricity for Business Customers	✓
	Gas for Domestic Customers	✗	Gas for Business Customers	✗
	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✓	Gas for Business Customers	✓
	Electricity for Domestic Customers	✗	Electricity for Business Customers	✓
	Gas for Domestic Customers	✗	Gas for Business Customers	✓
	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✓	Gas for Business Customers	✓
	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✗	Gas for Business Customers	✗
	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✓	Gas for Business Customers	✓
	Electricity for Domestic Customers	✓	Electricity for Business Customers	✓
	Gas for Domestic Customers	✓	Gas for Business Customers	✓

Table 2.2: Active markets by supplier in 2018 (including Q1 2019)

**WHAT GOES
INTO YOUR
BILL?**



3 Electricity and Gas Price Components

3.1 Introduction

There are many factors to consider when analysing trends and levels of prices in Ireland. Specific market conditions may result in a large proportion of price changes being outside of the control of (or external to) suppliers and other stakeholders in Ireland. Notwithstanding these external factors, it is important to ensure that prices are competitive and set in a transparent way for customers. This section outlines the components of end user price and identifies the recent trend in energy prices in Ireland. It also identifies innovations in the market and the range of offers available in 2018.

3.2 Components of Prices in Ireland

Energy prices in Ireland are made up of a number of different components, each driven by differing factors. Prices are based on costs incurred by a supplier in serving its customer base. The following figure indicates the key components that comprise retail energy prices in Ireland and the key external/internal factors that impact on each component:

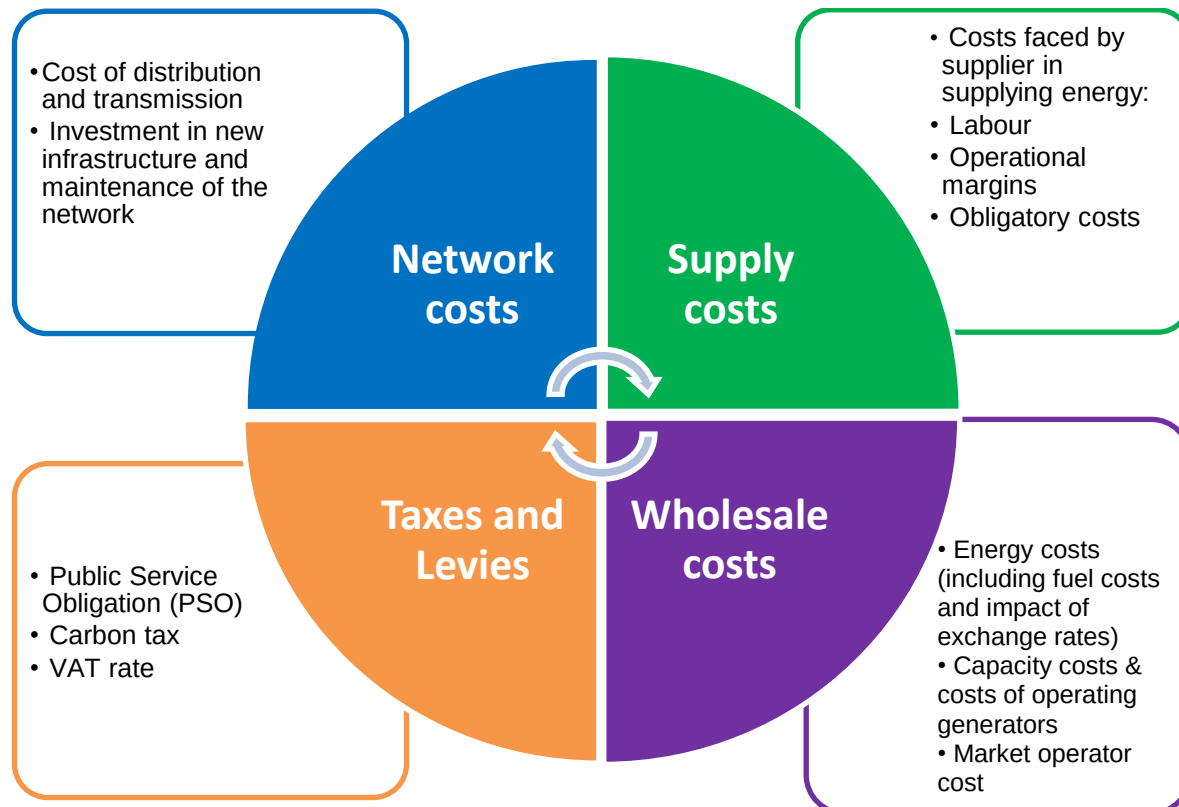


Figure 3.1: Composition of Energy Prices

3.2.1 Components of a final retail bill

Before electricity or gas is delivered to the final customer's home it typically passes through a number of stages. Therefore, the final retail price seen on a bill reflects the generation or extraction of energy, the selling of that energy on wholesale markets, the cost of delivery to a household and the cost to serve the customer. The graphic below illustrates the various stages in the energy supply chain.



	Upstream	Wholesale Market	Networks	Suppliers
Gas	Gas is extracted from production fields globally and within Ireland. It can be transported via pipelines or LNG ships.	A virtual hub where gas is bought and sold for delivery.	Gas Shippers pay the network operator to enter and exit gas onto the transmission and distribution systems.	The supply chain ends when suppliers compete to sell the gas to customers.
Electricity	Electricity is generated from a number of sources including coal, gas, wind and hydro. Ireland also imports and exports electricity to Britain via interconnectors.	Electricity in the SEM is bought and sold in the Day Ahead, Intraday and Balancing markets.	Suppliers pay the network operator to transmit energy through the wires in the network.	The supply chain ends when suppliers compete to sell electricity to customers.



3.2.2 Wholesale Energy Costs

One of the primary components of final retail prices is the cost of wholesale energy. The variation in wholesale electricity market prices is outside the control of suppliers. As the Irish electricity fuel mix is highly dependent on gas, the wholesale gas price is a major factor in determining final retail electricity prices.

Gas

Up until the end of 2015 Ireland imported circa 95% of all gas requirements from Britain via subsea interconnectors. Therefore, the wholesale price of gas in Ireland was set by reference to the wholesale price at the trading hub in Britain (National Balancing Point or NBP) plus the cost of transport to Ireland via the interconnectors. In December 2015, commercial gas from the Corrib gas fields in Mayo began production and now provides up to 60% of peak day gas demand in Ireland. Although Ireland now has indigenous gas sources, the wholesale price continues to be set by reference to the wholesale price at the NBP.

As gas is sold for delivery at different times, suppliers develop hedging strategies which aim to smooth the impact of buying gas at different prices and allow price stability for customers. This can include Month Ahead, Day Ahead and Within Day wholesale gas products.

Wholesale gas prices are set in Sterling and gas at the NBP is sold in pence/therm. Therefore, Euro/Sterling currency fluctuations influence wholesale gas prices in Euro in Ireland. Year-on-year the Euro has risen in value against the Sterling which helps to buffer any fluctuations in wholesale gas prices. The graphs below show the monthly average NBP price in £/therm, the monthly average Euro-to-Sterling exchange rate, and the monthly average NBP price in €/therm between January and December 2018.

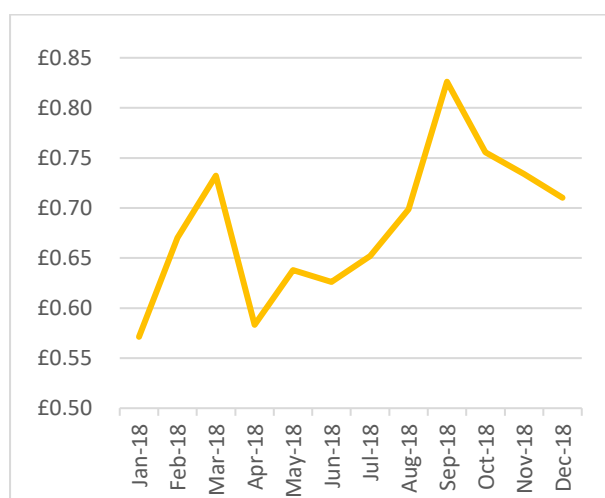


Figure 3.2: NBP Day Ahead Gas, £/therm, January – December 2018

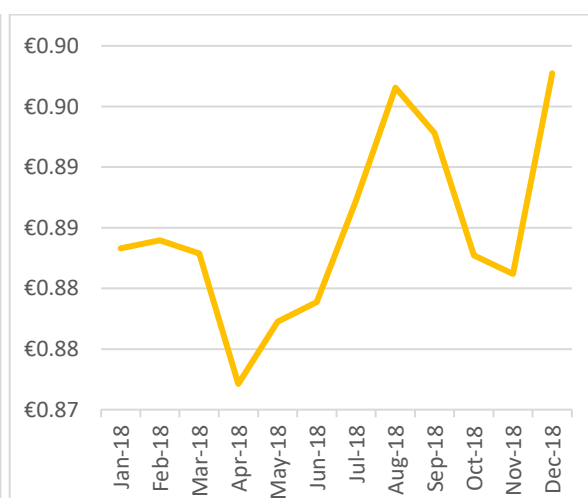


Figure 3.3: Euro to Sterling Exchange Rate, January – December 2018

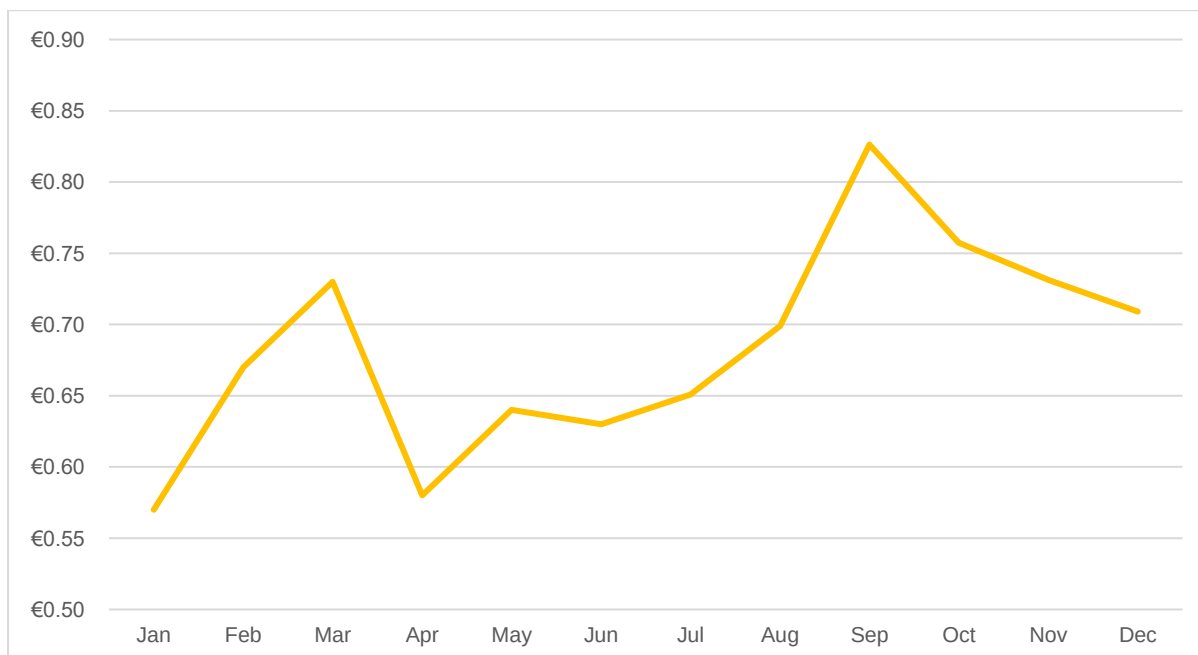


Figure 3.4: NBP Day Ahead Gas, €/therm, January – December 2018

There are a number of reasons for gas price fluctuation. As the NBP is a liquid and highly connected market, it is subject to supply and demand dynamics within the UK, within Europe and more globally via imports of Liquefied Natural Gas (LNG). The graph below shows the average monthly NBP Day Ahead gas price in €/therm from January 2014 to December 2018.

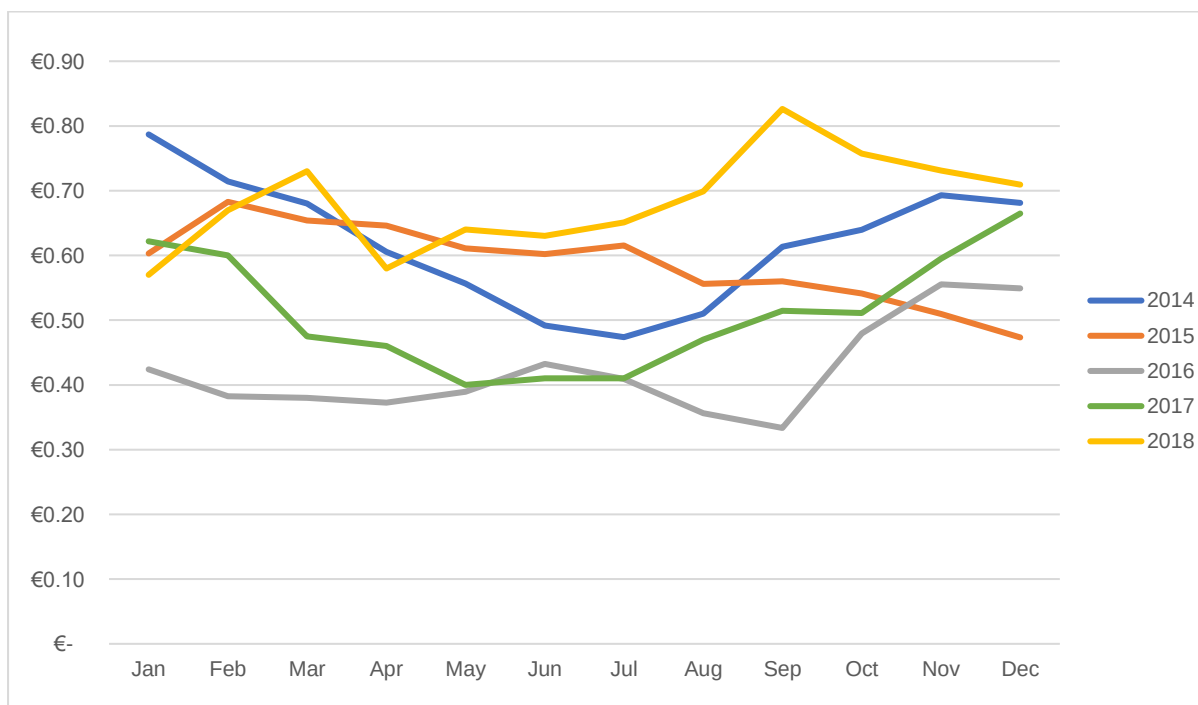


Figure 3.5: NBP Day Ahead Gas, €/therm, January 2014 – December 2018

Gas is a globally sourced commodity, and European supplies come from a number of sources. The below figure illustrates the range of countries that supply the EU.

A number of global events have occurred recently which boosted gas supply. This included the United States moving to be a gas exporter, and new LNG exports coming on stream in Australia and Papua New Guinea. In addition, demand for gas decreased in Asia, particularly in Japan where gas had been substituting nuclear power generation. Supply routes also play an important role. For example, the widening of the Panama Canal now allows for South American LNG to access European markets.

It should be noted that in the case of Ireland, since 2016 with Corrib gas on stream the dominant supply source is indigenous gas, with imported gas via the subsea interconnectors supplying the remaining requirements.

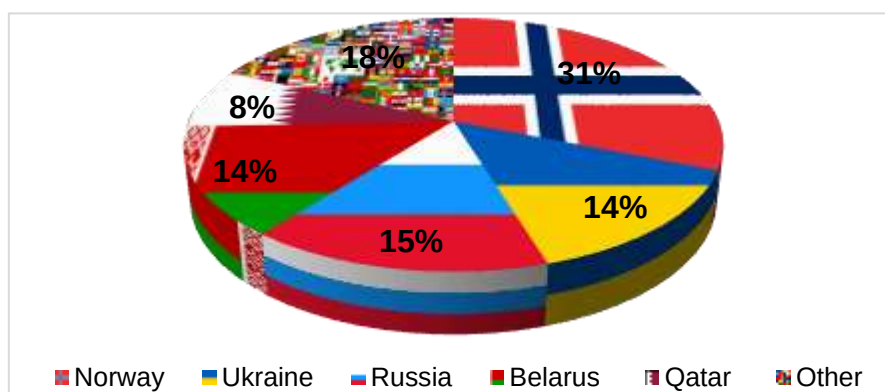


Figure 3.6: Global Gas Suppliers to EU

Electricity

The wholesale electricity market on the island of Ireland is jointly regulated by the CRU and the Northern Ireland Authority for Utility Regulation (NIAUR) and is known as the Single Electricity Market (SEM). New market arrangements for SEM went live on 1st October 2018 and introduced multiple markets or auctions, each spanning different trading time frames, with separate (although related) clearing and settlement mechanisms, covering both energy and non-energy commodities. The SEM comprises of two ex-ante Energy Markets (Day Ahead, IntraDay), a Balancing Market, two markets for Financial Instruments (Forwards Market, Financial Transmission Rights), and a market for Capacity Remuneration. These markets operate independently and on different timelines. The new market arrangements are designed to integrate the all-island electricity market with European electricity markets, enabling the free flow of energy across borders.

As a large proportion of electricity requirements are generated from natural gas there is a noticeable correlation between wholesale natural gas prices and wholesale electricity prices. In addition, the SEM has interconnection with the British wholesale market via the Moyle Interconnector and the East West Interconnector (EWIC) which can influence the price. The correlation between electricity and gas prices is shown in the graph below, specifically between the all-island System Marginal Price (SMP) and the NBP gas price in Great Britain.

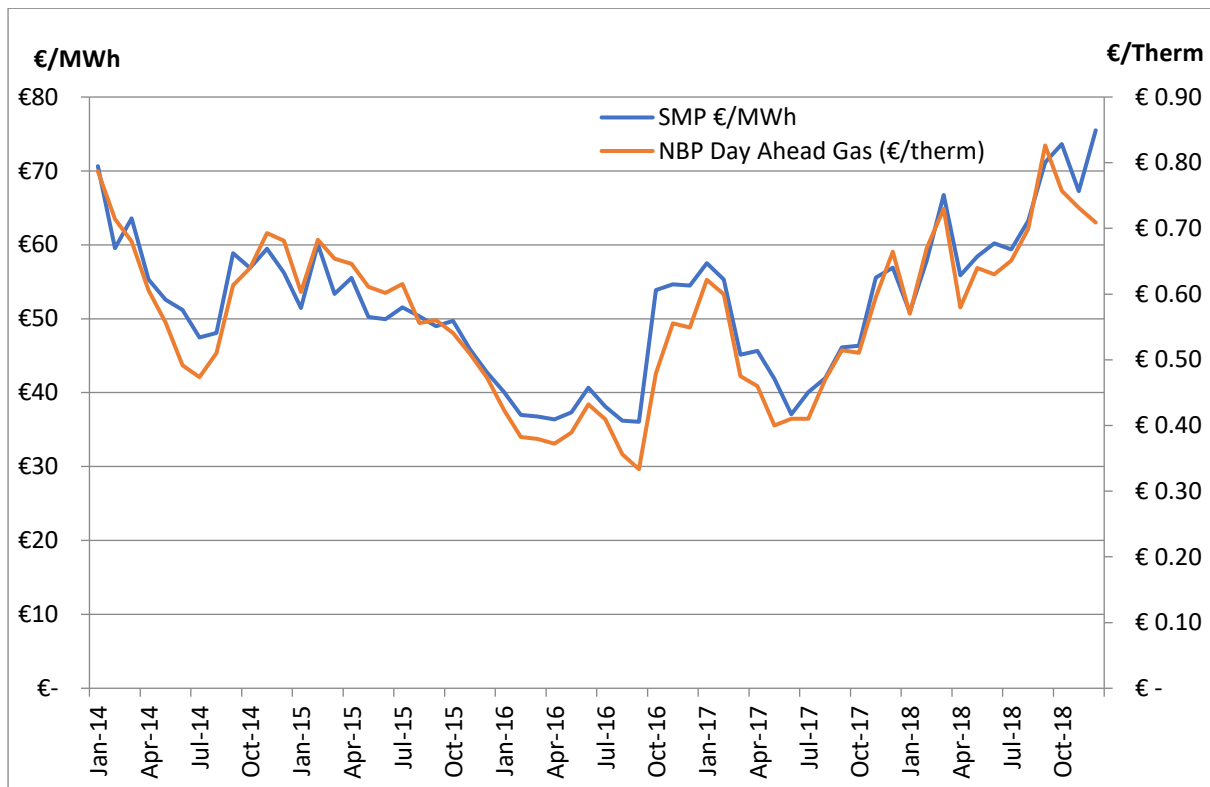


Figure 3.7: Correlation between monthly SEM wholesale electricity and NBP gas price

The graphs below illustrate the average monthly wholesale electricity price between January 2018 and December 2018 and January 2014 and December 2018. Again, the SMP in the SEM broadly reflects similar moves in NBP wholesale gas prices in Ireland throughout the year.⁴ The divergence between the two lines at the end of 2018 is partially due to significant number of outages on generation plant in this period which increased the wholesale price of electricity.

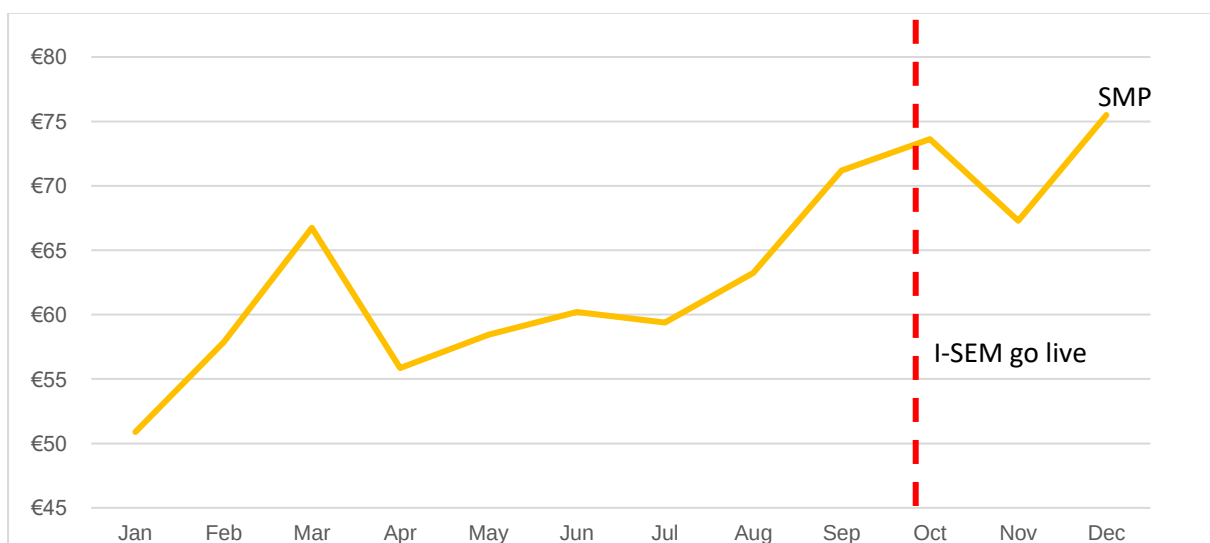


Figure 3.8: Wholesale electricity price, €/MWh, January – December 2018

⁴ With new SEM arrangements going live on October 1st, the SMP is taken to be equivalent to the Day-Ahead market price.

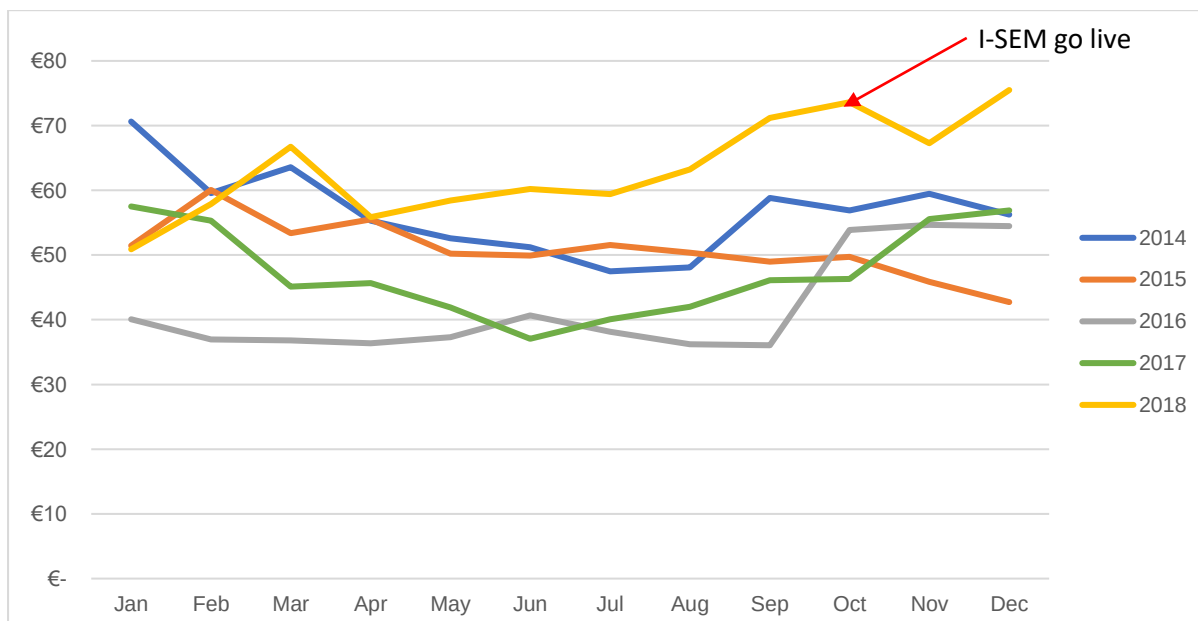


Figure 3.9: Wholesale electricity price, €/MWh, January 2014 – December 2018

Variations in global prices are outside the control of suppliers in Ireland. These result in Irish-based energy supply companies developing hedging strategies that allow them to minimise the impact of sudden energy price shifts. Hedging in effect sets the price that suppliers pay for energy over a certain period. While it serves to increase price stability it means that there is a time lag between a change in prices at the wholesale level and a consequent change at the retail level.

In 2018, the average wholesale electricity price (SMP) was 33% higher than the average price during 2017.

The figure below shows the average monthly price of electricity in the SEM between 2014 and 2018. The average price across each year is also illustrated in the figure.

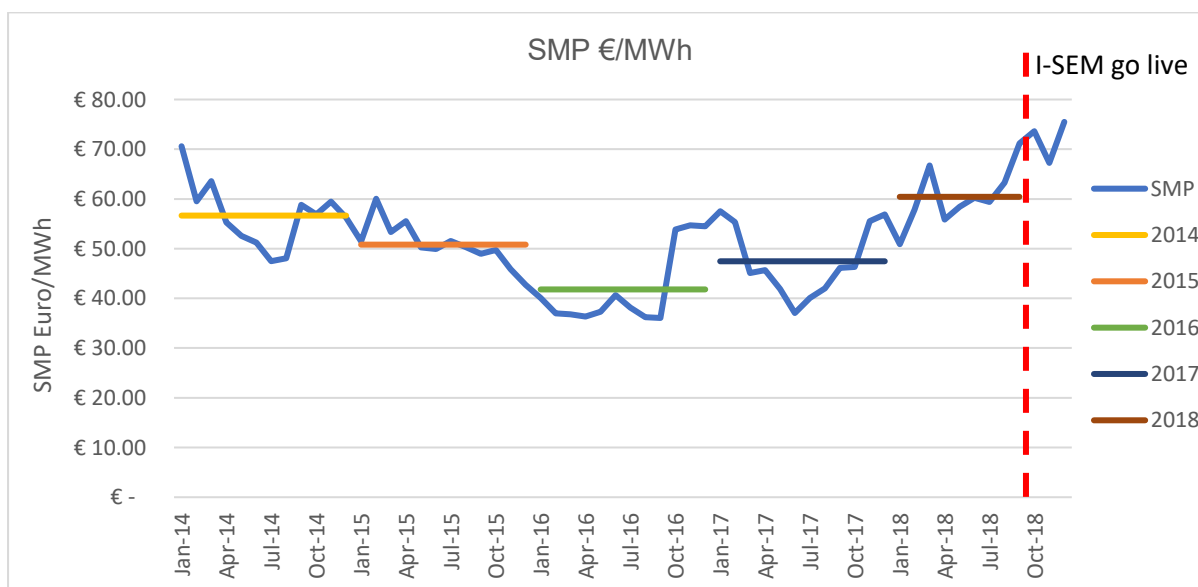


Figure 3.10: Wholesale electricity price, €/MWh, 2014 – 2018



The NBP price in pence per therm of gas declined on average from 2014 to 2016 but has started to experience an increase in 2017 and 2018. The average price of gas for 2018 was 33% higher than the average price for 2017.

The figure below shows the change in the monthly average day ahead gas prices over time at the NBP in Euro per therm. It also shows the average annual price between 2014 and 2018.

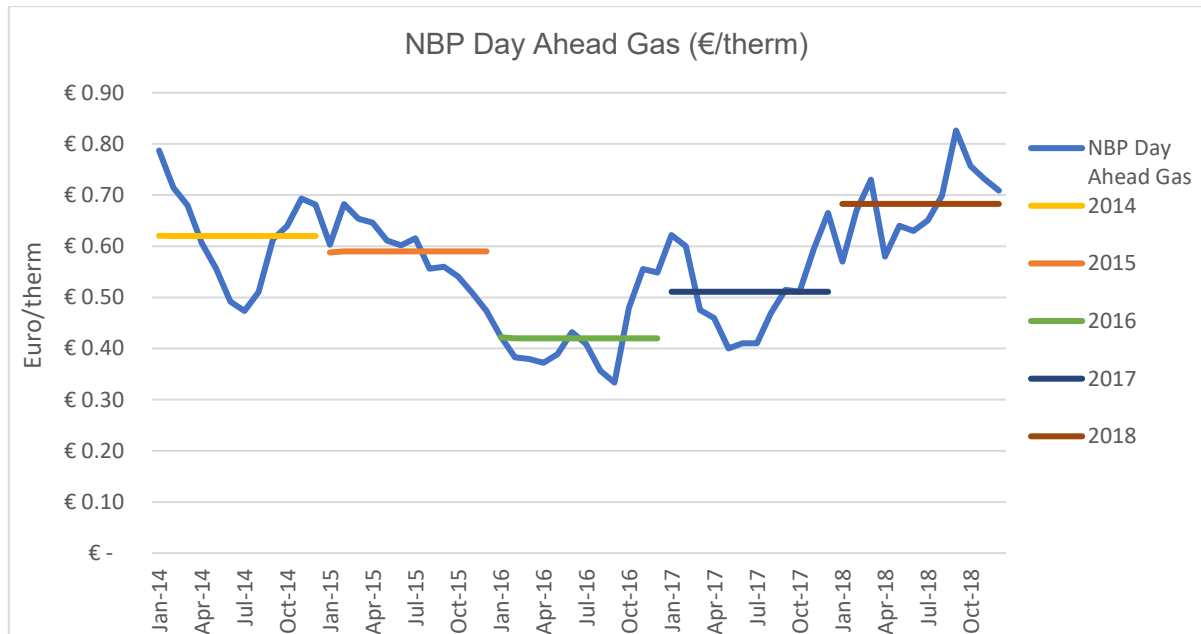


Figure 3.11: NBP Day Ahead Gas, €/therm, 2014 – 2018

Figures 3.9 and 3.10 demonstrate that while average yearly wholesale SEM prices fell during 2014, 2015 and 2016. Wholesale prices started increasing towards the end of 2016, with the trend continuing into January 2017, leading to a fall in the following months, before rising again in the second part of 2017. On average yearly prices have increased by 13.5% in 2017 and by 33.5% in 2018.

3.2.3 Network Costs

Network providers in Ireland are monopoly service providers. Therefore, the revenues they are permitted to earn and the tariffs they may charge are the subject of regulation by the CRU. This ensures that the investments made are efficient and in the interest of customers. Network activities such as electricity transmission and distribution are considered to be natural monopolies requiring price regulation.

The CRU undertakes revenue reviews known as “Price Controls” or “Price Reviews” for EirGrid and ESB Networks in electricity, and for Gas Networks Ireland in gas. These revenue reviews consider the costs of developing, maintaining and operating the electricity and gas systems. On the basis of these five yearly revenue controls, the CRU approves the level of charges that the network operators may levy.

Company	Responsibility	How their revenues are recovered?
	Transmission System Operator Plans the development of the transmission network	Transmission Use of System (TUoS) Charges
	A subsidiary within ESB Group Finances, builds and maintains the transmission system Finances, builds, operates, maintains and develops the distribution system	Distribution Use of System (DUoS) Charges
	Transmission System Operator Distribution System Operator Develops, plans and operates the transmission and distribution systems	Capacity Charges Commodity Charges

Each supplier is charged on a per customer basis for access to the electricity or gas networks. Each supplier has discretion in terms of how they pass these costs through to their final customers.

In electricity, in 2017/18 the combined transmission and distribution adjustments resulted in the average annual residential customer's bill rising by €2.77 or 0.95% in October 2017. Currently, TUoS charges make up approximately 8% of the average residential electricity bill and the DUoS charges account for approximately 25% of the average residential electricity bill⁵. In electricity, TUoS charges rose by 8.5% to the year 2017/2018 and DUoS charges fell by 1%.

The new market arrangements in SEM changed how generators and service providers earn revenues, as they compete for capacity revenues from the capacity market and for system service revenues from the TSO. This also changed some of the cost components in customers' bills. Therefore, while the combined transmission and distribution adjustments will result in upward cost pressure for 2018 of €2.77 in a typical domestic bill, this is partially offset by the reduced costs for capacity payments from October 2018 onwards.

In gas, transmission network tariffs for 2017/18 decreased by 3.8% compared to 2016/2017. This equates to a 0.38% decrease on the average customers' bill. Distribution network tariffs for

⁵ Based on transmission tariff group DTS-D2 and distribution tariff group DG1: Urban Domestic - Standard Meter and MWh charge urban 24 hour/kWh.



2017/18 increased by 2.3% compared to 2016/2017. The distribution network tariff changes equated to a circa 0.77% increase on the average residential gas customer's bill. Transmission network tariffs (transportation cost of UK Gas) for the gas year 2017/18 in nominal terms fell by circa 3.5% versus 2016/17. The combined effect of the transmission and distribution network tariffs for 2017/18 on an average residential gas customer's annual bill was an increase of €2.89.



3.3 Domestic Electricity and Gas Cost Components

Wholesale energy costs⁶ (39%) and network costs (31%) make up the majority of the costs paid by a typical domestic electricity customer, accounting for more than two thirds of an average domestic electricity bill⁷. The remaining costs are supply costs (14%), PSO levy (4%) and VAT (12%). A breakdown of the domestic electricity costs is presented below.

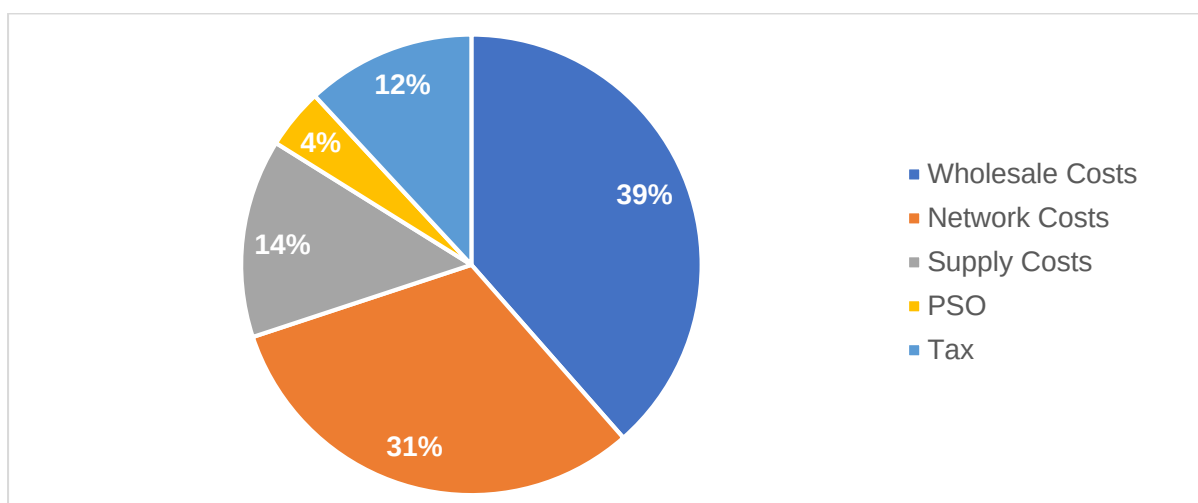


Figure 3.12: Breakdown of Total Domestic Electricity Costs

Similar to domestic electricity costs, wholesale gas costs (22%) and network costs (32%) account for approximately two thirds of an average domestic gas bill⁸. Supply costs (29%), Carbon Tax (5%) and VAT (12%) make up the rest of the costs of the average domestic gas bill. A breakdown of the domestic gas costs is presented below.

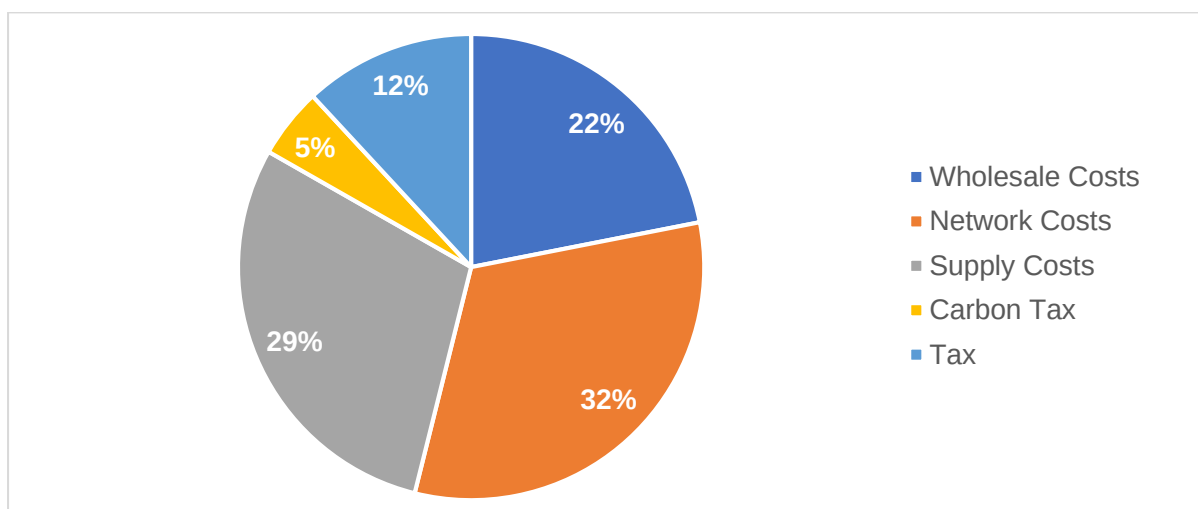


Figure 3.13: Breakdown of Total Domestic Gas Costs

⁶ Here, the wholesale cost of electricity includes various other charges aside from the SMP, including, for example, Capacity charges and Market Operator charges. Wholesale gas comprises just the NBP price.

⁷ Calculations are based on tariffs offered by suppliers in December 2018 to a standard 24hr urban customer with an annual average typical consumption of 4,200 kWh.

⁸ Calculations are based on tariffs offered by suppliers in December 2018 to a standard customer with an annual average typical consumption of 11,000 kWh.



4 Supplier Prices in Ireland

4.1 Introduction

Having examined the primary components of energy we now turn to analysis of final retail prices in Ireland in 2018.

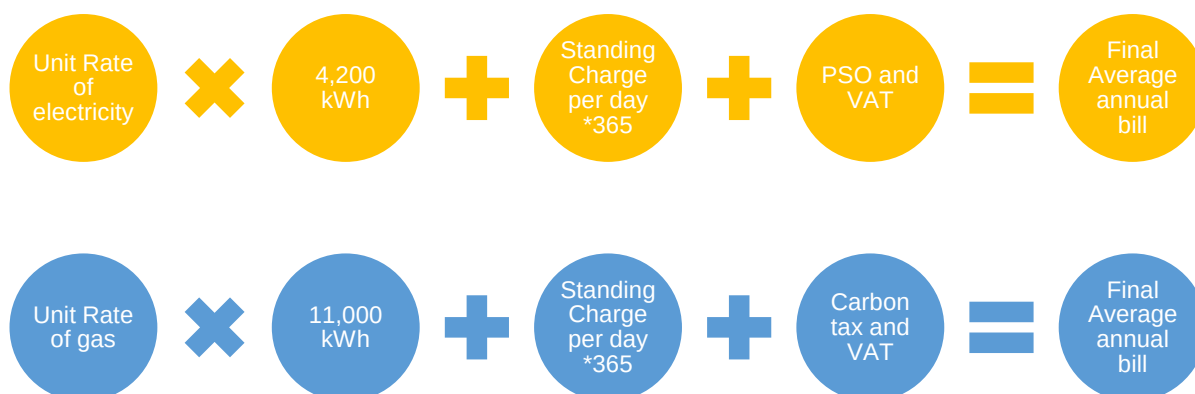
The electricity and gas markets in Ireland are fully price deregulated, therefore the CRU no longer regulates the final electricity or gas prices in the domestic or business markets. All suppliers, including the previously incumbent suppliers, can now set their own prices for all categories of customers.

There are a large number of tariff plans available to domestic and business customers that are provided by electricity and gas suppliers in Ireland. These plans offer customers different tariffs comprised of standing and unit charges (and in some instances daily service charges). Suppliers can also offer different rates depending on payment or billing method (e.g. paperless, online, direct debit etc.). All suppliers are required to publish details of the tariff plans that are available to domestic customers.

Suppliers of businesses often provide bespoke plans to their business customers and information on such plans is generally not published by suppliers.

4.2 Calculation of Average Bills

The formulae used to calculate the average domestic customer's annual bill for both electricity and gas are laid out below. The average consumption value for electricity is 4,200 kWh and the average consumption value for gas is 11,000 kWh.





4.3 Tariff Plan Offerings

Pay as You Go

In 2018 three suppliers in electricity and three suppliers in gas offered lifestyle choice PAYG tariff plans.

PAYG tariffs generally end up being the most expensive plans offered by suppliers. This is because to facilitate the PAYG service a new meter is required. For electricity it is the supplier who owns, controls and maintains this meter, consequently the additional costs borne by a supplier to deliver this is passed onto their customers usually in the form of a service charge. On average a PAYG customer pays 15% more on their electricity and 9% more on their gas per year opposed to their bill pay counterparts⁹. Nonetheless, PAYG tariff plans can still work out as the best plan for certain customers. This is because PAYG (prepay) gives customers more control over their electricity consumption and spending. Customers can top-up the energy credit on a home meter and can only use the electricity they have paid for. Therefore, the additional costs per unit can be offset by saving through a reduction in energy usage, and the lifestyle benefits of: no more bills, increased control in how and when you pay for your energy and improved ability to budget, due to monitoring exact spend in real time to avoid bill shock.

Dual Fuel

Suppliers that offer both electricity and gas generally provide dual fuel contracts. These contracts offer additional discounts upon the suppliers' separate tariff offerings. However, it can work out cheaper (based upon average annual usage) to have separate electricity and gas plans from separate suppliers.

Additional Features

The average annual bill does not include additional features offered under certain tariff plans such as cashback, credit or free devices (such as nest) that some contracts offer. A more expensive contract may end up more cost effective when the inclusion of cashback or credit is factored in. This is particularly relevant for low energy users.

⁹ Based upon average annual usage for both electricity and gas. Compared to the average annual bill for suppliers standard PAYG options (those who offer this service) against the average annual bill of suppliers' standard and best available discount bill pay plans (across all suppliers in aggregate).



Box 1: Cashback Offers in the Retail Market

Several suppliers in the market currently offer “Cashback” offers as part of their overall tariff plan to attract customers. Below gives a brief overview of each suppliers’ terms and conditions related to the offer. Most of the terms and conditions are standard ones applying to electricity, gas or dual fuel contracts such as a 12-month contract duration and early termination fees, and do not specifically refer to the plans featuring cashback offers.

All suppliers limit the promotion to a single cashback offer per customer in one 12-month period. Strictly speaking “cashback” offers refer only to a reduction in the billed amount, however, several suppliers offer free credit to those signing up with PAYG meters.

CRU has become aware that a significant number (over 25%) of customers are not redeeming these offers, in cases where redemption is not automated. Customers are therefore subjecting themselves to unnecessary costs on their energy bills.

Electric Ireland

Electric Ireland has the largest number of cashback related offers. Customers can avail of cashback, termed a “switching bonus”, when they switch either electricity or gas, or when they conduct a dual fuel switch to Electric Ireland. The bonus is applied as a credit against the customers’ first or second energy bill.

These offers are only available to new customers who switch to Electric Ireland on certain plans listed below:

Plan	“Cashback” Value
ValueSaver Dual fuel	€200
ValueSaver Electricity	€150
Standard Gas Price Plan	€75

Pay-as-you-go (PAYG) customers can avail of a different form of switching bonus. For PAYG customers, the offer takes the form of €150 free credit on the meter. This is only available to customers on the Smarter PAYG price plan.



SSE Airtricity

SSE Airtricity offer two plans with “welcome credit” offers. The first, for Dual Fuel offers a credit of €220. The second offer, for Electricity offers a credit of €150. In both of these cases, customers must sign up for both E-billing and paying their bills via Direct Debit. Additionally, SSE Airtricity has the condition that the customer must successfully pay the first bill, and then redeem the offer. This is unlike some other suppliers who automatically apply the credit against a bill. In this case, the customer must redeem the offer via an online process specified by the supplier after payment of the first bill.

Panda Power

Panda Power offer two plans with Cashback offers. The first, for Dual Fuel offers a credit of €120. The second offer, for Electricity offers a credit of €75. In both of these cases, customers must sign up for both E-billing and paying their bills via Direct Debit. Additionally, Panda Power has the condition that the customer must successfully pay the first bill, and then redeem the offer. This is unlike some other supplier who automatically apply the credit against a bill. In this case, the customer must redeem the offer via an online process specified by the supplier after payment of the first bill.

Flogas

Flogas offer a single cashback plan, which entails a €25 credit on a PAYG gas meter.

Summary of Cashback Offers:

Supplier	E-bill and Direct debit required?	Automatically applied?	PAYG meter Credit Offer?	Dual Fuel Cashback
Electric Ireland	Yes	Yes	Yes	€200
Energia	Yes	Yes	No	€50
SSE Airtricity	Yes	No	No	€220
Panda Power	Yes	No	No	€120
Electric Ireland PAYG	N/A	Yes	Yes	€150
Flogas PAYG	N/A	Yes	Yes	€25

4.4 Number of customers on different plans

Under CRU's extended market monitoring framework, data on the top ten contracts for each supplier in terms of customer numbers is submitted to CRU on a quarterly basis.

This includes data on the number of customers on each plan, the unit charge and standing charge, total consumption for the period, the features of each plan and the annual average bill. This analysis does not include all customers in the market but provides a good indication of the level of up-take of discounted plans in the market.

	Electricity	Gas
Number of customers reported on top 10 plans for Q4 2018	1,426,780	395,363
Total number of customers in the market	2,076,705	670,532
% of total customers	68%	59%

Table 4.1: Customers on top 10 plans, Q4 2018

This section presents analysis carried out with data for Q4 2018, looking at the proportion of customers on different ranges of plans based on their combined unit and standing charges compiled from information collected from suppliers on their top 10 plans. The annual average bills presented for electricity are based on an annual consumption of 4,200kWh.

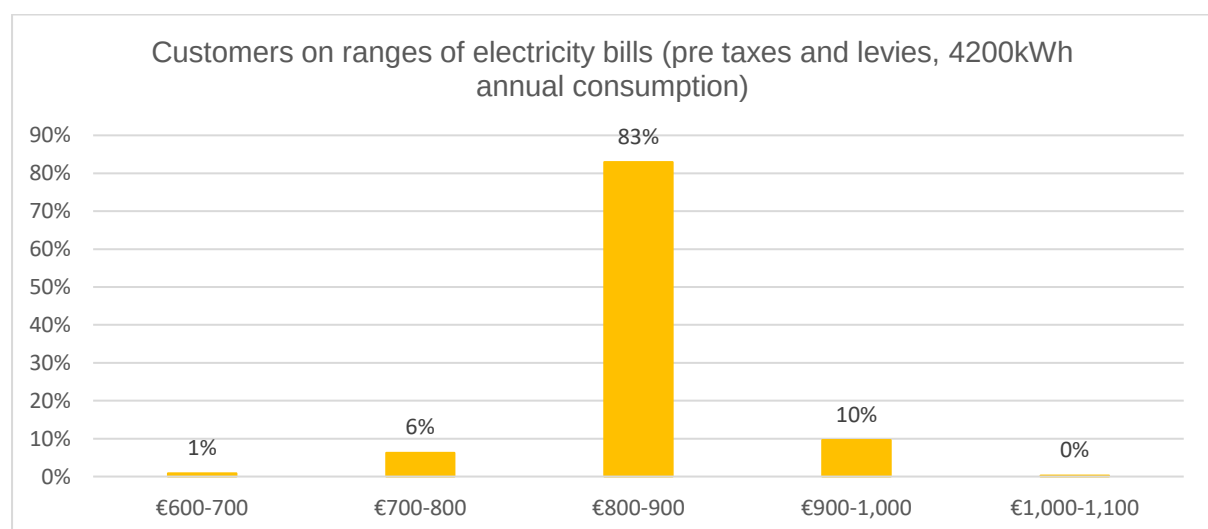


Figure 4.1: Customers on ranges of electricity bills, Q4 2018

Figure 4.1 shows the number of customers on a range of electricity plans with different annual bills for Q4 2018 (as reported through market monitoring). This data indicates only a minority of customers in the market, covered by the top 10 plans, are on the cheapest plans available in the market, based upon the average annual consumption figures. However, different plans may be optimal for different customers based on their specific consumption levels and other features of plans.



The annual average bills presented for gas are based on an annual consumption of 11,000kWh.

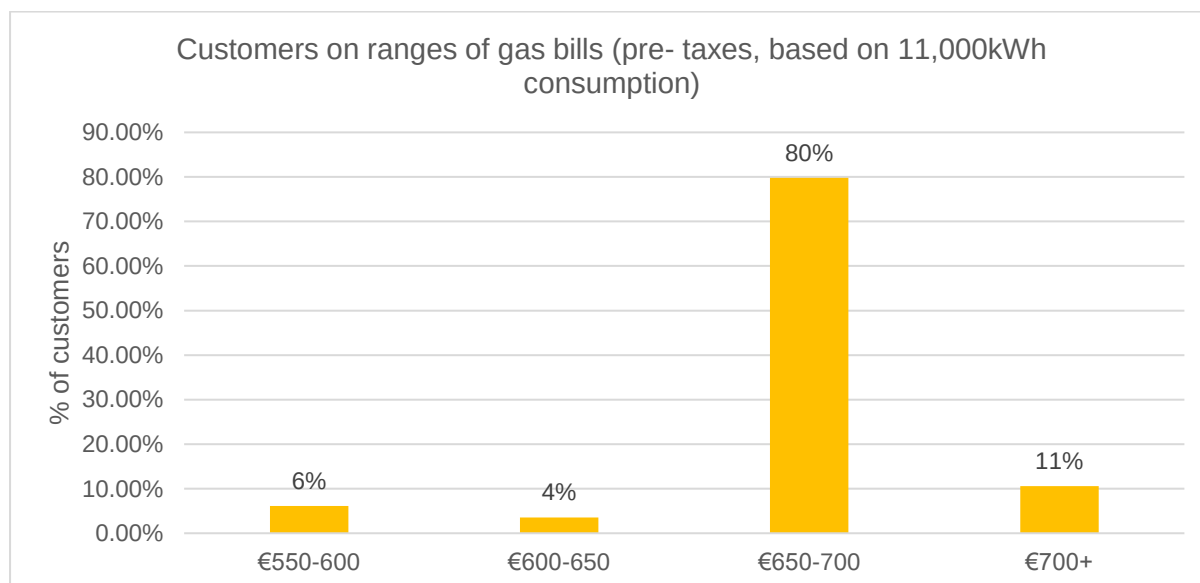


Figure 4.2: Customers on ranges of gas bills, Q4 2018

Figure 4.2 shows the number of customers on a range of gas plans with different annual bills for Q4 2018 (as reported through market monitoring). This data indicates that a majority of customers in the market covered by the top 10 plans, are on tariff plans in the higher price range in the market, based upon the average annual consumption figures. However, different plans may be optimal for different customers based on their specific consumption levels and other features of plans.

Analysis suggests that most customers (both in electricity and in gas) are not on the highest discounted plan available, and in many cases the discounted plans with the most customers have an annual average bill that is only slightly below that of the standard tariff bill. It is possible, however, that customers might choose their electricity or gas plan based on criteria other than charges, therefore, these non-tariff elements can also be considered important.



4.5 Average Annual Bill across Suppliers¹⁰

Price comparison websites are useful tools for customers to compare prices across suppliers. The CRU has an accreditation framework which reviews the energy price comparison service provided and only accredits a website if it meets defined standards for accuracy, transparency and reliability. The three CRU accredited price comparison websites are: www.bonkers.ie, powertoswitch.ie and www.switcher.ie.

In order for a domestic customer to accurately compare prices between suppliers, the comparison of the Estimated Annual Bill (EAB), using current typical consumption values (4,200 kWh for electricity and 11,000 kWh for gas) across suppliers is the best measure, unless a customer knows their actual usage for the previous year and can estimate their usage for the coming year. The accredited comparison websites allow customers to enter their estimated consumption figures if desired.

It should be noted that the EAB only takes account of the price for an average energy consumer. Those who consume higher or lower amounts than the average consumer may have a different average annual bill in terms of which supplier provides the cheapest or most expensive option.

Price is an important factor for a customer in determining which energy supplier will be best suited. However, there are other factors not included in this analysis which could influence a customer's choice in energy supplier and plan. These include:

- **Payment option associated with the plan:** generally, the best available discount plans offered by suppliers require paperless billing and payment by Direct Debit. Some plans may also require Level Pay¹¹.
- **Terms of the Contract:** plans generally require sign up for a specific period of time on average between 12 and 24 months. If a customer changes plan before the end of their contract, they have to pay an early termination fee. The minimum tie-in period, fees for cancelling early and whether the contract is a fixed or variable rate, are all factors that could influence a customer choice of tariff plan.
- **Reward schemes and other benefits:** some suppliers offer plans with incentive schemes that offer rewards such as loyalty points, smart energy management devices or cash back. The inclusion of these could make certain more expensive plans a more cost-effective plan for some customers.

¹⁰ The EAB figures presented in the report are based on the tariffs offered by suppliers to a standard 24hr urban customer. Tariffs and as a result EABs vary according to the type of customer (urban or rural), and the type of meter installed (24hr standard or day/night or night storage).

¹¹ Level Pay customers pay a set monthly amount based on their previous year's energy usage and pay by Direct Debit.



Domestic Electricity Prices

In Q4 2018 there were seven suppliers offering both standard and discounted plans for domestic electricity, along with PrePayPower, Pinergy and Electric Ireland who offered PAYG plans. The annual average bill for lifestyle choice PAYG customers includes an additional supplier service charge which is reflected in the price. All figures in this section are inclusive of VAT.

Standard Domestic Electricity Annual Average Bills (based on typical annual consumption of 4,200 kWhs)			
	December 2017	December 2018	% Change 2017-18
Electric Ireland	€971.56	€1,005.26	3%
Energia	€1,093.09	€1,118.79	2%
Bord Gáis Energy	€1,027.36	€1,029.72	0.2%
SSE Airtricity	€1,052.45	€1,119.56	6%
Panda power	€1,055.22	€1,157.73	10%
Just Energy	€960.99	€1,050.53	9%
BEenergy	€964.59	€964.59	0%
PAYG Plans			
PrePayPower	€1,149.43	€1,167.39	2%
Pinergy	€1,149.27	€1,229.17	7%
Electric Ireland	€1,077.41	€1,142.14	6%

Table 4.2: Standard Domestic Electricity Annual Average Bills

The percentage change in the EABs between December 2017 and December 2018 reflect suppliers' price increases announced during the year. These are outlined in section 4.6 below with their effective dates. Due to the decrease in the 2018/19 PSO levy the effect of these price increases on the final EAB is reduced. If the 2018/19 PSO levy had remained at the same level as the 2017/18 PSO levy, the resulting difference between the December 2017 and December 2018 EABs would have been higher, following suppliers' price increases.

Most Competitive Discounted Domestic Electricity Annual Average Bills (based on typical annual consumption of 4,200 kWhs)			
	December 2017	December 2018	% Change 2017-18
Electric Ireland	€931.89	€961.42	3%
Energia	€819.10	€839.91	3%
Bord Gáis Energy	€810.93	€856.69	6%
SSE Airtricity	€871.41	€914.58	5%
Panda power	€912.21	€967.05	6%
Just Energy	€904.91	€949.91	5%
BEenergy	€964.59	€907.10	-6%

Table 4.3: Most Competitive Discounted Domestic Electricity Annual Average Bills¹²

For domestic electricity, BEenergy offered the cheapest standard domestic annual average bill at the end of 2018. The most competitive discounted annual average bill at the end of 2018 was

¹² It should be noted that some discounted plans offered by suppliers (including some of the best discounted plans) are only available to new customers.



offered by Energia. The average annual bill for domestic electricity increased across all suppliers from the end of 2017 to the end of 2018 for standard and most competitive discount plans, apart from BEenergy.

Domestic Gas Prices

In Q4 2018 there were six suppliers offering both standard and discounted plans for domestic gas. Flogas, BGE and PrePayPower also offered PAYG plans. Note that some gas suppliers charge an installation fee for PAYG gas meters which is not included here.

Standard Domestic Gas Annual Average Bills (based on typical annual consumption of 11,000 kWhs)			
	December 2017	December 2018	% Change 2017-18
Electric Ireland	€735.07	€790.10	7%
Energia	€783.66	€880.48	12%
Bord Gáis Energy	€780.80	€817.95	5%
Flogas	€769.40	€941.69	22%
Just Energy	€675.35	€776.09	15%
Panda Power	-	€894.31	-
SSE Airtricity	€741.99	€880.91	19%
PAYG Plans			
Flogas	€769.20	€941.69	22%
Bord Gáis Energy	€780.80	€817.95	5%
PrePayPower	€810.84	€871.28	7%

Table 4.4: Standard Domestic Gas Annual Average Bills

Most Competitive Discounted Domestic Gas Annual Average Bills (based on typical annual consumption of 11,000 kWhs)			
Gas	December 2017	December 2018	% Change 2017-18
Electric Ireland	€702.24	€754.63	7%
Energia	€686.68	€769.38	12%
Bord Gáis Energy	€691.13	€723.35	5%
Flogas	€627.93	€699.38	11%
Just Energy	€628.87	€708.15	13%
Panda Power	-	€821.70	-
SSE Airtricity	€681.83	€808.50	19%

Table 4.5: Most Competitive Discounted Domestic Gas Annual Average Bills¹³

For domestic gas, Just Energy offered the cheapest standard domestic annual average bill at the end of 2018. Panda Power is a new supplier in the domestic gas market having entered in 2018. The most competitive discounted annual average bill at the end of 2018 was offered by Flogas. From the end of 2017 to the end of 2018, the average annual bill for both the standard domestic gas and the most competitive discount gas offerings increased across all suppliers.

¹³ It should be noted that some discounted plans offered by suppliers (including some of the best discounted plans) are only available to new customers.



Domestic electricity experienced smaller changes over 2018 in the annual average bill compared to domestic gas. The reason for the divergence between electricity and gas is mainly due to the decrease in the PSO levy in October 2018. The PSO levy is not part of a gas tariff so had no impact upon the average annual gas bill.

Domestic Dual Fuel Prices

In Q4 2018 Electric Ireland, Energia, Bord Gáis Energy, SSE Airtricity, Just Energy, Panda Power, and PrePayPower offered dual fuel plans to customers with price discounts for domestic customers that avail of both services from the same supplier.

Highest Discounted Dual Fuel Annual Average Bills			
	December 2017	December 2018	% Change 2017-18
Electric Ireland	€1,594.60	€1,672.80	5%
Energia	€1,455.11	€1,533.42	5%
Bord Gáis Energy	€1,641.29	€1,580.04	-4%
SSE Airtricity	€1,477.58	€1,634.28	11%
Just Energy	€1,513.78	€1,638.07	8%
Panda Power	-	€1,757.93	-
PrePayPower	€1,960.27	€1,952.58	-0.4%

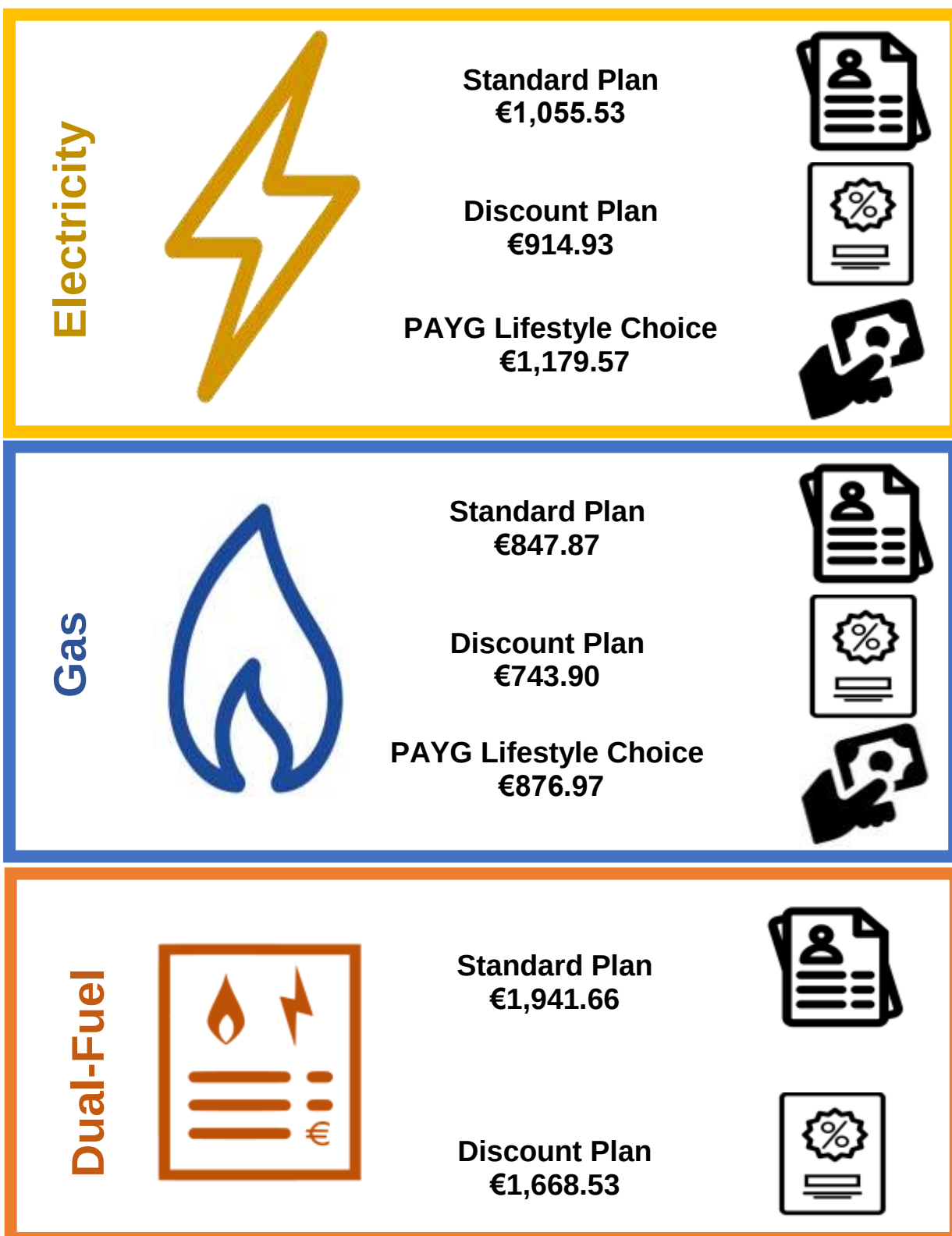
Table 4.6: Highest Discounted Dual Fuel Annual Average Bills

Energia offered the cheapest dual fuel annual average bill at the end of 2018. One new supplier entered the dual fuel market in 2018, improving customer choice in this segment. From the end of 2017 to the end of 2018 the average annual dual fuel bill ranged across suppliers with a decrease of 4% to an increase of 11%.



The graphic below shows the average Estimated Annual Bill for domestic electricity, gas and dual fuel. Standard Plans, Discount Plans and PAYG Lifestyle Choice Plans are included. Note that some gas suppliers charge an installation fee for PAYG gas meters which is not included here.

----- Estimated Average Annual Bill -----



Based upon suppliers' standard plans and best available discount plans using average annual consumption figures, averaged across suppliers



4.6 Price Changes in 2018

A total of seven suppliers announced price increases towards the end of Q2 2018 and beginning of Q3 2018, based on increased wholesale costs and regulated charges. Four suppliers have announced further price increases (one supplier at the end of Q3 2018 and three suppliers during Q4 2018) becoming effective in Q4 2018. The remaining three suppliers have announced price increases in Q1 2019. The increases are predominantly driven by rising wholesale electricity and gas prices and higher pass through costs in electricity. Between the 2017/18 and 2018/19 tariff year, regulated costs (including transmission and distribution charges, and generator charges) increased on average by approximately 12.79%. The effect, however, of each element on the final bill depends on the weight each of these elements have in the calculation of the final cost and the decision of each supplier whether or not to pass through such costs to final customers (though it is likely that most suppliers pass through all such costs).

The 2017/18 PSO levy resulted in an increase in PSO charges from that of 2016/17. The annual charge per electricity meter rose by 30%, which equates to a monthly charge of €7.69 for domestic customers for the 2017/18 tariff year (October to September). The increase from the 2016/17 tariff year was due to a number of drivers, including, in particular, the higher 2016/17 R-factor, an increase in renewable generation and the lower capacity payments. Other drivers, including an increase in the benchmark price, are exerting downward pressure on the PSO levy.

The details of supplier price increases and their date of coming into effect are outlined below:

Supplier	Price Change Details	Effective date
Pinergy	➤ A price increase for electricity of 5.6% was announced on the 1 st of November 2017.	1 st December 2017
	➤ A price increase of 9.38% for electricity was announced on the 12 th of July 2018.	1 st August 2018
	➤ A price increase of 5.68% for electricity was announced on the 8 th of October 2018.	7 th November 2018
Flogas	➤ A price increase for gas of 3.3% was announced on the 1 st of November 2017.	1 st December 2017
	➤ A price increase of 12.8% for gas was announced on the 12 th of July 2018.	1 st August 2018
	➤ A price increase of 9.8% for gas was announced on the 27 th of September 2018.	1 st November 2018



Energia	➤ A price increase for electricity of 3.9% was announced on the 27th of October 2017. ➤ A price increase for electricity of 7.6% and for gas of 12.38% was announced on the 29th of June 2018. ➤ A price increase for electricity of 5.5% and for gas of 6.3% was announced on the 16th of November 2018.	1st December 2017 1st August 2018 1st January 2019
Bord Gáis Energy	➤ A price increase of 3.4% for gas and 5.9% for electricity was announced on the 29th of September 2017. ➤ A price increase of 4.7% for gas and 5.8% for electricity was announced on the 6th July 2018. ➤ A price increase of 2.3% for gas and 4.3% for electricity was announced on the 8th February 2019.	1st November 2017 6th August 2018 1st March 2019
PrePayPower	➤ A price increase of 0.09 cent a day (€2.83 a month) was announced on the 31st of October 2017. ➤ A price increase of 6.6% for electricity and 7.5% for gas was announced on the 3rd of July 2018. ➤ A price increase of 3.9% for electricity and 3.9% for gas was announced on the 1st of March 2019.	1st December 2017 3rd August 2018 1st April 2019
SSE Airtricity	➤ A price increase of 5.6% for electricity was announced on the 29th of September 2017. ➤ A price increase of 12.3% on gas tariffs and 6.4% on electricity tariffs was announced on the 14th of June 2018. ➤ A price increase of 6.9% on gas tariffs and 6.3% on electricity tariffs was announced on the 2nd of November 2018.	1st November 2017 14th July 2018 3rd December 2018
Electric Ireland	➤ A price increase of 4% for electricity was announced on the 6th of October 2017. ➤ A price increase of 6.2% in electricity and 8% in gas was announced on the 27th of June 2018.	1st February 2018 1st August 2018



- A price increase of 4% in electricity and 4% in gas was announced on the 27th of February 2019.

1st April 2019

4.7 Electricity and gas prices in a European Context

The following section outlines Eurostat data on average energy prices in Ireland up to semester 2 of 2018. This data is published by the SEAI (Sustainable Energy Authority of Ireland) on a bi-annual basis.

The published data is comprised of national average prices using national average consumption for different bands over a period of 6 months (January to July, and July to December). This data, split by consumption band, can be found in the appendix while weighted average prices for Ireland together with a simple average of the band for the EU and Euro area are presented below for the period from 2007 up to semester 1 of 2018. While the weighted average price across all consumption bands in Ireland is not fully comparable to the Euro Area and EU 28 averages, it is clearer than the consumption band level graphs included in the appendix of this report and can show trends across time.

The prices in this section include the following costs:

- | | |
|----------------------------------|--|
| ➤ Electricity or gas basic price | ➤ Other services |
| ➤ Transmission | ➤ Energy taxes |
| ➤ System services | ➤ Carbon taxes (gas) ¹⁴ |
| ➤ Meter rental | ➤ Climate change levies e.g. PSO (electricity) ¹⁵ |
| ➤ Distribution | |

¹⁴ €4.20/MWh

¹⁵ €3.48 per month for domestic customers and €11.97 per month for small commercial customers with maximum import capacity of less than 30kVA and €1.32 per KVA for medium and large customers with maximum import capacity equal to or greater than 30kVA.

4.7.1 Domestic Electricity

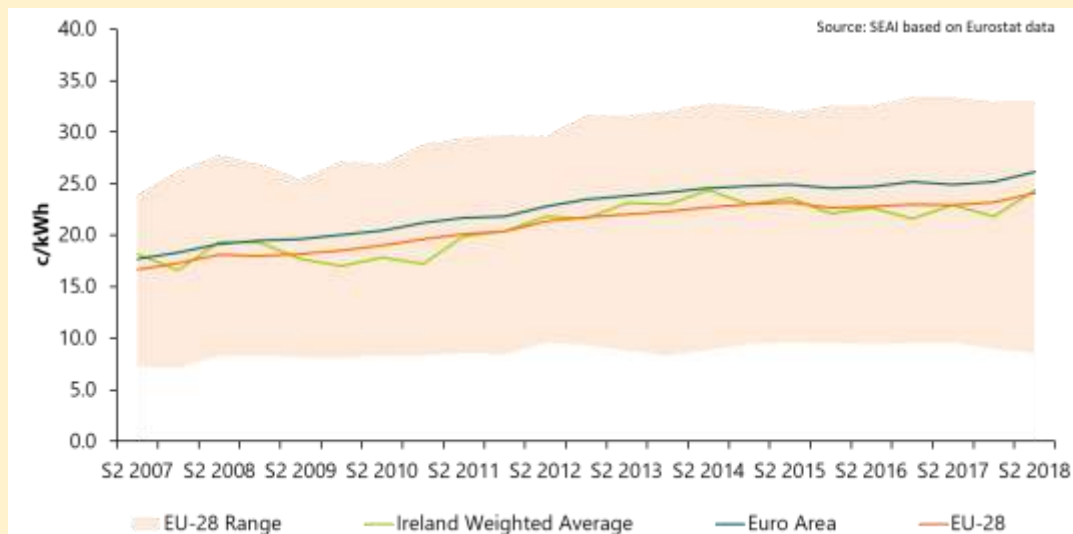


Figure 4.3: Average Electricity Prices (all taxes included) to Households – All Consumption Bands

The price of electricity to household consumers in Ireland was below both the EU and Euro Area averages between Semester 2 of 2009 and Semester 2 of 2011 but was above the EU average until the second half of 2015. In the second half of 2018, it was marginally above the EU average, but below the Euro Area average.

4.7.2 Domestic Gas

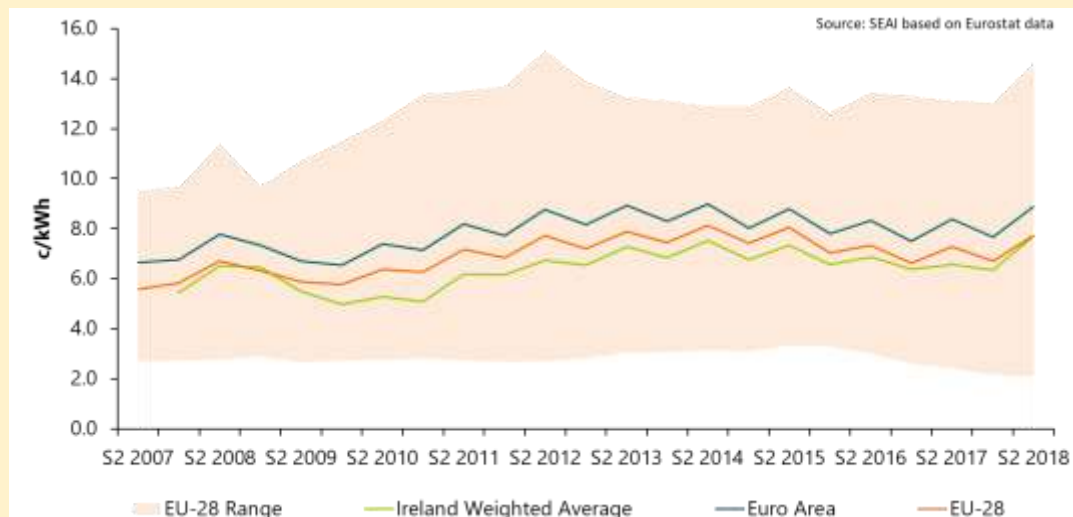


Figure 4.4: Average Gas Prices (all taxes included) to Households – All Consumption Bands

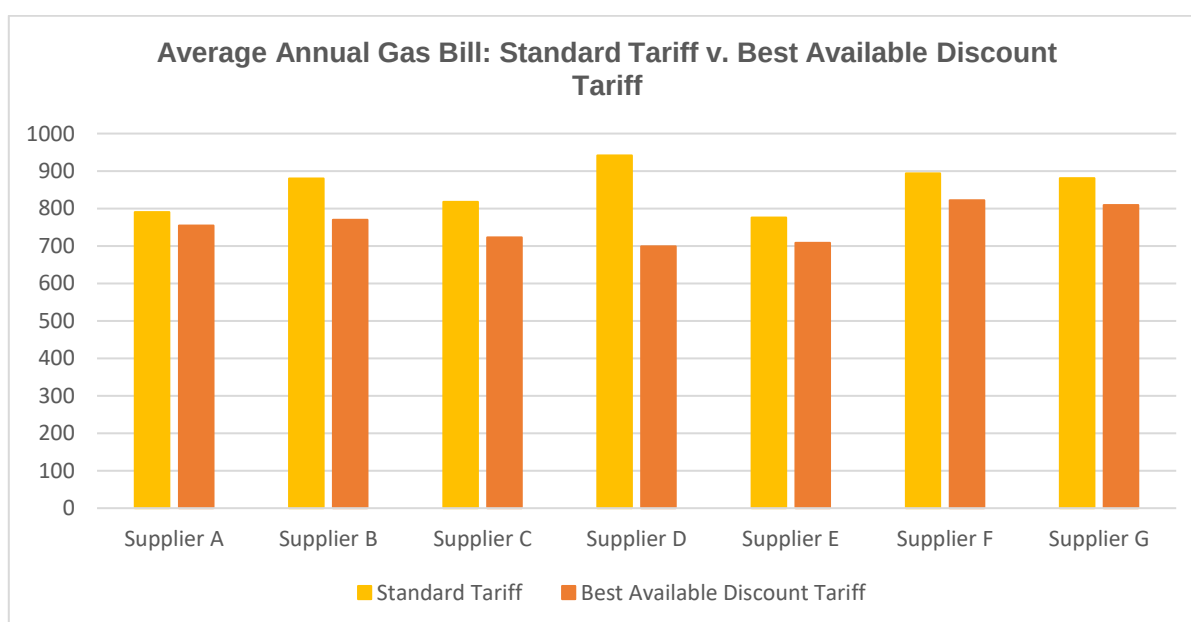
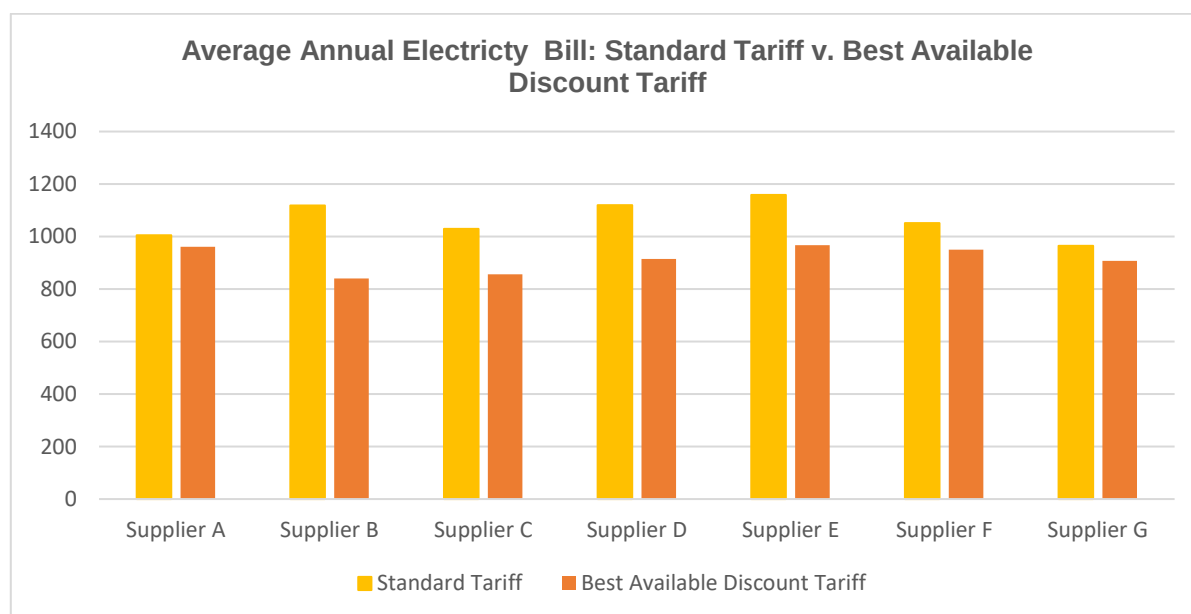
The price of gas to household consumers in Ireland was below both the EU and Euro Area averages over the whole period with the exception of Semester 2 of 2009. In the first half of 2018, this pattern continued. In Semester 2 of 2018, Irish domestic gas prices were equal to the Euro Area average and below the EU average.



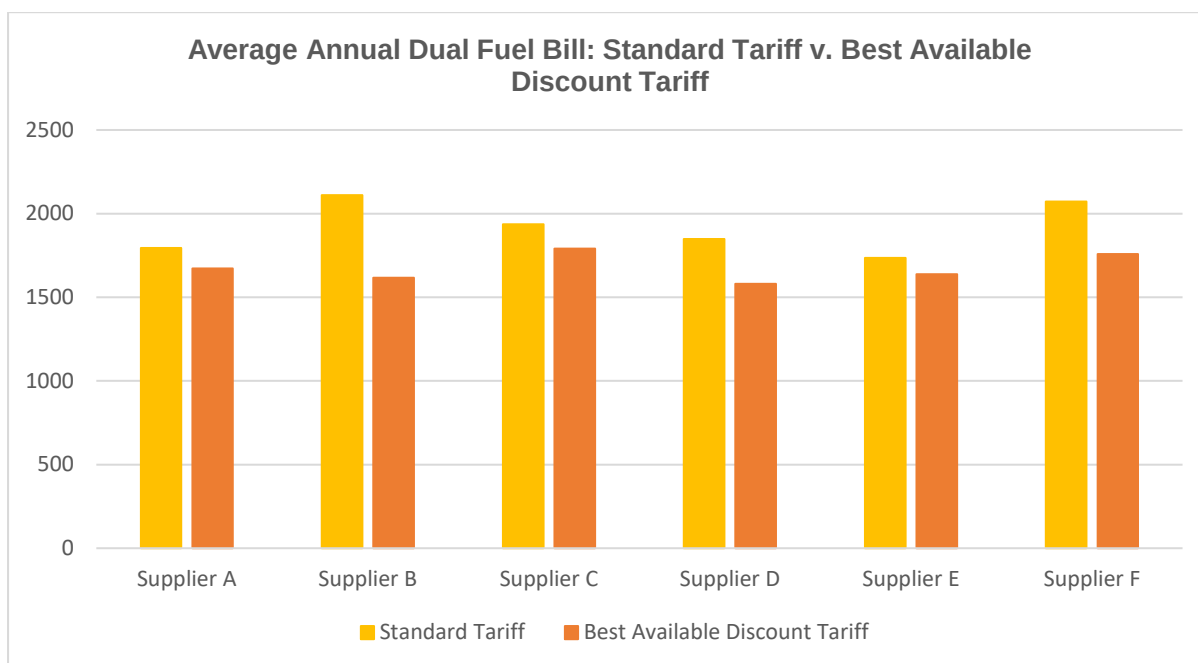
4.8 Potential cost savings from switching

In 2018, the average price differential, and thus potential savings, for a domestic customer switching from a standard tariff to a discounted tariff¹⁶ was €187 for a domestic electricity customer, €60 for a domestic gas customer and €240 for a domestic dual fuel customer.

The graphs below show the difference in average annual bill for standard tariff and best available discount tariffs across the market. Note that each bar represents a different supplier, which have not been named here.



¹⁶ Electricity PAYG tariff offerings from suppliers have been excluded in this analysis. Electricity PAYG tariff plans impose an additional (service) charge for the installation, maintenance and operation of an electricity PAYG meter by the supplier. Consequently, electricity PAYG tariff plans generally have a higher average annual bill. Within these offerings there is generally only one tariff rate offered by suppliers, opposed to the standard tariff and discount tariffs that are offered on bill payment plans.



Discount tariff plans are generally for a set contract timeframe of 12 -24 months. Once this contract has expired customers are generally placed upon the supplier's standard tariff rate. To continue upon a discount tariff (and ensure they are getting the best deal on the market) a customer must either: engage with their current supplier to renegotiate their energy contract or compare the market and switch to another supplier. By only switching once and not looking at which plan is best suited after the expiration of their discount tariff, customers are missing out on a significant amount of potential cost savings.

The tables below show the potential savings from switching on an annual average bill over the last 4 years (excluding PAYG plans). An active customer switching or renegotiating every year over a four-year timeline could have saved the following:



Electricity

	Year 1	Year 2	Year 3	Year 4
Never switch	€0	€0	€0	€0
one off switch	€235	€235	€235	€235
2 switches	€235	€497	€497	€497
3 switches	€235	€497	€779	€779
4 switches	€235	€497	€779	€1,097



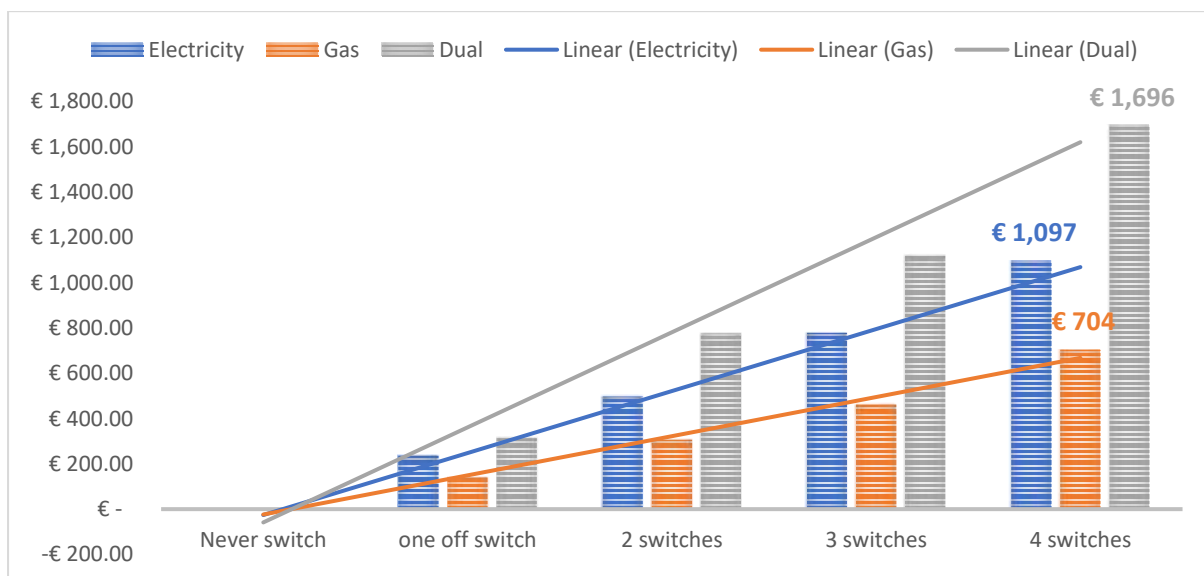
Gas

	Year 1	Year 2	Year 3	Year 4
Never switch	€0	€0	€0	€0
one off switch	€140	€140	€140	€140
2 switches	€140	€306	€306	€306
3 switches	€140	€306	€461	€461
4 switches	€140	€306	€461	€704



Dual Fuel	Year 1	Year 2	Year 3	Year 4
Never switch	€0	€0	€0	€0
one off switch	€313	€313	€313	€313
2 switches	€313	€776	€776	€776
3 switches	€313	€776	€1,119	€1,119
4 switches	€313	€776	€1,119	€1,696

The graph below shows the compounded savings from repeat switching over a period of 4 years.



Note it may not be cost effective to switch more than four times over a four-year period. This is because the best available discount plans offered by suppliers are in the form of a one-year contract. If a customer breaks this contract and switches to a new plan before the contract has expired then they are likely to incur an early termination fee from their supplier, generally in the range of €25 to €200.

4.9 Business electricity and gas plans and prices

This section provides information on small business electricity and IC gas plans and prices, based on information collected on a quarterly basis from suppliers by the CRU. Information is received on the range of tariff plans that small electricity business (DG5 customers) and IC gas customers (with a supply point capacity below 3,750kWh and annual quantities of below 73,000kWh of gas annually) are on for each supplier.

The number and range of plans offered by suppliers in these business segments varies widely, and unlike domestic plans, there is no requirement in the CRU's supplier handbook for suppliers to publish details of these plans. A revised Supplier Handbook was published in April 2017, which



requires suppliers to publish a high-level statement on their website regarding the methodology used to determine energy tariffs for non-household customers. This statement should document the considerations when setting energy tariffs for different categories of non-household customers.

Suppliers offer a range of plans for small electricity business and IC gas customers, which can include fixed energy prices for multi-year contracts, fixed term discount products off standard or unit rates, business pay as you go contracts, variable rates and the option to fix all or a portion of electricity prices for a certain usage period. A variety of contract terms and payment options are available, while some suppliers require deposits and have penalty clauses associated with fixed term contracts.

It should be noted that this section only covers the top ten commercial plans provided by suppliers. The business market segment generally has a higher proportion of customers supplied under bespoke plans than the domestic market segment. Generally, these bespoke plans are not included in the top ten plans provided by suppliers to the CRU. Therefore, the average annual customer bill under the top ten commercial plan bracket may be higher than that for those customers who have signed up to a bespoke plan with a lower overall unit rate. The following information in this section should be viewed with this caveat.

4.9.1 Small business electricity prices

Currently, seven suppliers offer non-domestic electricity, namely Electric Ireland, Bord Gáis Energy, Energia, SSE Airtricity, Flogas, Naturgy and GoPower. The CRU receives information on the standard business plans for suppliers with above 5% market share and where applicable their top 10 small business electricity plans, which includes information on the average annual bill for business customers on different plans, unit and standing charges, details of each plan and the total consumption and number of customers for each plan.

Average annual bills for different non-domestic electricity consumption levels are shown below, based on a weighted average across multiple suppliers' plans.

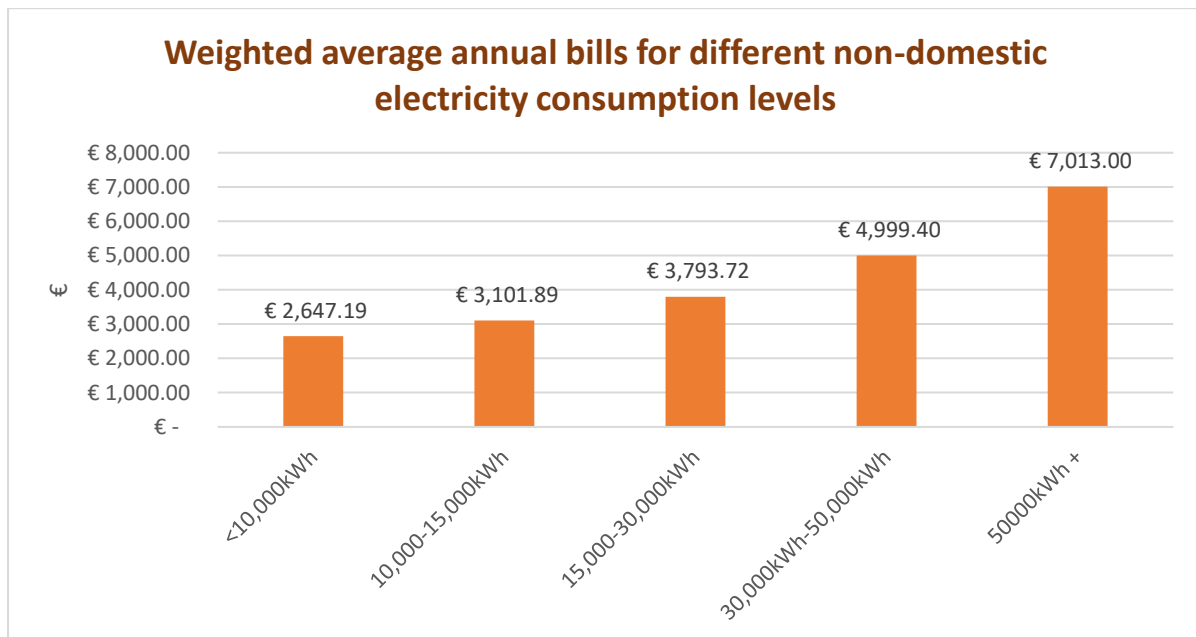


Figure 4.5: Weighted average annual bills for different non-domestic electricity consumption levels¹⁷

These plans contain a range of standing charges and unit charges, based on the tariff and meter type and any discounts applied. The range of these charges as reported for Q4 2018 is shown below.

Unit Charge

Lowest unit charge	Highest unit charge	Average unit charge
0.059c/kWh	0.21c/kWh	0.16c/kWh

There is a large range in these charges which is dependent on the consumption type and level across different business customers.

Standing Charge

Lowest standing charge	Highest standing charge	Average standing charge
€0.41 per day	€4.75 per day	€0.88 per day

¹⁷ Note that this graph reflects limited data available to the CRU. Hence the trend shown in the graph may be incomplete.



4.9.2 IC gas prices

Currently, seven suppliers offer non-domestic gas, namely Electric Ireland, Bord Gáis Energy, Energia, SSE Airtricity, Vayu, Flogas and PrePayPower. The CRU receives information on the standard business plans for suppliers with above 5% market share and where applicable their top 10 IC gas plans, which includes information on the average annual bill for business customers on different plans, unit and standing charges, details of each plan and the total consumption and number of customers for each plan.

Average annual bills for different IC gas consumption levels are shown below, based on a weighted average across multiple suppliers' plans.

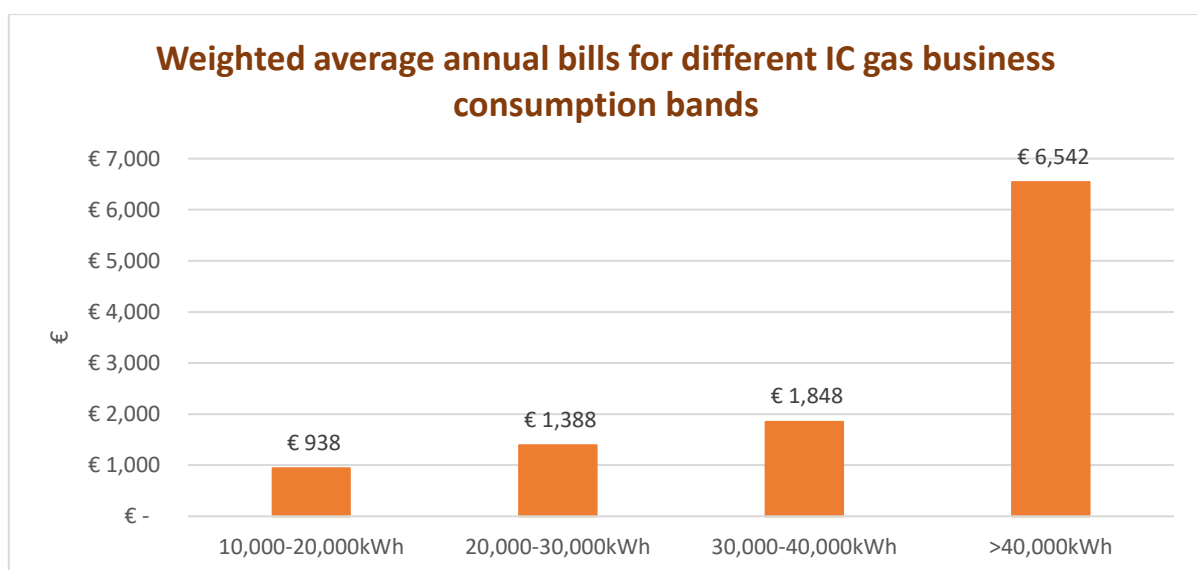


Figure 4.6: Weighted average annual bills for IC gas business consumption bands

These plans contain a range of standing charges and unit charges, based on the tariff and any discounts applied. The range of these charges as reported for Q4 2018 is shown below.

Unit Charge

Lowest unit charge	Highest unit charge	Average unit charge
0.014c/kWh	0.071c/kWh	0.044c/kWh

Standing Charge

Lowest standing charge	Highest standing charge	Average standing charge
€0.22 per day	€8.57 per day	€0.78 per day

4.10 Non-domestic electricity and gas prices in a European Context

Eurostat publishes data on a bi-annual basis on average end user prices for different domestic and industrial/commercial electricity and gas markets. Information is published on the prices for each consumption band in electricity and gas and on average prices across all consumption bands compared to Euro Area average.

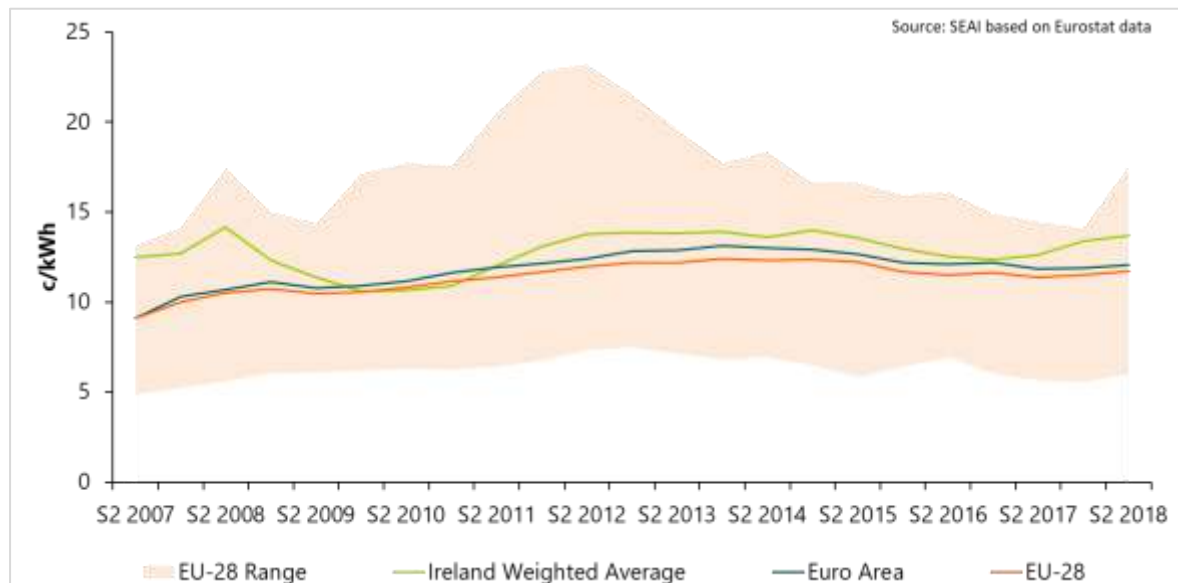


Figure 4.7: Average Electricity Prices (ex-VAT) to Business – All Consumption Bands

The price of electricity to business consumers in Ireland has been above both the EU and Euro Area since the second half of 2011. In the second half of 2018 it was above the EU and Euro Area respectively. The graph below shows business electricity prices for different consumption bands over time.

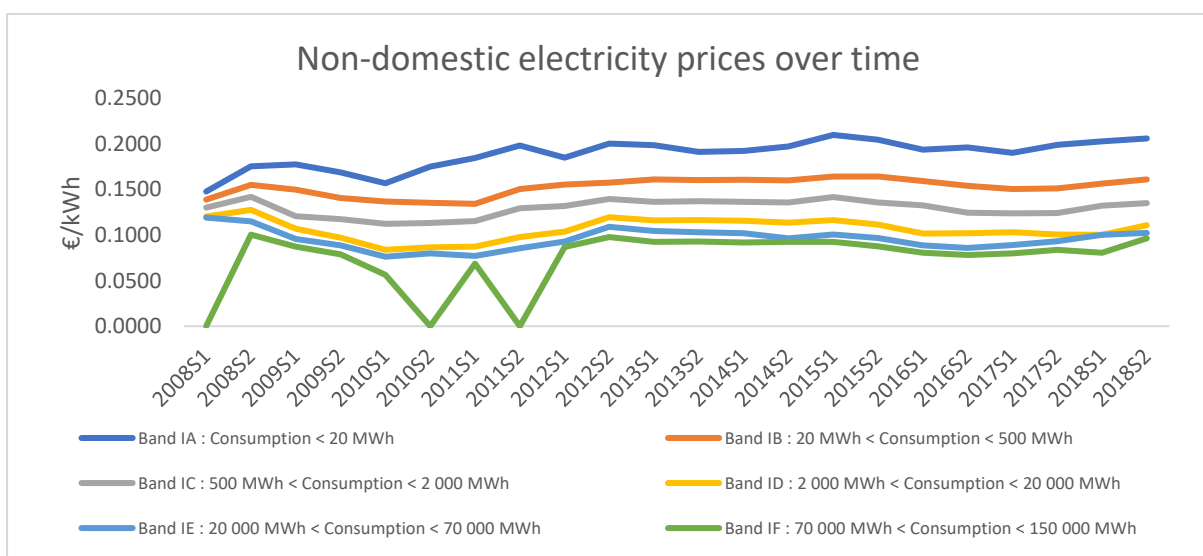


Figure 4.8: Non-domestic electricity prices over time, 2008 - 2018



The price of gas to business consumers in Ireland was below both the EU and Euro Area between Semester 2 of 2009 and Semester 2 of 2013. Since 2013 this has fluctuated between the EU and Euro area average. Since Semester 2 of 2015, Irish business gas prices have fluctuated around the EU and Euro area averages.

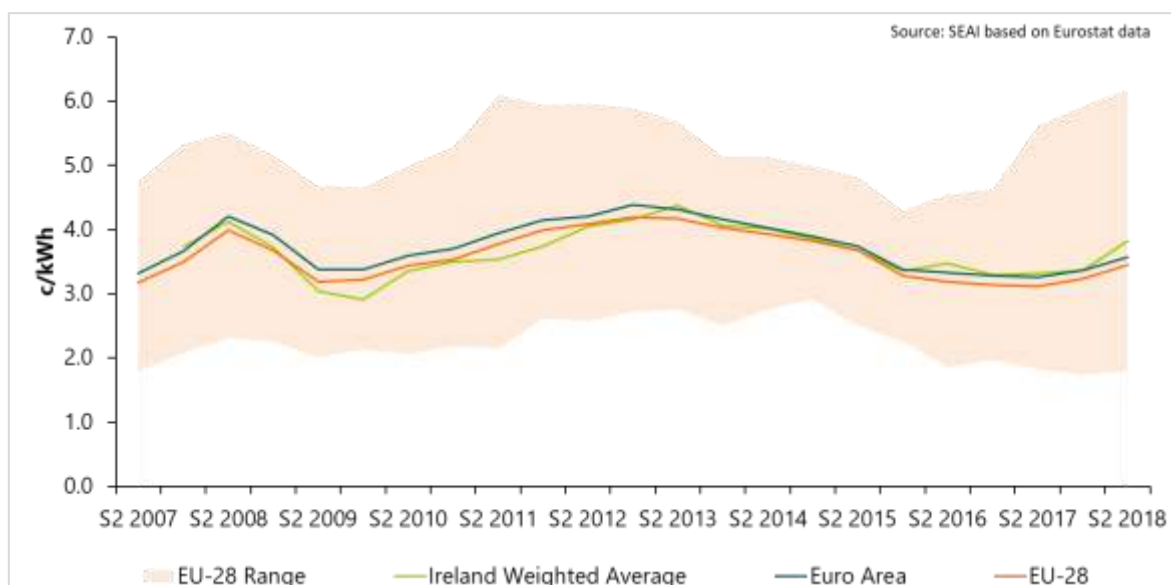


Figure 4.9: Average Gas Prices (ex-Vat) to Business – All Consumption Bands

In the second half of 2018 the weighted average price of gas to business customers in Ireland was slightly above both the EU average and Euro Area average. The graph below shows business gas prices for different consumption bands over time.

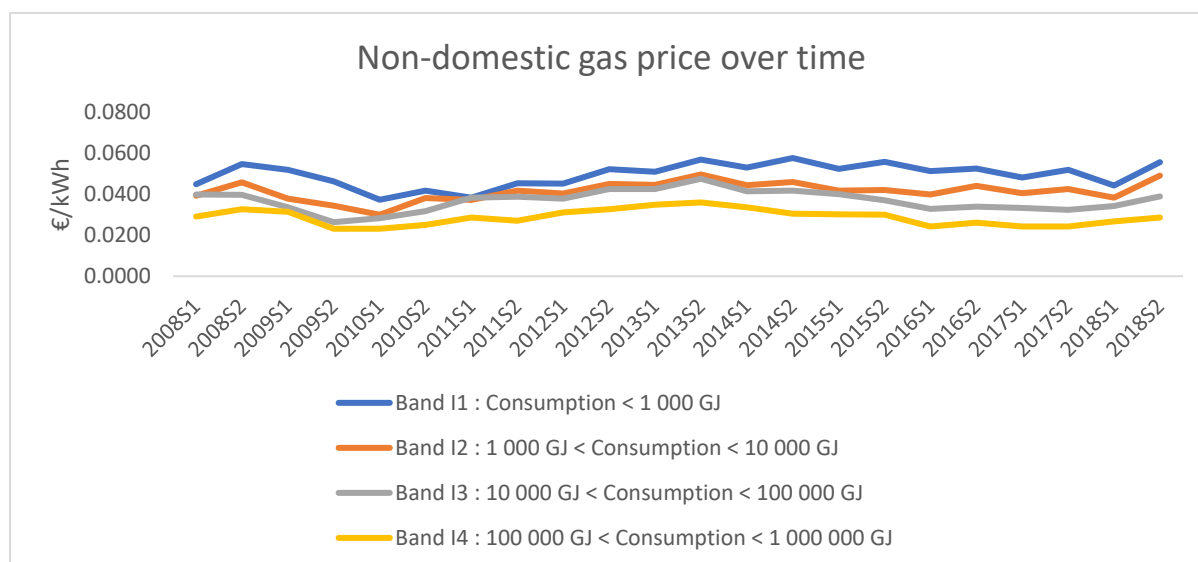


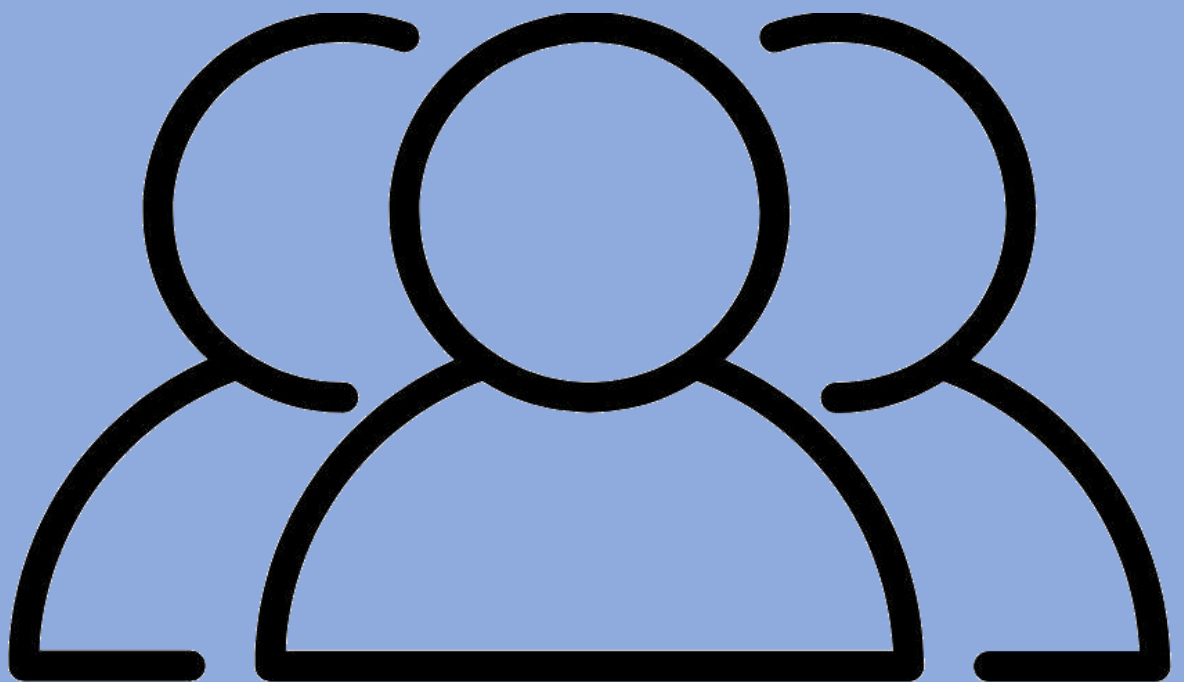
Figure 4.10: Non-domestic gas price over time, 2008 – 2018



4.11 Summary – Prices

- Energy prices are made up of a number of different components including network costs, wholesale costs, supply and retail costs and other factors such as the PSO levy, VAT rate and carbon tax.
- Energy and supply costs comprise a large proportion of final price in Ireland in comparison to other EU countries. A significant share of this is accounted for by the cost of fossil fuels, particularly gas.
- Seven suppliers announced price increases towards the end of Q2 2018 and beginning of Q3 2018. Four suppliers have announced further price increases (one supplier at the end of Q3 2018 and three suppliers during Q4 2018) becoming effective in Q4 2018. The remaining three suppliers have announced price increases in Q1 2019. The increases are predominantly driven by rising wholesale electricity and gas prices and higher pass through costs in electricity.
- Compared to semester 2 of 2017, in semester 2 of 2018 domestic electricity prices increased in all bands except band DA. In semester 2 of 2018, the average price in Ireland for domestic electricity consumption band DC was 12% above the Euro Area average and for domestic electricity consumption band DD was 2% above the Euro Area average. Looking at the weighted average domestic electricity price in Ireland, this was marginally above the EU average, but below the Euro Area average.
- The average price in consumption band DC increased from semester 2 2017 to semester 2 2018 by 8% and the average price in consumption band DD increased by 7%. Note that in Ireland approximately 36% of the domestic retail market (by consumption) falls under band DC and approximately 41.5% falls under band DD.
- In semester 2 of 2018, business electricity prices increased for all consumption bands. Average price increased in the dominant consumption band (IB) by 6%, being 8% higher than the Euro Area average. Looking at the weighted average business electricity price in Ireland, this was above both the EU and Euro Area average.
- In semester 2 of 2018 Band D2 (which accounts for 92% of household gas consumption) prices increased by 17% compared to semester 2 of 2017. Ireland is now the 7th most expensive country in the EU for domestic gas with prices now equal to the Euro Area average. Looking at the weighted average domestic gas price in Ireland, this was equal to the Euro Area average, but below the EU average.
- Business gas prices increased in all consumption bands from semester 2 2017 to semester 2 2018. Average price increased in the dominant consumption band (I4) by 18%, being 7% higher than the Euro Area average. Looking at the weighted average business gas price in Ireland, this was slightly above both the EU and Euro Area average.

**WHAT
PROTECTION
DO YOU HAVE
AS AN ENERGY
CUSTOMER?**





5 Consumer Survey 2018

Each year the CRU conducts a survey of the residential and SME electricity and gas markets in Ireland to measure consumer engagement, experiences and attitudes. The purpose of the survey is to provide additional consumer-based insights to the market monitoring activities of the CRU, to contribute to consumer protection policies and codes of practice for energy suppliers and to further empower customers in the competitive energy market.

Please note that the results of the 2018 consumer survey have not been finalised in time for inclusion in the 2018 Electricity and Gas Retail Markets Annual Report. Consequently, a summary of the results will be included in the CRU's Q1 Retail Market 2019 report instead.



6 Customer Protection

6.1 Introduction

It is the CRU's statutory obligation to ensure a high standard of protection for final customers in the electricity and gas markets. In this regard the CRU has introduced a number of measures and tools aimed at protecting customers through a range of policy decisions. A key policy tool used by the CRU is the Supplier Handbook, which sets out the minimum service levels that electricity and gas suppliers must comply with and includes areas such as of marketing, vulnerable customers, complaint handling, billing, disconnections and PAYG meters.

The CRU monitors compliance with these requirements through formal annual audits. The findings of the formal audits are published annually and are briefly mentioned in Chapter 7 of this report.

Customers in debt and those who are disengaged with the market may experience worse outcomes in the energy retail markets. Due to the essential nature of energy supply it is imperative that such customers are protected. This section outlines the trends in debt flagging, customer complaints, PAYG installs and disconnections in 2018.

When dealing with customers that are in arrears, suppliers must take a number of steps prior to disconnecting a property. The disconnection of a customer's energy supply should always be the last resort and all suppliers are required to offer a payment plan and PAYG financial hardship meter to customers in arrears in advance of proceeding to disconnect. Suppliers must also facilitate a customer that wishes to nominate a third party to represent them¹⁸.

The figure below illustrates the structure of this chapter, which follows the supplier handbook and the steps taken before disconnecting a customer, along with the metrics which are monitored by the CRU in this area.

¹⁸ e.g. money advisor including MABS, a recognised charity or Social Welfare Representative.



Figure 6.1: Areas of Customer Protection

6.2 Audits of Compliance

The CRU regularly conducts audits of compliance to ensure that suppliers are meeting their regulatory obligations. The CRU's [Supplier Handbook](#) sets out the minimum service requirements that suppliers must adhere to in their dealings with energy customers. It comprises of individual Codes of Practice that cover all key areas of customer-supplier interaction, including: billing, disconnections, marketing, vulnerable customers and PAYG meters. These rules are in place to ensure that customers enjoy a high standard of protection in their dealings with licensed suppliers and are in line with CRU's legislative duties¹⁹.

In 2018 the CRU audited suppliers' adherence to the rules in relation to Pay as You Go (PAYG) meters and Budget Controllers, and Billing. The audit can be found on the [CRU website](#).

6.3 Customer Care Team

The CRU Customer Care Team provides a free dispute resolution service to customers with an unresolved complaint against an energy supplier/network operator. Each year the team produces a report, setting out the number and type of complaints and contacts received over the year against each supplier and includes case studies about some of the complaints that were investigated. The report can be found on the [CRU website](#).

¹⁹ S.I. No. 452 of 2004 European Communities (Internal Market in Natural Gas)

<http://www.irishstatutebook.ie/2004/en/si/0452.html>

S.I. No. 60 of 2005 (Electricity) European Communities (Internal Market in Electricity)

<http://www.irishstatutebook.ie/2005/en/si/0060.html>



The team also has an important role in gathering information from customers about their experiences with energy supplier/network operators. This information is used to provide feedback to the relevant Divisions within the CRU and which then helps to develop policies that address the issues raised and improve customer protection.

6.4 Debt Flagging

When a customer requests to change to a new supplier, the existing supplier has the facility to inform the new supplier of outstanding debt if it is above the industry thresholds approved by the CRU²⁰.

The new supplier can then choose whether to proceed with or cancel the change of supplier (CoS) request where this 'flag' has been raised. The debt flagging process has been in place since October 2011 and the CRU monitors the use of the debt flagging facility by both suppliers which are losing customers and suppliers which are gaining customers on an on-going basis.

In the domestic electricity market, the total number of debt flags has decreased by 6.8% between 2017 and 2018. The number of CoS requests cancelled as a result of a debt flag has also decreased between 2017 and 2018 both in total numbers and percentage of debt flags raised. Between 2017 and 2018 there has been a 23.9% decrease in CoS requests refused as a result of a debt flag.

Electricity										
Debt Flags	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Total 2017	Total 2018
Total debt flags	578	664	503	470	491	523	575	476	2,215	2,065
Total debt flags as % of overall switches	0.7%	0.9%	0.6%	0.6%	0.6%	0.6%	0.7%	0.5%	0.7%	0.6%
Debt flagged CoS requests cancelled	235	240	168	164	156	161	150	147	807	614
% of total debt flagged CoS requests which were cancelled	41%	36%	33%	35%	32%	31%	26%	31%	36%	30%
Debt flagged CoS requests not cancelled	343	424	335	306	325	362	425	329	1,408	1,441

Table 6.1: Debt Flagging in Electricity Q1 2017 – Q4 2018

In the domestic gas market, the total number of debt flags has increased by 24.9% between 2017 and 2018. However, due to the increased number of switches, debt flags as a percentage of overall

²⁰ Domestic threshold: ≥ €225 for > 60 days from due date. Small business & unmetered supply: ≥ €600 for > 30 days from due date. Medium sized business: ≥ €1,200 for > 30 days from due date.



switches has remained broadly static between 2017 and 2018 at 1.3%. Of the debt flags raised the percentage that led to a refusal of a CoS request increased by approximately 12.8% between 2017 and 2018, from 39% to 44%.

Gas										
Debt Flags	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Total 2017	Total 2018
Total debt flags	317	440	398	305	321	549	614	339	1,460	1,823
Total debt flags as % of overall switches	1.0%	1.4%	1.3%	1.0%	0.9%	1.6%	1.8%	1.0%	1.2%	1.3%
Debt flagged CoS requests cancelled	126	197	146	99	125	254	294	148	568	821
% of total debt flagged CoS requests which were cancelled	40%	45%	37%	32%	39%	46%	48%	44%	39%	44%
Debt flagged CoS requests not cancelled	191	243	252	206	196	295	320	191	892	1,002

Table 6.2: Debt Flagging in Gas Q1 2017 – Q4 2018

At the start of 2016 the CRU published a decision paper on debt management in the electricity and gas retail markets ([CER/16/014](#)). This supplemented the CRU's previous decision in 2011 (CER/11/823) whereby debt transfer would apply to customers who had received a free Pay as You Go meter for financial hardship reasons. Following a review of consulted issues and a meeting with the industry, the CRU issued the decision not to mandate debt transfer or to introduce debt blocking into the market. It was decided that the debt flagging process would also remain the same at this time. The possibility to introduce a further flag may be reviewed in the future.

6.5 Arrears and Payment Plans

The CRU collects data on the number of customers in arrears and on payment plans per quarter, including their value and length. Figures detailing the number of customers in arrears and on payment plans per market segment are published on a quarterly basis.

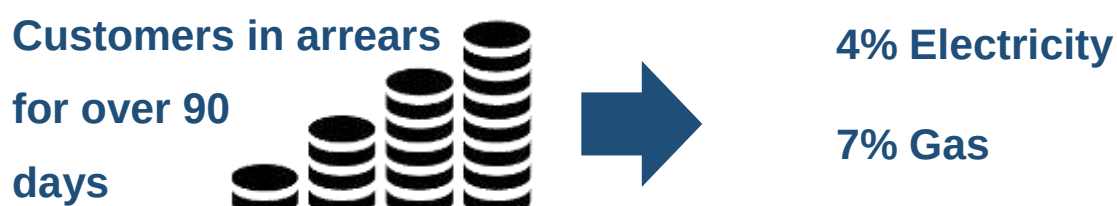
Arrears refers to the number of customers by market segment that were in arrears at the end of the reporting period regardless of the value of the arrears. As shown in table 6.3, 12% of customers across all segments were in arrears in Q4 2018. The domestic electricity and gas sectors had the highest percentage of customers in arrears at 12% each. However, it is important to note that this includes all customers that were in arrears for one billing period or more in the reporting period. Due to the seasonality of gas usage, it can be common for the gas market to have a higher percentage of customers in arrears.



Total number of customers in arrears and on payment plans in Q4 2018					
	Domestic Electricity	Non-Domestic Electricity	Domestic Gas	Non-Domestic Gas	Total
Arrears	242,158	25,196	83,086	3,017	365,607
% Total Customers In arrears	12%	9%	12%	11%	12%
% Customers In arrears >90 days	4%	4%	7%	6%	5%
Payment Plans	11,230	-	2,070	-	13,300
% Total Customers	0.5%	-	0.3%	-	0.48%

Table 6.3: Total number of customers in arrears and on payment plans in Q4 2018

Of those customers in arrears, CRU has conducted analysis on the number of customers in arrears for greater than 90 days in Q4 2018. In electricity of those in arrears 38% (91,140) domestic and 45% (11,299) non-domestic have been so for greater than 90 days. In gas of those in arrears 53% (44,128) domestic and 53% (1,586) non-domestic have been so for greater than 90 days.



The option for customers to enter payment plans with their supplier provides an additional measure of protection to customers who are continuously having difficulty paying their bills.

A payment plan arrangement is a specific payment arrangement with a supplier to cover outstanding arrears on a customer's bills. A payment plan can include those arranged to recoup a debt, regardless of the debt source (i.e. financial hardship, fraud, credit, estimated reads, etc.). As a percentage of total customers, the number of customers per market segment on payment plans is much lower than for customers in arrears (see figure 6.2).

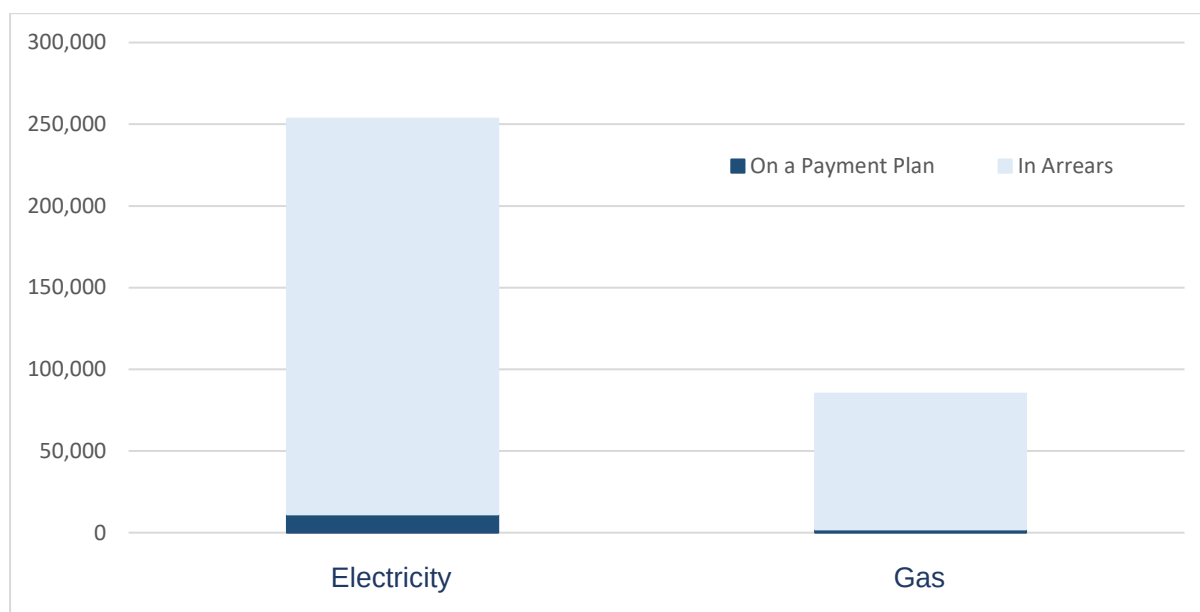


Figure 6.2: Number of customers on payment plans in relation to the number of customers in arrears, 2018

Of the total domestic customer numbers in electricity 0.54% (11,230) are on payment plans. In gas, 0.31% (2,070) are on payment plans.

This is a relatively low percentage considering 4% (91,140) of total electricity and 7% (44,128) of total gas domestic customers are in arrears for over 90 days.

There is scope for more customers that are in arrears to be on a payment plan. The CRU will keep this under review.

The CRU has compiled information on the percentage of completed and broken payment plans for Q4 of 2018, taken at an aggregate level across suppliers. On average more payment plans are completed by electricity and gas customers than broken (Electricity: 55% completed: 45% broken. Gas: 53% completed: 47% broken).

6.6 Pay as You Go Meters – PAYG

This section looks at the trend in the installation of PAYG financial hardship meters. Suppliers cannot disconnect for reasons of non-payment of account unless they have offered a PAYG meter to the customer. In instances where it would not be appropriate to offer a PAYG meter, such as the customer not being able to use the meter or where there is no suitable location for the meter in the premises, the supplier must offer an alternative.

Currently Bord Gáis Energy, Electric Ireland, Energia, Flogas, PrePayPower and SSE Airtricity provide PAYG meters for financial hardship in the electricity and gas domestic markets.



ESB Networks and GNI are responsible for installing PAYG meters free of charge for customers in financial difficulty at the request of suppliers (on foot of a customer agreeing to the installation of a meter). The CRU will continue to monitor the installation of PAYG financial hardship meters in its quarterly reports.

A number of suppliers also offer lifestyle choice prepayment options in both the electricity and gas domestic markets (Bord Gáis Energy, Electric Ireland, Energia, Flogas, PrePayPower and SSE Airtricity). This is provided in the form of a PAYG meter unit that acts as a budget controller in series with the existing meter.

For electricity, the lifestyle choice prepayment meter is an asset of the supplier rather than ESN. Currently all suppliers offering lifestyle choice prepayment meters charge additional daily service charges. This makes them more expensive than alternatives. Customers considering opting for a lifestyle choice prepayment meter should consider this additional cost and weigh it against the additional benefits that the solution may bring them. It is important to note that customers who are experiencing financial difficulty and avail of a free PAYG meter do not incur any additional charges. For gas, GNI provides all PAYG meters. If a customer wishes to avail of a lifestyle choice meter in gas this is purchased from GNI through their supplier.

The graph below shows that the installation of electricity PAYG financial hardship meters decreased from 2015 to 2017 and has broadly levelled off over 2018.

Electricity PAYG Financial Hardship Installs ²¹								
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total Cumulative Installs	82,153	83,216	84,181	84,748	85,181	85,705	86,358	86,976
Total Quarterly Installs	1,127	1,063	965	567	433	524	653	618

Table 6.4: Total and cumulative number of electricity PAYG installs for reasons of financial hardship (Q1 2017 – Q4 2018)

²¹ Numbers for the period Q2 2017 – Q2 2018 had previously included numbers of token meters being phased out and replaced with keypad meters. These replacements would not be classed as new installs and therefore have been removed from the total numbers presented.

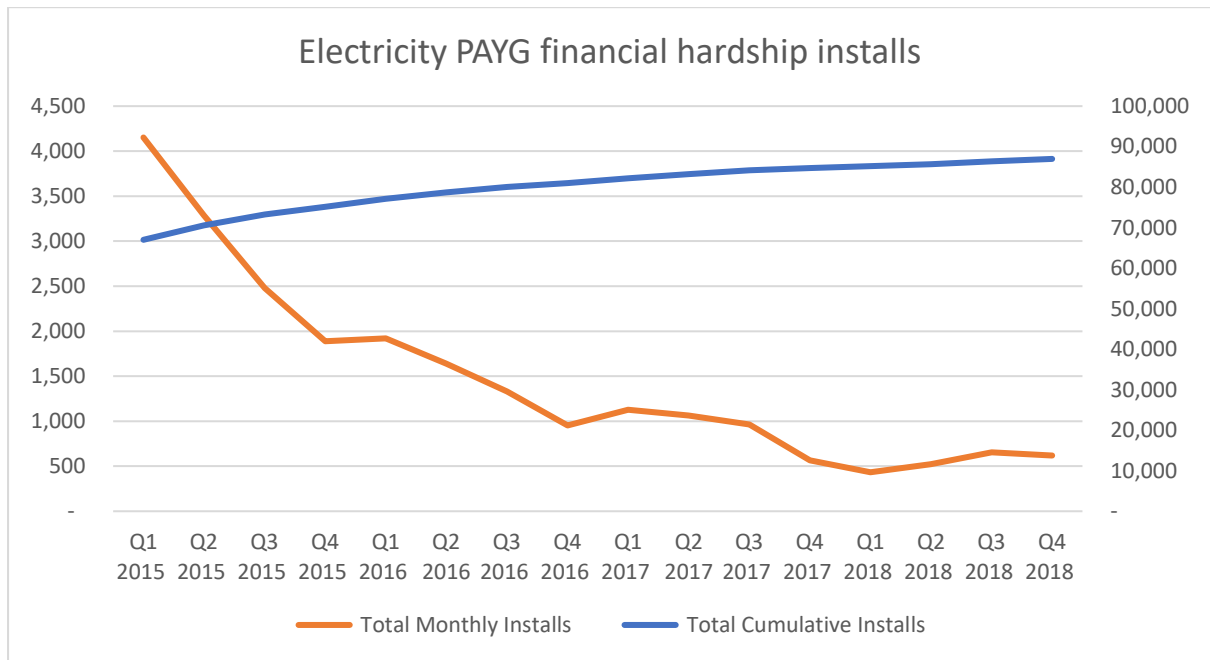


Figure 6.3: Electricity PAYG financial hardship installs (2015 – 2018)

Gas PAYG Meter Installs								
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total Cumulative Installs	103,459	104,021	104,360	104,602	104,852	105,111	105,260	105,346
Total Quarterly PAYG (lifestyle choice + financial hardship) Installs	1,644	2,441	1,937	1,741	1,601	1,723	1,492	1,275
Total Quarterly Financial Hardship Installs	542	539	339	242	250	259	149	86
% financial hardship	34%	23%	18%	14%	16%	15%	10%	7%

Table 6.5: Total and cumulative number of gas PAYG installs (Q1 2017 – Q4 2018)

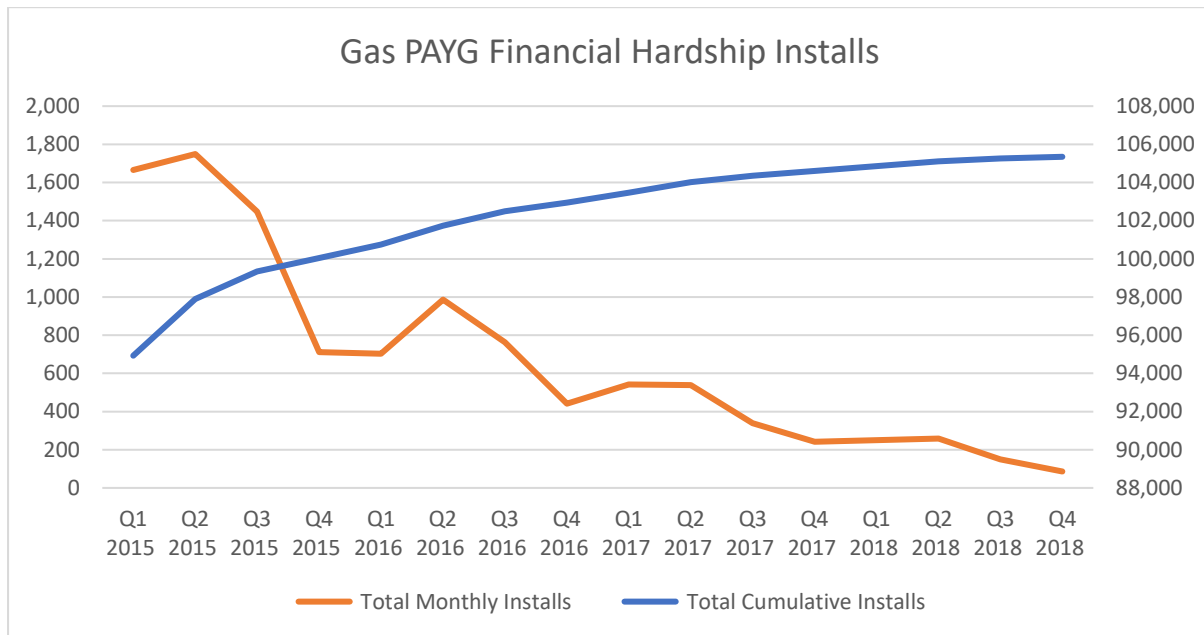


Figure 6.4: Gas PAYG financial hardship installs (2015 – 2018)

It can be seen from tables 6.4 and 6.5 and figure 6.5 that the total number of quarterly PAYG installs by ESNB and GNI decreased between 2015 and 2018.

Appendix 6.4 details the electricity and gas PAYG financial hardship meter installation rate per supplier. This was calculated by dividing the number of financial hardship meter installs per quarter by the number of customers of each supplier per quarter. In Q4 2018 Electric Ireland had the highest financial hardship PAYG installation rate, at 0.04% in electricity. In the same period, Bord Gáis Energy had the highest PAYG installation rate for gas, at 0.02%.

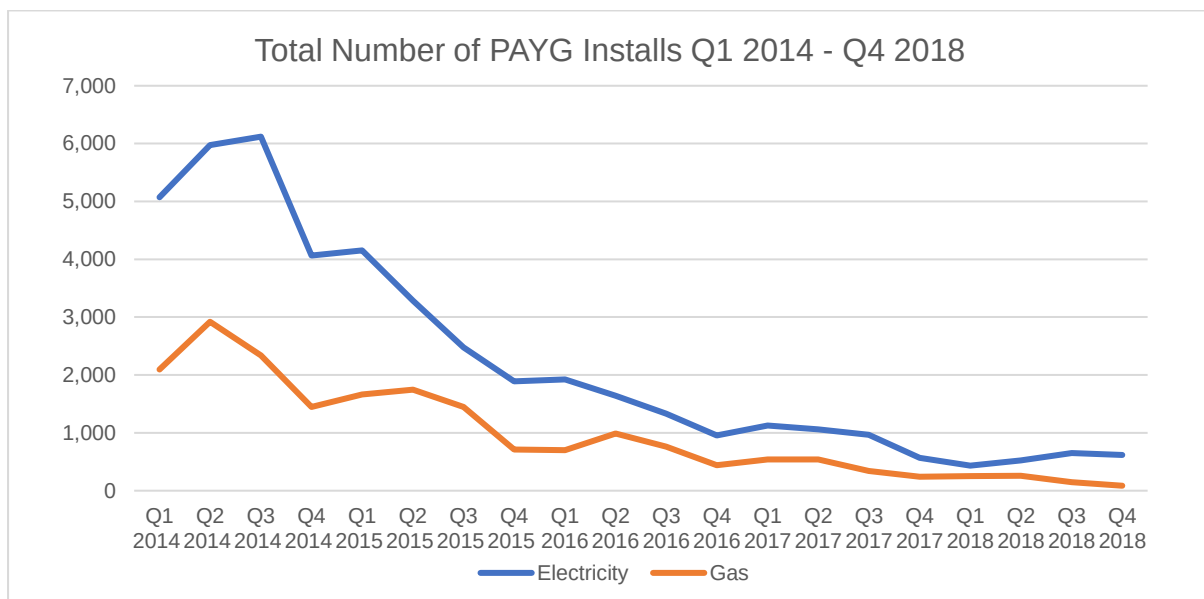


Figure 6.5: Total number of electricity and gas PAYG financial hardship installs per quarter (Q1 2014 – Q4 2018)



6.7 Disconnections

The disconnection / de-energisation of a customer's energy supply should always be the last resort and all suppliers are required to offer a payment plan and/or prepayment solution to customers in advance of proceeding to disconnect. This section analyses trends in disconnections in both electricity and gas.

6.7.1 Disconnections – Total

Disconnections of customers for non-payment of account (NPA) increased by 4% in electricity and decreased by 20% in gas in 2018 compared to 2017. The total number of NPA disconnections between Q1 2018 and Q4 2018 was 4,829 for electricity and 1,724 for gas.

Total NPA Disconnections	2011	2012	2013	2014	2015	2016	2017	2018
Electricity	17,794	17,441	12,391	8,731	7,783	6,879	4,626	4,829
Gas	4,560	7,558	6,279	3,998	3,542	2,787	2,144	1,724

Table 6.6: Total (domestic and business) NPA disconnections 2011 - 2018

There are various reasons for the decline in disconnections over time, including the work that was undertaken by all stakeholders in early 2014 that reviewed the market processes, and the voluntary agreement introduced by most energy suppliers committing to never disconnect an engaging customer.

The requirement placed on suppliers to offer payment plans and financial hardship meters instead of disconnecting customers in the first instance has also benefited those in financial difficulty. It is likely that improving economic conditions in recent years has also contributed to this decrease in disconnections.

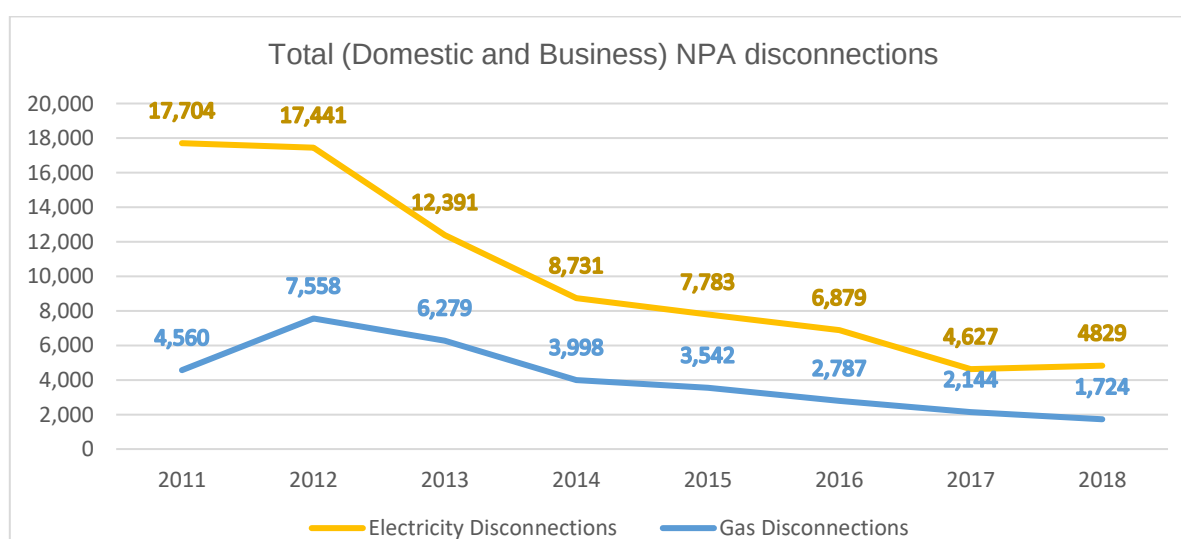


Figure 6.6: Trend in total (domestic and business) NPA disconnections from 2011-2018



6.7.2 Disconnections – Domestic and Non-Domestic Electricity

The CRU receives data on electricity disconnections²² that were completed for non-payment of account reasons on a monthly basis from ESNB²³. This section analyses the data on validated electricity non-payment of account (NPA) disconnections²⁴.

Total Domestic disconnections per supplier								
	Electric Ireland	SSE Airtricity	Bord Gais Energy	PrePay Power	Energia	Pinergy	Panda	Total
Jan-18	99	42	37	13	33	13	14	251
Feb-18	117	57	49	32	21	35	9	320
Mar-18	154	28	34	16	34	21	8	295
Apr-18	172	70	65	13	35	25	7	387
May-18	204	95	35	21	26	13	11	405
Jun-18	205	70	38	8	31	3	16	371
Jul-18	205	78	31	11	31	4	18	378
Aug-18	165	57	26	19	11	3	18	299
Sep-18	126	52	25	90	35	10	18	356
Oct-18	220	37	40	23	44	8	18	390
Nov-18	156	18	50	27	43	6	8	308
Dec-18	7	2	21	1	7	-	4	42

Table 6.7: Total monthly domestic disconnections by supplier, January – December 2018

²² This data has been validated by suppliers in advance of publication.

²³ NPA can cover customers in arrears that have been disconnected because they cannot pay due to financial hardship or disconnected customers who choose not to pay debt. Currently such customers cannot be distinguished in the data. This NPA data does not include data on self-disconnections. This data includes disconnections of PAYG customers due to fraud/theft.

²⁴ Prepay Power states that, as a prepay supplier, it only disconnects in situations where they suspect a site of being vacant or in instances of fraud based on an analysis of vend and consumption data.



Total Non-Domestic disconnections per supplier								
	Electric Ireland	Energia	SSE Airtricity	Bord Gais Energy	PrePay Power	Pinergy	Panda	Total
Jan-18	50	23	22	16	-	1	1	113
Feb-18	28	20	20	25	2	3	1	99
Mar-18	11	21	10	8	-	1	-	51
Apr-18	33	25	22	19	-	-	-	99
May-18	52	17	16	5	-	-	-	90
Jun-18	51	23	7	17	1	1	2	102
Jul-18	71	17	21	16	-	2	4	131
Aug-18	34	14	19	8	-	-	6	81
Sep-18	32	20	17	16	1	3	3	92
Oct-18	19	15	8	16	-	3	-	61
Nov-18	19	19	15	13	3	-	3	72
Dec-18	4	11	11	8	-	-	2	36

Table 6.8: Total monthly non-domestic disconnections by supplier, Jan – Dec 2018

From tables 6.7 and 6.8 it can be seen that the majority of disconnections due to NPA were for domestic customers.

Figure 6.7 shows the trend in disconnections for 2015 - 2018 compared to the trend in installation of PAYG financial hardship meters. Without a PAYG system in place which provides an option for customers facing difficulty in paying their electricity bills, disconnections could be significantly higher.

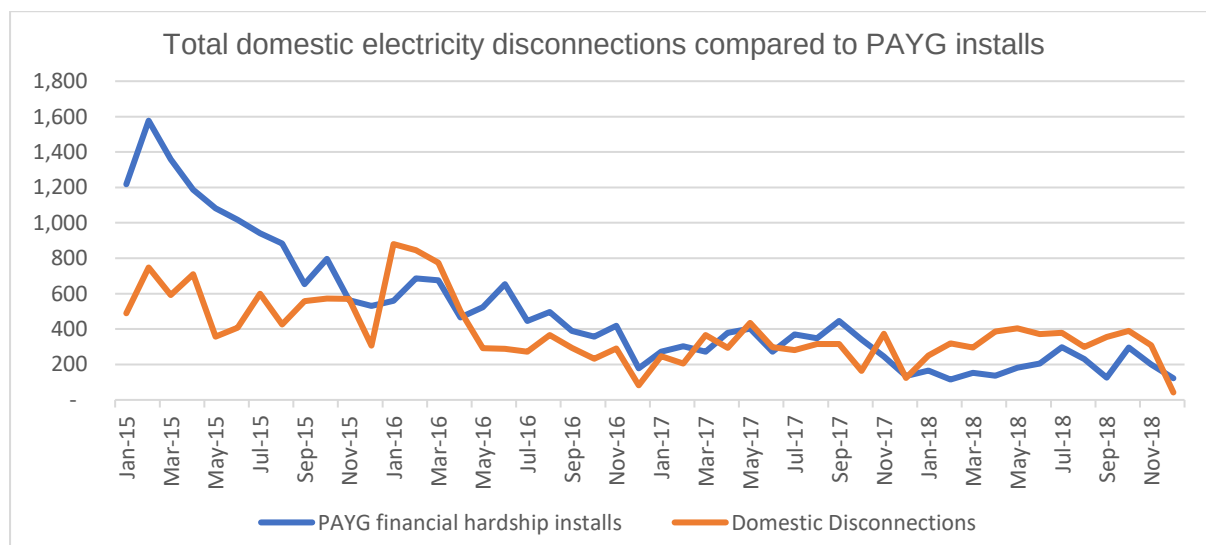


Figure 6.7: Total domestic electricity disconnections compared to PAYG financial hardship installs for January 2015 to December 2018



% change in electricity disconnections between 2016, 2017, 2018			
	Total	Domestic	Non-Domestic
% change between 2016 and 2017	-33%	-33%	-31%
% change between 2017 and 2018	4%	11%	-15%

Table 6.9: % change in electricity disconnections between 2016 - 2018

A supplier's disconnection rate per 10,000 customers' accounts for the number of customers a supplier has in order to measure disconnection intensity per supplier.

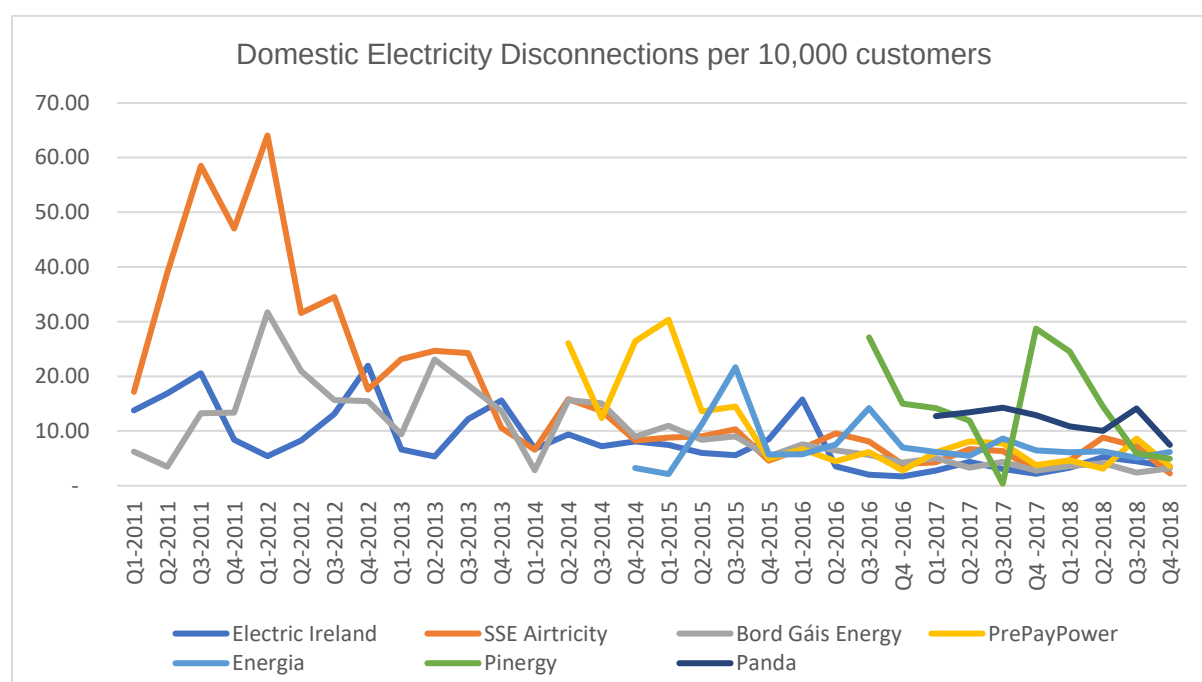


Figure 6.8: Domestic Electricity Disconnections per 10,000 customers (2011 – 2018)



6.7.3 Disconnections – Domestic and Non-Domestic Gas

There are three types of disconnections²⁵ in gas: credit locks, disconnect meters (DMs) and street isolations (CTSRs). This section only focuses on the disconnections that were undertaken for non-payment of account (NPA) reasons²⁶.

Total domestic gas disconnections per supplier									
	Bord Gáis Energy	SSE Airtricity	Flogas	Electric Ireland	Energia	PrePay Power	Panda Power	Just Energy	Total
Jan-18	37	7	15	7	10	4	0	0	80
Feb-18	66	12	15	20	4	5	0	0	122
Mar-18	22	13	6	9	7	0	0	0	57
Apr-18	54	8	32	0	9	3	0	0	106
May-18	130	23	49	2	11	3	0	0	218
Jun-18	93	15	33	8	13	3	0	0	165
Jul-18	65	22	29	38	18	4	1	0	177
Aug-18	47	25	34	35	20	0	0	0	161
Sep-18	61	11	12	55	28	5	0	1	173
Oct-18	40	10	12	1	15	1	1	0	82
Nov-18	60	5	1	3	11	0	3	0	83
Dec-18	93	1	9	1	5	0	0	0	109

Table 6.10: Total monthly domestic disconnections by supplier, January – December 2018

²⁵ The CRU receives separate data reports on all three from GNI. To determine the disconnections that were completed for non-payment of account reasons (NPA), the CRU assumes all credit locks were completed for NPA reasons and sends each supplier the GPRNs that relate to their DMs and CTSRs so that the supplier can identify the remaining NPA disconnections. The CRU then adds together all the CLs and the NPA identified DMs and CTSRs to derive an estimate for total gas NPA disconnections.

²⁶ This data has been validated by suppliers in advance of publication.



	Total non-domestic gas disconnections per supplier						
	Bórd Gáis Energy	SSE Airtricity	Flogas	Electric Ireland	Energia	Naturgy	Total
Jan-18	8	0	2	1	3	0	14
Feb-18	6	0	2	1	8	0	17
Mar-18	4	0	2	0	4	0	10
Apr-18	7	0	3	1	4	0	15
May-18	2	0	1	0	6	0	9
Jun-18	12	1	9	0	1	0	23
Jul-18	12	2	9	7	3	0	33
Aug-18	5	0	6	2	5	2	20
Sep-18	4	0	3	7	2	1	17
Oct-18	6	0	3	2	4	0	15
Nov-18	4	0	1	0	6	0	11
Dec-18	1	1	1	0	6	0	9

Table 6.11: Total monthly non-domestic disconnections by supplier, Jan – Dec 2018

Figure 6.8 shows the trend in gas disconnections compared to the trend in installation of PAYG financial hardship meters. The chart indicates that without a PAYG system, disconnections would be higher.

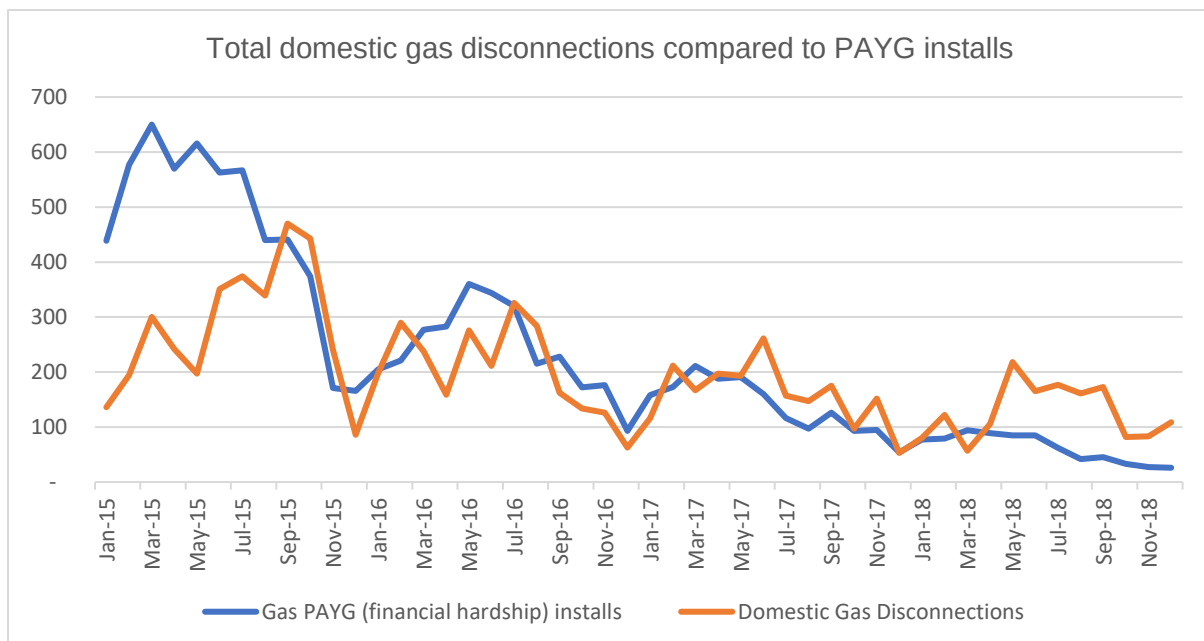


Figure 6.9: Total Domestic Gas Disconnections compared to PAYG financial hardship installs for January 2015 to December 2018



Percentage change in gas disconnections between 2016, 2017, 2018			
	Total	Domestic	Non-Domestic
% change between 2016 and 2017	-23%	-22%	32%
% change between 2017 and 2018	20%	20%	11%

Table 6.12: Percentage change in gas disconnections between 2016 - 2018

In analysing the disconnection levels of suppliers, it is important to examine disconnections as a proportion of customer numbers in order to determine the intensity of disconnections by supplier. The figure below shows the domestic disconnection rate per 10,000 customers per supplier over time.

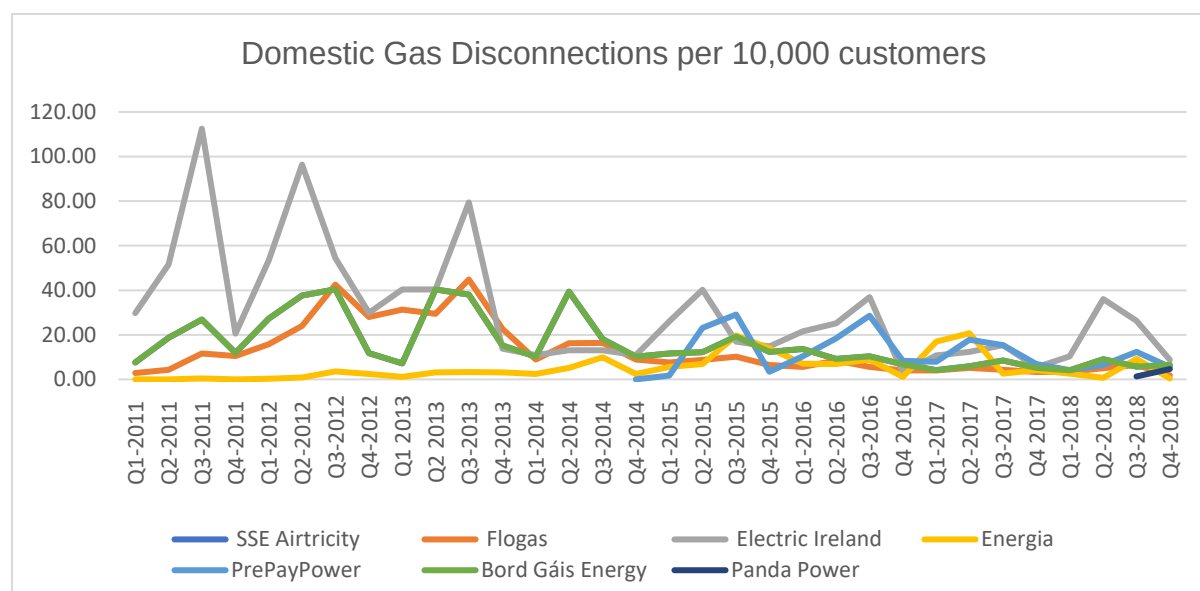


Figure 6.10: Domestic Gas Disconnections per 10,000 customers

6.7.4 Disconnections – Vacant premises proxy

Anecdotal evidence suggests that a significant number of disconnected properties are in fact vacant. The following section examines proxy data on the level of vacant premises in gas²⁷.

The figure below shows the trend in disconnections exemplifying the impact of adjusting the number of disconnections with installed PAYG meters and removing the impact of vacant premises. The chart indicates that without a PAYG system, disconnections would be higher. In addition, it can be seen that when proxy figures for vacant sites are removed, disconnections are less.

²⁷ A gas meter must be disconnected for more than 6 months before it is classed as vacant premise. This is a longer timeframe than used for electricity sites, as it is acknowledged that gas customers may choose to disconnect or not actively reconnect at particular times of the year due to the seasonality in gas usage (e.g. gas is mainly used for heating, so customers may use little of no gas over these months).

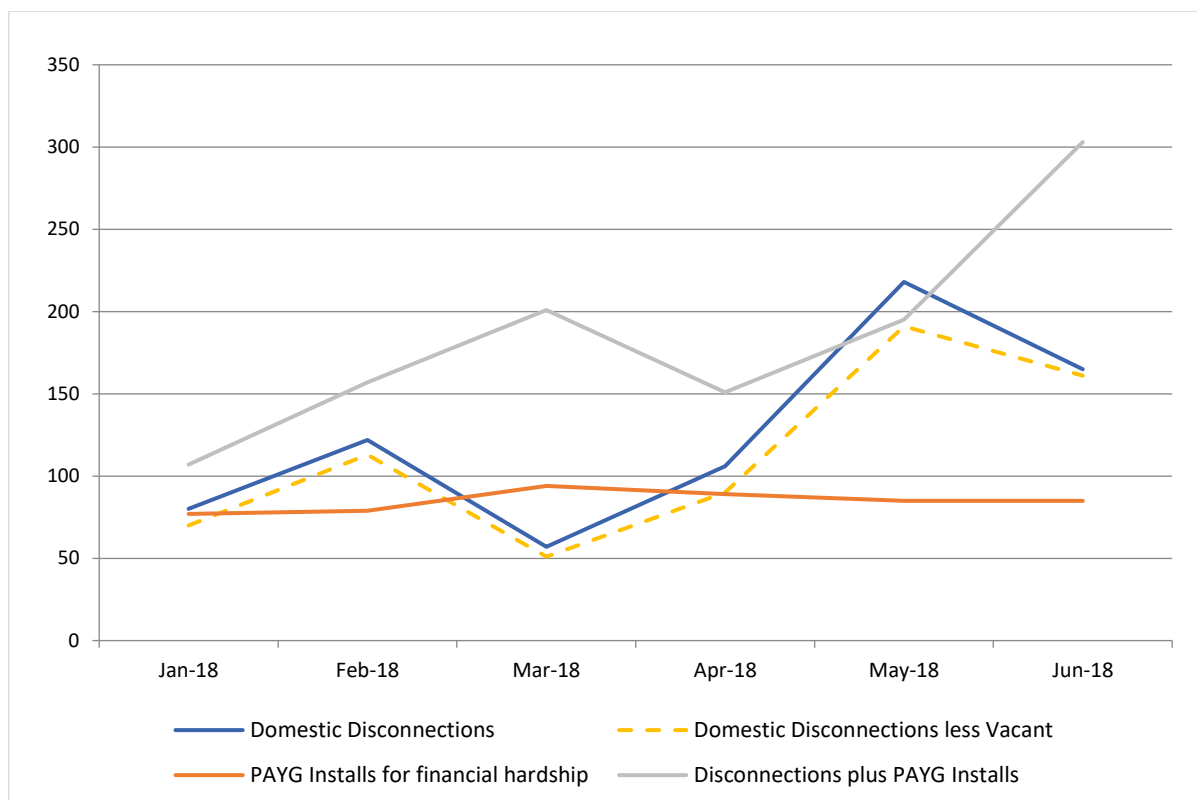


Figure 6.11: Domestic Gas Disconnections adjusting for PAYG & Vacant Premises



6.8 Customer Complaints

The CRU monitors three sources of customer complaints data: Information from the CRU customer care team (CCT), new customer complaints information received from suppliers and the Consumer Survey. Customer complaints information is presented at an aggregate level.

The CRU collects data from suppliers on a yearly basis concerning the number of complaints they have received from customers. Complaints are defined as a customer's expression of dissatisfaction. Table 6.13 shows that suppliers received complaints from 1.1% of their customers in 2018. On average more complaints are received from gas customers in comparison to electricity, at a rate of 1.1% to 0.9% respectively. Overall there is only a small difference between domestic and non-domestic complaint rates, with the ratio of complaints for both gas and electricity being slightly lower for non-domestic customers in 2018.

Market Segment	Number of complaints	Total customers	% of total customers
Domestic Electricity	18,538	2,076,705	0.9%
Non-Domestic Electricity	1,674	280,619	0.6%
Domestic Gas	7,125	670,532	1.1%
Non-Domestic Gas	178	26,916	0.7%
Dual Fuel	5,471	-	-
Total	32,986	3,054,772	1.1%

Table 6.13: Total Complaints in 2018

Figure 6.12 compares the rate of customer complaints in 2017 and 2018 across each market segment. The rate of complaints received between 2017 and 2018 decreased across all market segments except for domestic electricity. At a total rate of 1.1%, the level of complaints is low.

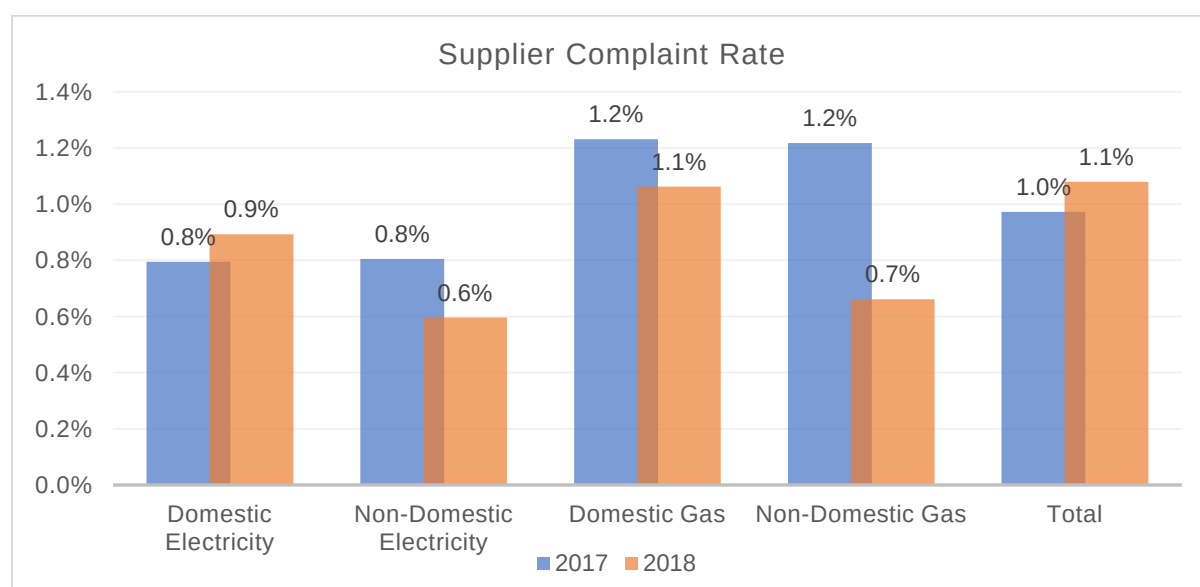


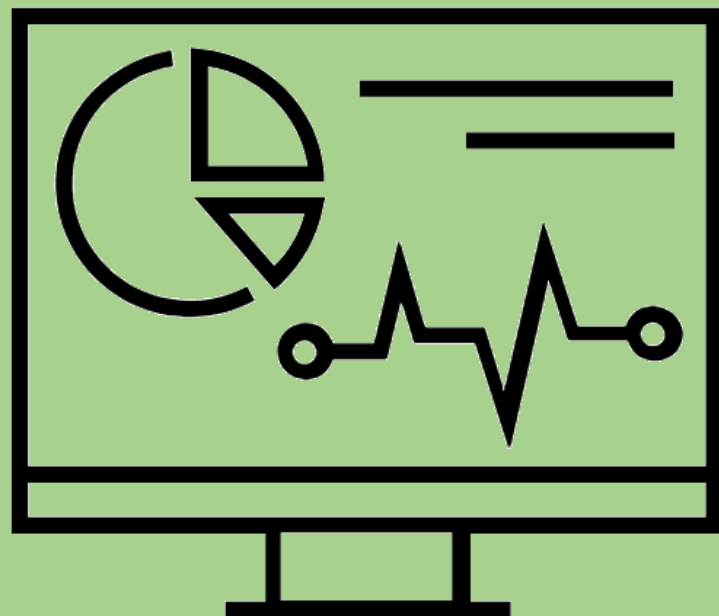
Figure 6.12: Supplier Complaints as percentage of customers (2017 – 2018)



6.9 Summary – Customer Protection

- There were 2,065 debt flags raised in the electricity market in 2018, corresponding to approximately 0.6% of all electricity CoS requests in the year. This represents a 6.77% decrease from 2017, when 2,215 debt flags were raised, corresponding to approximately 0.7% of all CoS requests in that year.
- 614 debt flagged CoS requests were cancelled in the electricity market in 2018, which means that 30% of debt flags resulted in a CoS request being cancelled.
- There were 1,823 debt flags raised in the gas market in 2018, corresponding to approximately 1.3% of all gas CoS requests in that year. This represents a 24.86% increase from 2017, when 1,460 debt flags were raised, although this corresponded to approximately 1.2% of all gas CoS requests in that year.
- 821 debt flagged CoS requests were cancelled in the gas market in 2018, which means that 44% of debt flags resulted in a CoS request being cancelled.
- In 2018, there were 2,228 PAYG financial hardship meters installed for electricity and 744 for gas. In electricity this represents a 40% decrease from 2017 when 3,722 were installed, and in gas this represents a 55% decrease from 2017 when 1,662 were installed.
- Disconnections of customers for non-payment of account (NPA) increased by 4% in electricity and decreased by 21% in gas in 2018 compared to 2017. The total number of NPA disconnections between Q1 2018 and Q4 2018 was 4,829 for electricity and 1,706 for gas, representing 0.2% of all electricity and 0.2% of all gas customers in Ireland. Measures required by the CRU before a supplier can initiate disconnection have helped keep disconnection rates at a low level in Ireland.
- Suppliers received complaints from 1.1% of their customers in 2018.

HOW HAS THE
MARKET
DEVELOPED IN
THE LAST
YEAR?





7 Customer Engagement

7.1 Introduction

This section contains data on customer engagement with energy suppliers. Switching activity is a major area in which customers directly engage with their energy supplier. This section contains information on switching in the energy market.

In February 2017, the CRU published its review of competition in the electricity and gas retail markets. This report presented an overview of the developments in competition in the electricity and gas retail markets, predominantly from the perspective of domestic customers ([CER17019](#)). It covered an analysis of customers' experience and engagement, price trends over time and other developments that have taken place since price deregulation. High engagement by customers is an indicator of a well-functioning energy markets. Informed by the analysis and to assist customer participation in the energy market on a consistent basis between suppliers, in 2017 the CRU introduced changes to the Supplier Handbook which sets out obligations on electricity and gas suppliers. These changes included requirements for suppliers to display an Estimated Annual Bill (EAB) in their marketing and advertising, to give customers 30 Days' Notice prior to the end of the customer's fixed-term contract, and to issue an Annual Prompt to customers who have been on the same tariff for 3 years or more (highlighting the availability of alternative tariffs). The positive trends in switching that have been observed following these changes are discussed below.

To further promote customer engagement in the energy market, the CRU ran a Customer Engagement campaign in 2018, encouraging energy customers to "Switch On" to their rights, their savings and to energy safety. The positive impacts of this campaign can be seen in the large increase in switching rates in the months following this campaign. The campaign also increased the number of consumer contacts the CRU receives, with a 60% increase in contacts from energy customers. Additionally, complaints opened in relation to energy supply rose by 18% in 2018.

Data on new registrations is also examined. Registrations represent the total number of sites that were connected in a period²⁹. CRU implemented a market change in February 2018, which allowed energy customers to choose their supplier upon a new registration of a meter. Previously, every new meter defaulted to the incumbent supplier (i.e. Electric Ireland for Electricity, or Bord Gais Eireann for gas).

Switching refers to the action where a customer changes from one supplier to another. It is measured by the number of completed switches in a period (not the number of switching requests).

²⁹ New registration data may include a small number of sites that were reconnected/ reregistered in addition to sites that are new to the system. Switching data does not include new registrations



There is a free and easy switching process in place in Ireland which facilitates customers that wish to switch their supplier.

Switching information is critically important in monitoring the effectiveness of competition, the level of customer engagement in the market and the choices available to customers. Competition in the electricity and gas markets is driven by engaged customers that look for suppliers offering attractive products and tariffs. There are a number of factors that may impede switching, such as absence of clear information, complexity of tariffs and lack of trust in the market.

Evidence suggests that a large proportion of customers have never switched supplier. Consequently, only a portion of customers are availing of the benefits of switching and the discounted offers available in the market (between 2012 and 2018 switching has ranged between 11% and 14% in the electricity market and 14% and 20% in the gas market). Non-domestic customers may also be affected by a lack of transparency in prices and contracts offered by suppliers, as due to the nature of bespoke plans there are no comparison tools currently available.

Through the CRU's market monitoring framework, data is now being collected on the number of customers renegotiating their plans with their supplier (internal switching). This gives some further insight into customer engagement in the retail markets and shows that the number of renegotiations is a significant addition to the switching rate.

The [CEER Retail Markets Monitoring Report](#): Performance of European Retail Markets in 2017 published in December 2018 detailed the switching rate in Ireland in 2017 in comparison to other EU countries. Ireland had the fourth highest external switching rate for electricity household customers of 15%, while in gas it had the second highest external switching rate of 18% for household customers across all EU countries. In the non-household segment Ireland holds the twelfth place across all EU countries in 2017 in electricity with an external switching rate of 12% and second place in gas with an external switching rate of 20%.

7.2 Electricity Market – Switching and New Registrations

This section analyses the level and trend in switching and new registrations in the electricity market by supplier and customer category.

7.2.1 Total Switching

The total number of switches completed in the electricity market in 2018 was 331,900. This represents an increase of 4.18% from 2017, when 318,596 customers switched. Switching remained above the 20,000 level per month throughout 2018, with November 2018 reaching the highest level of switches recorded over the last 7 years in electricity. In November 2018 there were 36,094 switches, the highest number of switches recorded since March 2011 when there were



37,498 switches. In Q4 2018 there were 92,406 switches, the highest quarterly number since Q1 2011 when there were 104,291 switches. The average switching rate in electricity in 2018 was 14.08%. According to the VaasaETT description of levels of switching this rate compares well internationally and is indicative of an active market. The figure below shows the total switching by quarter for years 2015 - 2018.



Figure 8.1: Electricity Switches 2015 – 2018

The table below provides the switching rate per year which shows that switching has steadily increased between 2012 and 2014, while it has remained relatively steady from 2014 onwards.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Number of Switches	454,964	468,178	338,179	252,056	266,224	312,477	303,187	317,720	318,596	331,900
Switching rate	21%	21%	15%	11%	12%	14%	13.53%	14.13%	13.76%	14.08%

Table 8.1: Total Switching and Switching Rate in Electricity (2009 - 2018)

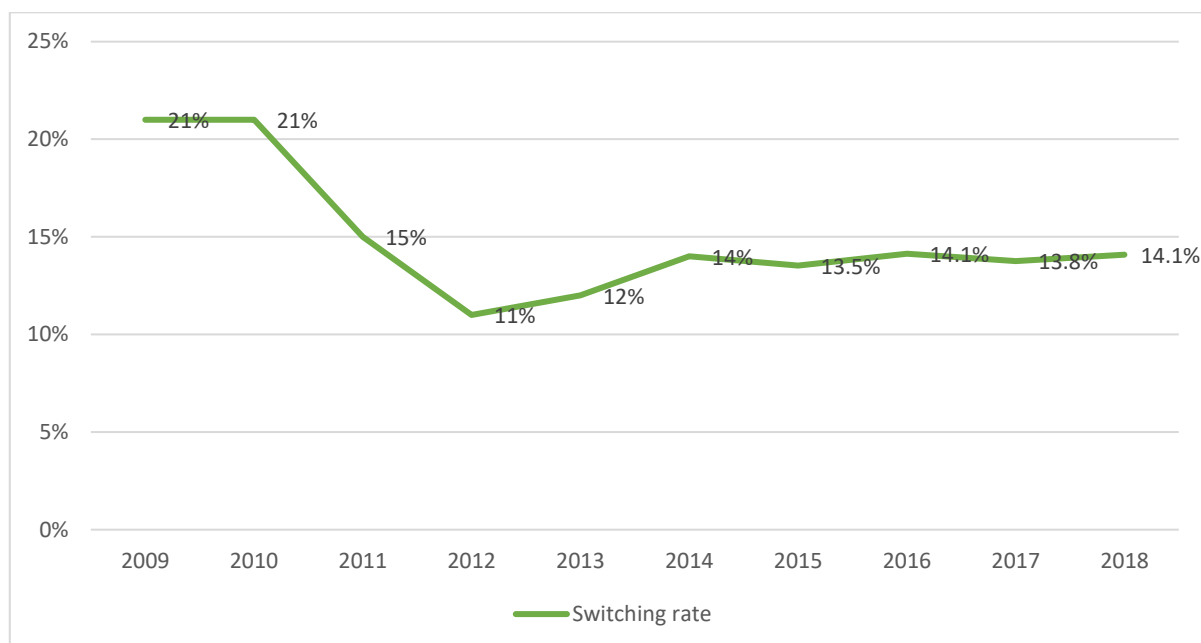


Figure 8.2: Switching Rate 2009 – 2018

Total Number of Switches	2018	2017	2016	2015	2014
Q1	79,866	77,681	79,380	78,448	68,381
Q2	81,615	78,220	81,919	75,060	80,276
Q3	78,013	80,260	79,886	77,080	81,894
Q4	92,406	82,435	76,535	72,599	81,926
Total	331,900	318,596	317,720	303,187	312,477

Table 8.2: Total Number of Electricity Switches 2014 – 2018

7.2.2 Switching by customer category

Domestic electricity switching peaked in the first six months of 2009 following the entry of Bord Gáis Energy and SSE Airtricity into the domestic market. Switching in the business sectors is more volatile than in the domestic sector and this reflects seasonal and contractual influences. Contract renewal dates in the LEU sector generally take place around October and January and this explains some of the differences in switching rates across each year in this sector.

The level of switches for each market segment in the electricity sector over time are shown below.

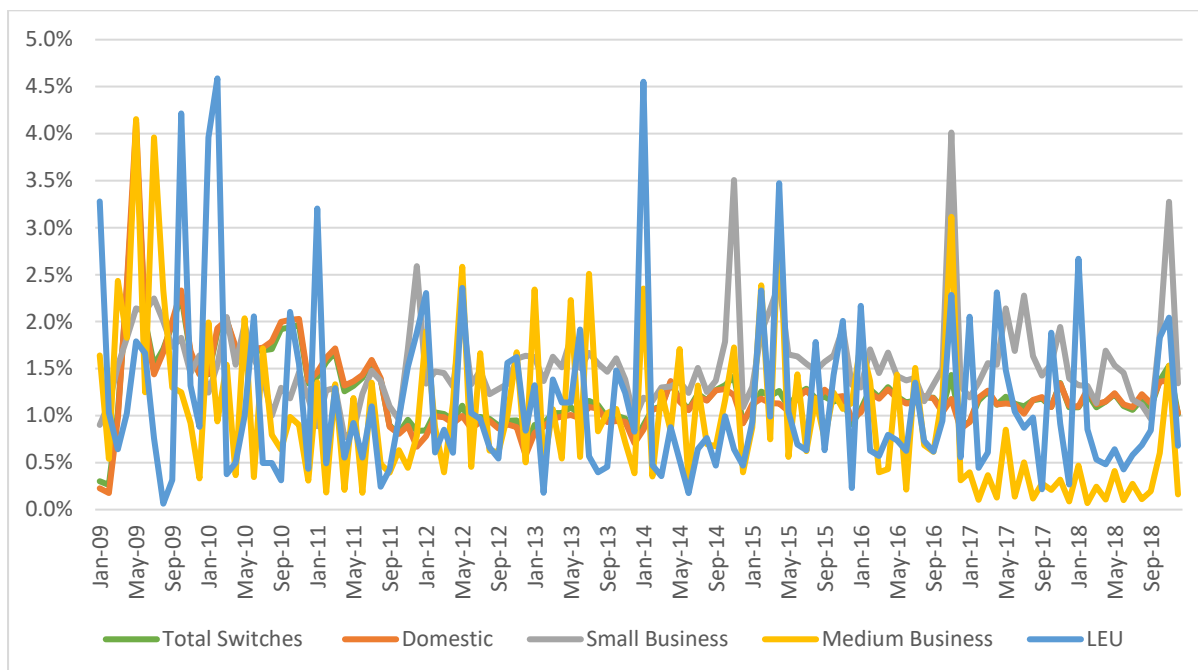


Figure 8.3: % Switching Rate per Sector per Month (2009-2018)

7.2.3 Net Switching by Supplier

Net switching represents the net gain or loss in customer numbers experienced by suppliers. It is estimated by the gain in customers less the loss in customers experienced by the supplier.

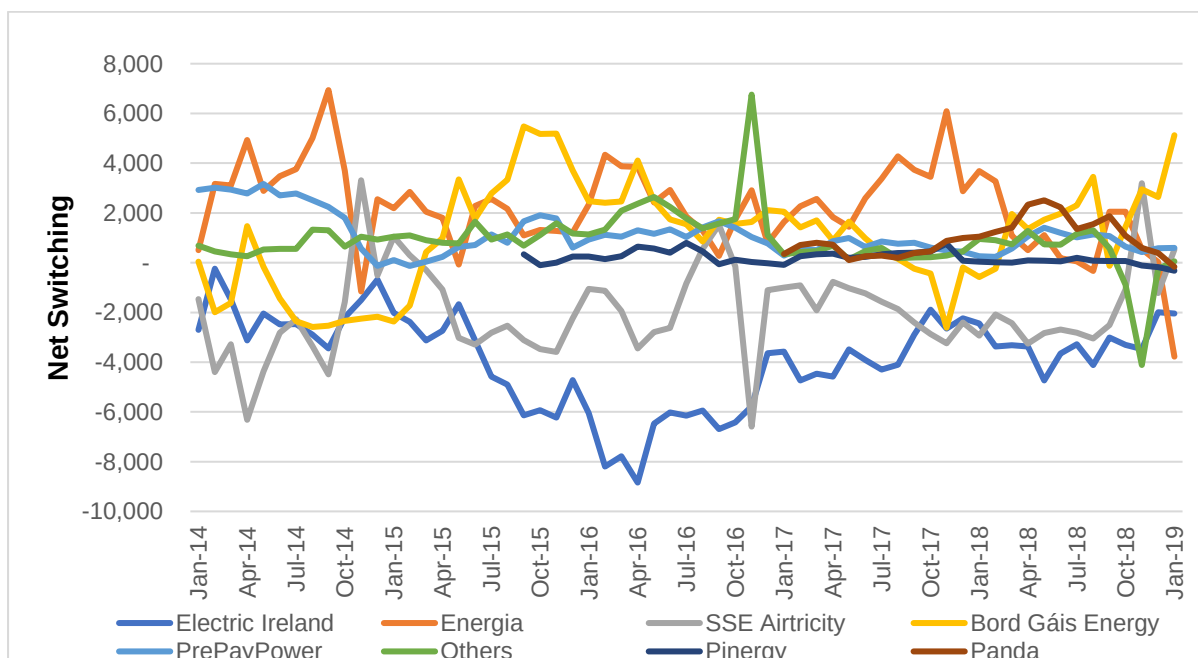


Figure 8.4: Net Switching of Customers (Domestic and Business) per Supplier

The table below outlines the net switching levels across suppliers between 2017 and 2018. In 2018, overall net switching was negative for Electric Ireland and SSE Airtricity; for all other suppliers it was positive.



Net Switching Per Supplier							
	Electric Ireland	Energia	SSE Airtricity	Bord Gáis Energy	PrePayPower	Pinergy	Others
Q1 2017	-12,764	6,467	-3,835	5,172	1,360	505	3,095
Q2 2017	-11,977	5,868	-3,043	3,526	2,480	790	2,356
Q3 2017	-11,294	11,395	-5,832	332	2,406	1,134	1,859
Q4 2017	-6,770	12,410	-8,515	3,243	1,544	1,292	3,282
2017	-42,805	36,140	-21,225	5,787	7,790	3,721	10,592
Q1 2018	-9,128	8,030	-7,448	1,136	1,059	63	6,288
Q2 2018	-11,763	1,796	-8,773	5,055	3,656	226	9,803
Q3 2018	-10,398	1,765	-8,385	5,639	3,227	333	7,819
Q4 2018	-8,777	2,610	891	7,028	1,665	-229	-3,188
2018	-40,066	14,201	-23,715	18,858	9,607	393	20,722

Table 8.3: Net switching in electricity by supplier, Q1 2017 - Q4 2018

7.2.4 New Registrations

New registrations in electricity are situations where a customer has a new connection or has moved into a site, which has been de-energised for at least 3 months and has remained vacant during the three-month period³⁰.

All new registrations were previously automatically assigned to the default Supplier of Last Resort, i.e. Electric Ireland. However, in February 2018 a market change relating to this was approved by the Industry Governance Group (IGG) and put in place. Now, as a result of this change, when a new customer wishes to register for the supply of electricity to their premises, they are supplied with a list of all the electricity suppliers in the market to choose from. If they do not choose a supplier, however, they are then defaulted to Electric Ireland. The benefits of this change in the process are as follows:

- Customer choice;
- Less administrative work for existing default supplier of last resort;
- System changes while significant are less than other potential options;
- A level playing field for all suppliers.

Electric Ireland continues to be the supplier associated with the majority of new registrations in electricity, however, its share of new electricity registrations has fallen since the introduction of the

³⁰ ESB Networks. Sites normally remained registered to a supplier for 3 months after they are de-energised



new arrangements. Electric Ireland's share of new registrations in Q4 2018 has fallen to 59% compared to 76% in Q4 2017. This is illustrated in the figure and table below.

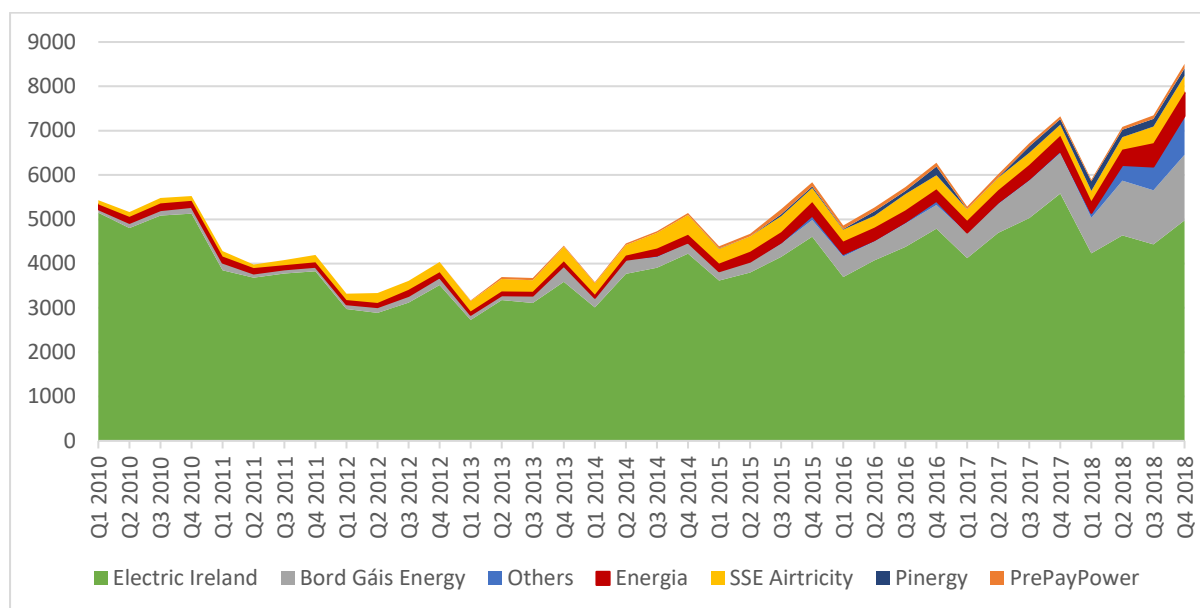


Figure 8.5: New electricity registrations over time by supplier, Q1 2010 – Q4 2018

Electricity New Registrations	Others	PrePay Power	Bord Gáis Energy	SSE Airtricity	Energia	Electric Ireland	Pinergy	Total
Q1 2018	113	41	798	233	262	4,233	214	5,894
Q2 2018	356	59	1,236	276	347	4,635	173	7,082
Q3 2018	535	75	1,218	375	531	4,433	175	7,342
Q4 2018	871	103	1,480	380	532	4,977	163	8,506
2018	1,875	278	4,732	1,264	1,672	18,278	725	28,824
% share 2018	6.50%	0.96%	16.42%	4.39%	5.80%	63.41%	2.52%	100%
% share 2017	0.58%	1.08%	11.70%	4.22%	4.69%	76.66%	1.07%	100%
% share 2016	0.99%	1.59%	8.78%	5.54%	4.88%	76.52%	1.69%	100%

Table 8.4: New Registrations in Electricity by Supplier, Q1 2018 - Q4 2018



7.3 Gas Market – Switching and New Registrations

This section analyses the levels and trends in switching and new registrations across suppliers in the gas market, as well as providing information on switching by customer segment.

7.3.1 Total Switching

The total number of switches completed in the gas market in 2018 was 137,125. This represents an increase of 10.2% when compared with 2017, where 124,419 switches were completed.

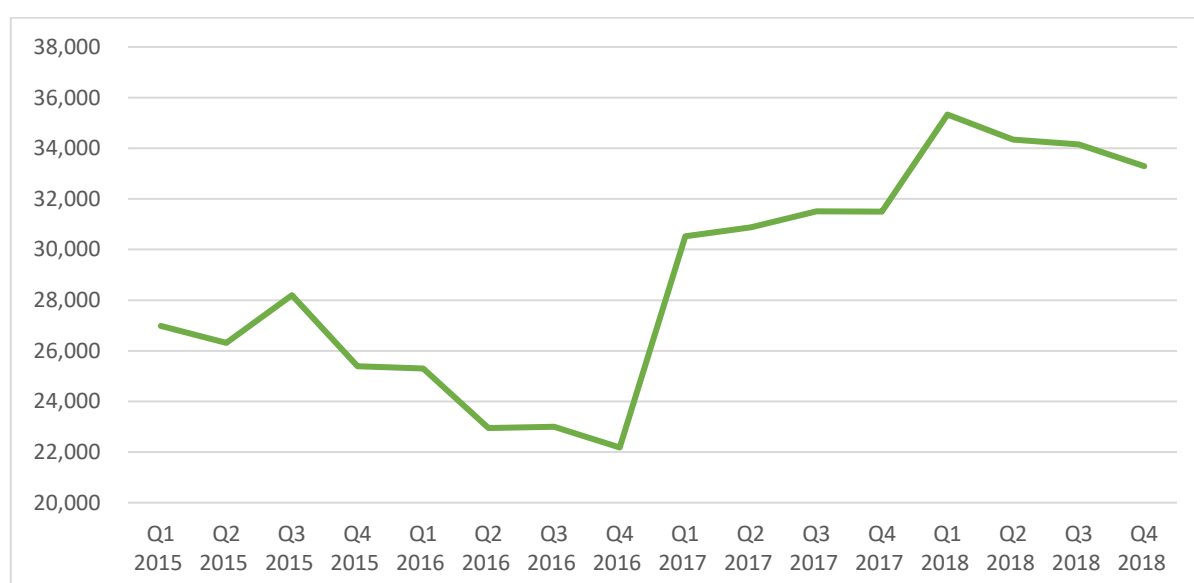


Figure 8.6: Gas Switches 2015-2018

Total Number of Switches	2018	2017	2016	2015	2014
Q1	35,332	30,527	25,305	26,980	23,997
Q2	34,343	30,876	22,946	26,307	26,330
Q3	34,155	31,514	23,002	28,191	30,363
Q4	33,295	31,502	22,181	25,384	29,060
Total	137,125	124,419	93,434	106,862	109,750

Table 8.5: Total number of switches per quarter (2014-2018)

The average number of switches per month between January 2010 and December 2017 was 9,055 with an average of 11,427 switches per month between January 2018 and December 2018. The highest rate of switching in 2018 was during October with 12,697 switches. This was the highest number of switches recorded since November 2010 when there were 13,952 switches.

The switching rate in gas in 2018 was 20%. This represented a higher proportion to that in 2017 (which had a rate of approximately 18%). By international comparison the gas market is considered a very active market with regards to switching.



	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Number of Switches	93,937	113,280	110,579	117,002	109,750	106,862	93,434	124,419	137,125
Switching rate	15%	17%	17%	18%	17%	16%	14%	18%	20%

Table 8.6: Total Switching in Gas, 2010 – 2018

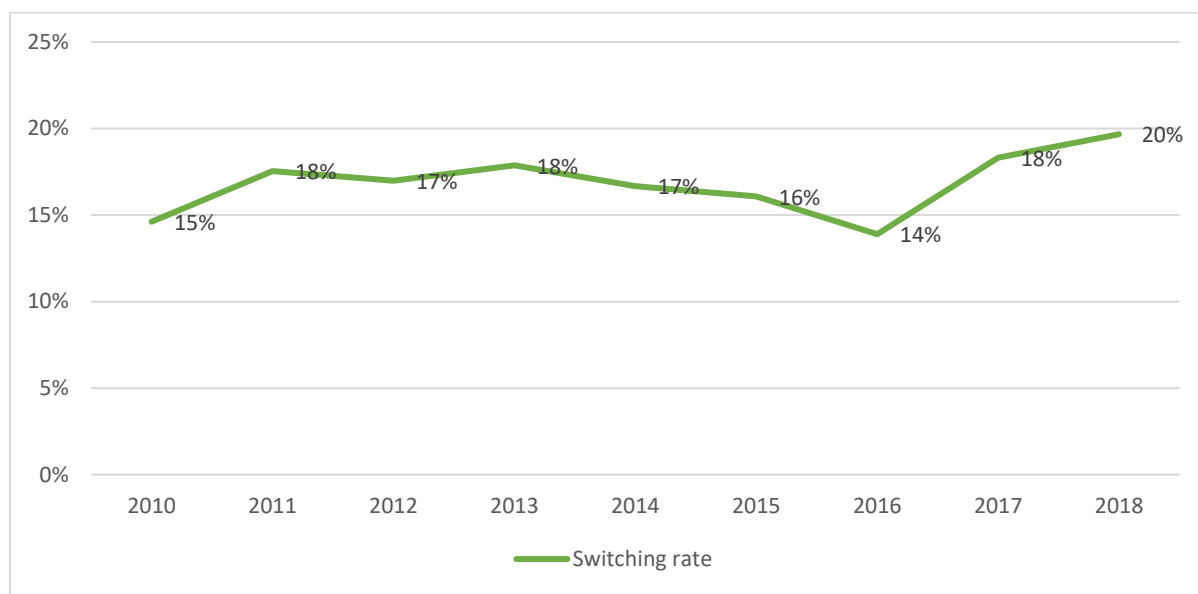


Figure 8.7: Switching Rate 2010 – 2018

7.3.2 Switching by customer category

The trend in switching for the domestic and IC gas market segments varies quite significantly throughout each year. More detailed graphs showing the switching rate per year for domestic and non-domestic gas customers can be found in Appendix 1.

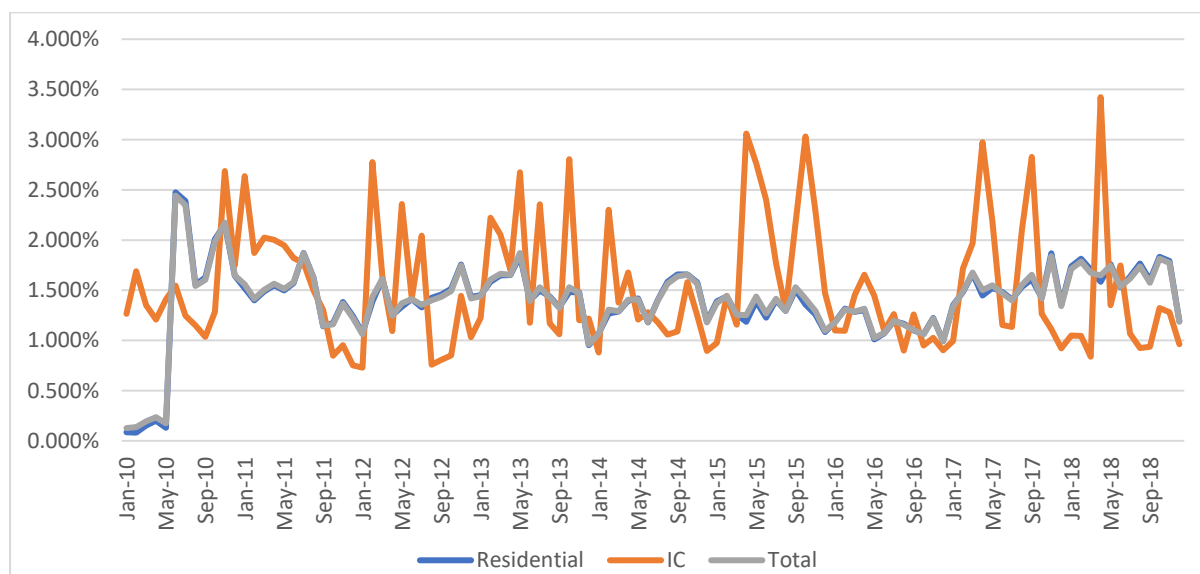


Figure 8.8: % Switching Rate per Sector per Month, 2010 – 2018



7.3.3 Net Switching by Supplier

The figure below outlines the net switching trends across suppliers between January 2014 and December 2018.

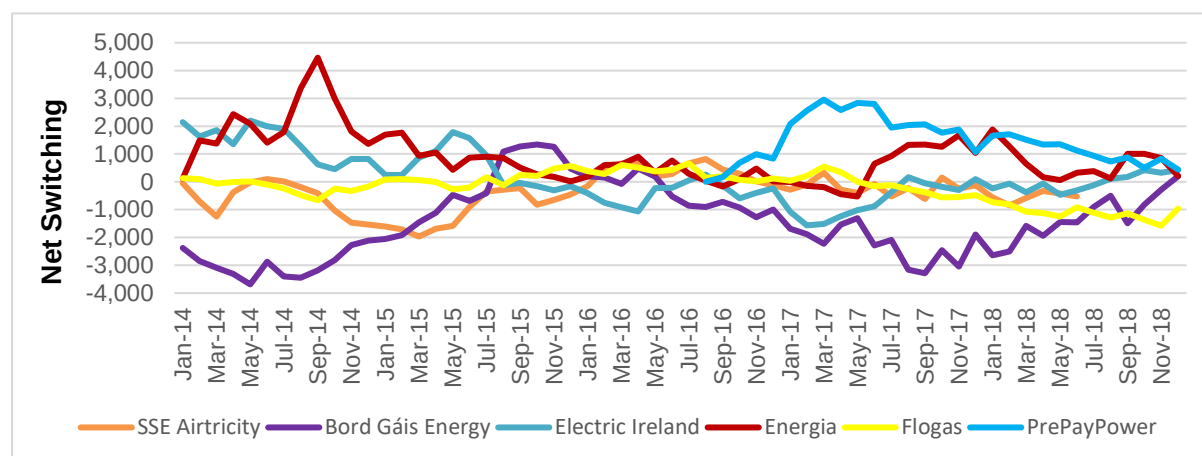


Figure 8.9: Net Switching of Customers per Supplier January 2014 to December 2018

The data from table 8.6 shows that, similar to 2017, Bord Gáis Energy consistently experienced a net loss in customer numbers in 2018; and also experienced the highest net loss of any supplier of gas customers for 2018. Electric Ireland has also experienced a net loss in customer numbers in 2017 and 2018 despite the fact that since it entered the domestic market in March 2011 it experienced significant net gains until 2015. PrePayPower experienced the largest net gain in both 2017 and 2018. Energia also experienced a net gain in customers in 2018, while Flogas and SSE Airtricity experienced a net loss.

Net Switching Per Supplier							
	SSE Airtricity	Bord Gáis Energy	Electric Ireland	Energia	Flogas	PrePayPower	Others
Q1 2017	1,922	-5,795	-4,162	-354	792	7,593	4
Q2 2017	181	-5,125	-3,136	-324	204	8,211	-10
Q3 2017	-56	-8,547	-266	3,594	-767	6,052	-18
Q4 2017	-746	-7,396	-369	3,970	-1,575	4,714	1,402
2017	1,301	-26,863	-7,933	6,886	-1,346	26,570	1,378
Q1 2018	-1,375	-6,730	-680	3,802	-2,621	4,882	2,722
Q2 2018	-219	-4,846	-844	549	-3,296	3,808	4,848
Q3 2018	-1,989	-2,896	154	1,511	-3,539	2,545	4,214
Q4 2018	-1,280	-910	1,165	2,073	-3,898	1,774	1,076
2018	-4,863	-15,382	-205	7,935	-13,354	13,009	12,860

Table 8.7: Net Switching in Gas by Supplier, Q1 2017 - Q4 2018



7.3.4 New Registrations

New gas registrations are defined by GNI as the situation where a new meter is fitted, or a meter is unlocked at sites where there is no supplier registered³¹. The figure below shows the trend in new registrations by supplier since January 2010.

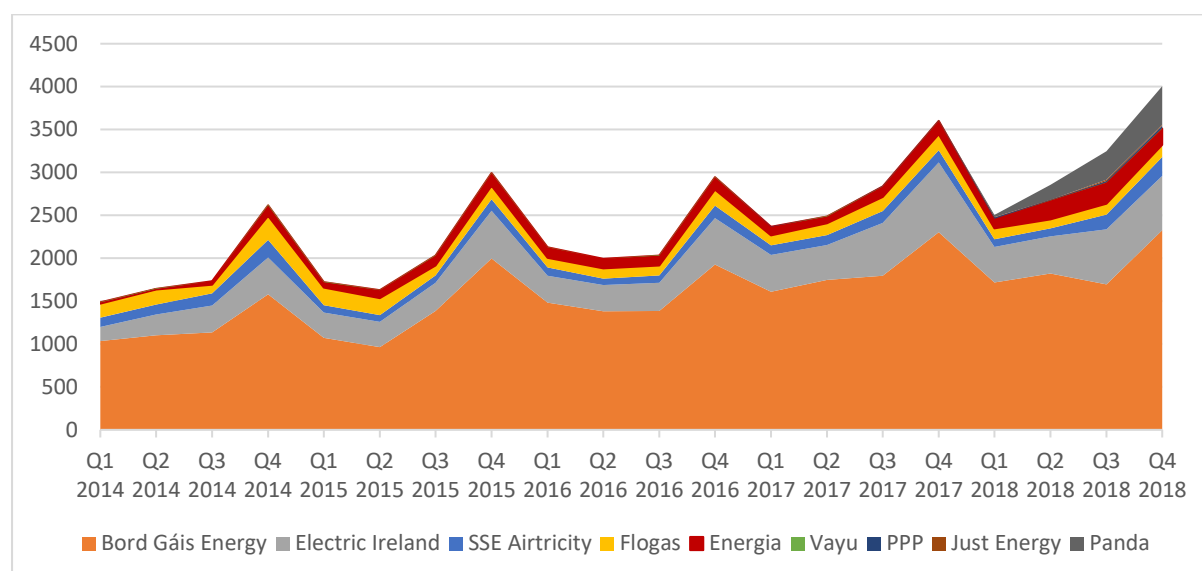


Figure 8.10: New Registrations in Gas by Supplier, Q1 2010 – Q4 2018

In Q4 2018, Bord Gáis Energy continued to be the supplier associated with the majority (58%) of new registrations in the gas market. Its share of new registrations in Q4 2018 has fallen from Q4 2017 (64%). New registrations are not included in the figures for switching. Therefore, whilst Bord Gáis Energy has the highest net loss of customers in switching the impact of this was lessened by their level of customer gains through new registrations.

	SSE Airtricity	Bord Gáis Energy	Electric Ireland	Flogas	Energia	Vayu	Others	Total
Q1 2018	87	1,716	417	129	110	1	43	2,503
Q2 2018	93	1,823	433	105	219	2	179	2,854
Q3 2018	171	1,694	644	127	244	7	359	3,246
Q4 2018	220	2,327	633	141	192	8	484	4,005
2018	571	7,560	2,127	502	765	18	1,065	12,608
% share 2018	4.53%	59.96%	16.87%	3.98%	6.07%	0.14%	8.45%	100%
% share 2017	4.48%	65.88%	19.99%	5.32%	4.05%	0.15%	0.12%	100%
% share 2016	4.38%	67.76%	16.33%	5.84%	5.48%	0.21%	-	100%

Table 8.8: New Registrations in Gas by Supplier, Q1 2018 - Q4 2018

³¹ A registration unlock is where the site has been locked for greater than 18 months and there has been no consumption since the lock was carried out and no customer registered.



7.4 Dual Fuel Switching

The CRU collects data on the number of dual fuel switches per month. A dual fuel customer is defined as a site that has both gas and electricity accounts with the same supplier (whether on a specific dual fuel tariff or not). The 'dual fuel switching' indicator refers to the number of dual fuel customers (measured by MPRN/GPRN) that switched, either one account or both gas and electricity, per month. The data is provided by suppliers to the CRU. Table 8.7 and Figure 8.10 demonstrate the level of dual fuel switches between January 2018 and December 2018.

	Jan18	Feb18	Mar18	Apr18	May18	Jun18	Jul18	Aug18	Sep18	Oct18	Nov18	Dec18
Total Dual Fuel Switches	10,314	12,431	9,889	10,270	12,180	10,095	11,530	13,239	11,652	13,566	12,283	8,245
Total Switches	37,026	41,186	36,986	38,483	40,911	36,564	36,164	39,620	36,384	45,028	48,429	32,244
% dual fuel	28%	30%	27%	27%	30%	28%	32%	33%	32%	30%	25%	26%

Table 8.9: Dual Fuel Switches 2018

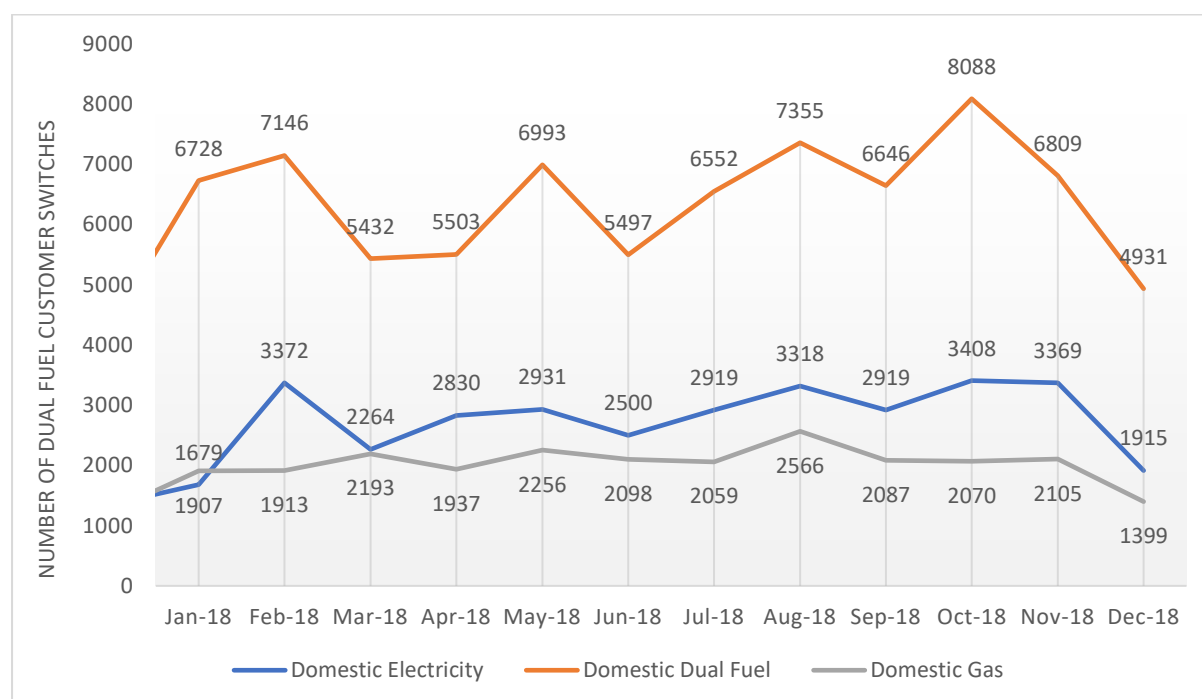


Figure 8.11: Number of Dual Fuel Switches, January – December 2018



7.5 Defaults to Standard Tariffs

Data is received from suppliers on a yearly basis on the overall number of customers who defaulted to standard tariffs. The indicator refers to the automatic default of a current customer at the end of a contract to a tariff that does not have a new customer discount, or a contract term associated with it.

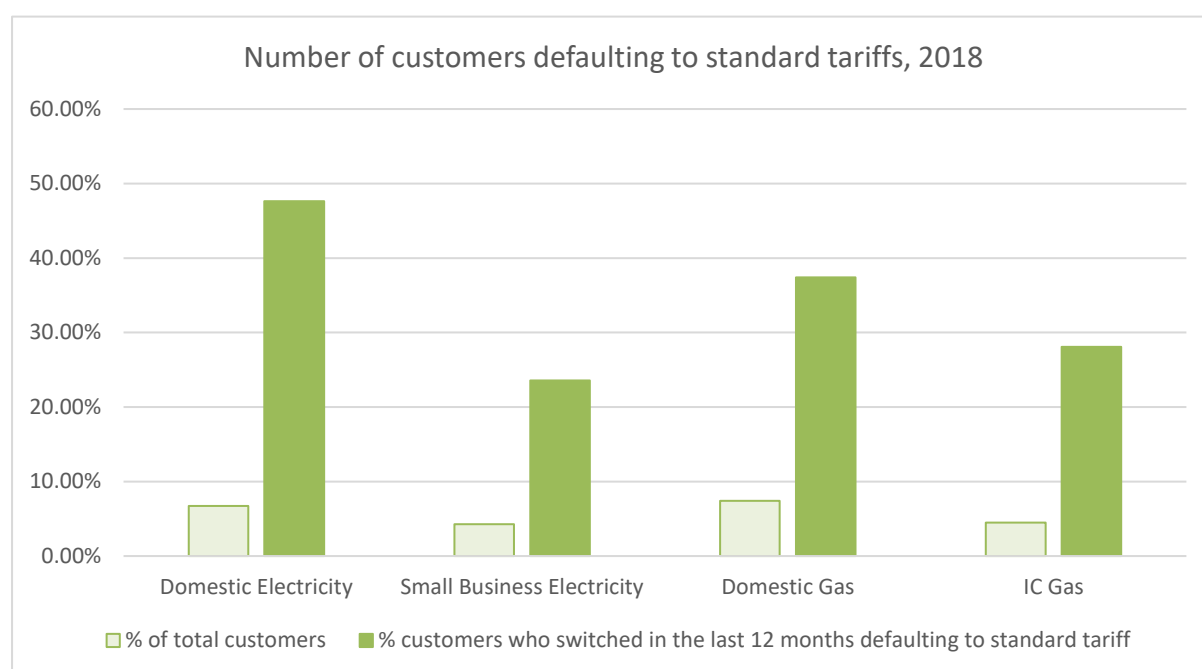


Figure 8.12: % of customers defaulting to standard tariffs in 2018

% of customers defaulting to standard tariffs in 2018				
	Domestic Electricity	Small Business Electricity	Domestic Gas	IC Gas
% of total customers	6.75%	4.29%	7.42%	4.47%
% customers who switched in the last 12 months defaulting to standard tariff	47.64%	23.59%	37.40%	28.07%

Table 8.10: % of customers defaulting to standard tariffs in 2018

In 2018, approximately 48% of domestic electricity customers that had switched supplier in the last 12 months defaulted to a standard tariff, when their initial discount period ended. This amounted to 6.75% of all electricity customers and represents a decrease of 25% compared to the number of customers that defaulted to a standard tariff in 2017.

Approximately 7.42% of domestic gas customers defaulted to standard tariffs, at the end of a discount period, amounting to 37.4% of domestic gas customers who switched supplier in the last



12 months. The number of customers that defaulted to a standard tariff in 2018 has decreased by 15% compared to 2017.

While this is a low percentage of customers overall and numbers have improved compared to 2017, taken as a percentage of customers on fixed term discounted plans this indicates that a large number of customers who were active in the market did not renegotiate their contract or switch in 2018. This suggests low levels of repeat switching in the market. However, this indicator does not capture the number of customers who defaulted to a standard tariff and may have switched or renegotiated their contract at a later stage. Lower numbers of business electricity and gas customers defaulted to standard tariffs, however a significant proportion of business customers negotiate bespoke contracts with suppliers.

7.6 Internal Switching in Electricity and Gas

Internal switching or renegotiations refer to situations where a new contract term, tariff or terms & conditions have been negotiated between the supplier and the customer. These can be initiated either by the supplier or the customer. Data on renegotiations complements that collected on switching and helps to provide a more complete picture of customer engagement and the options open to customers.

This analysis looks at the number of successfully completed renegotiated contracts³² in both the electricity and gas retail markets for domestic and non-domestic customers³³.

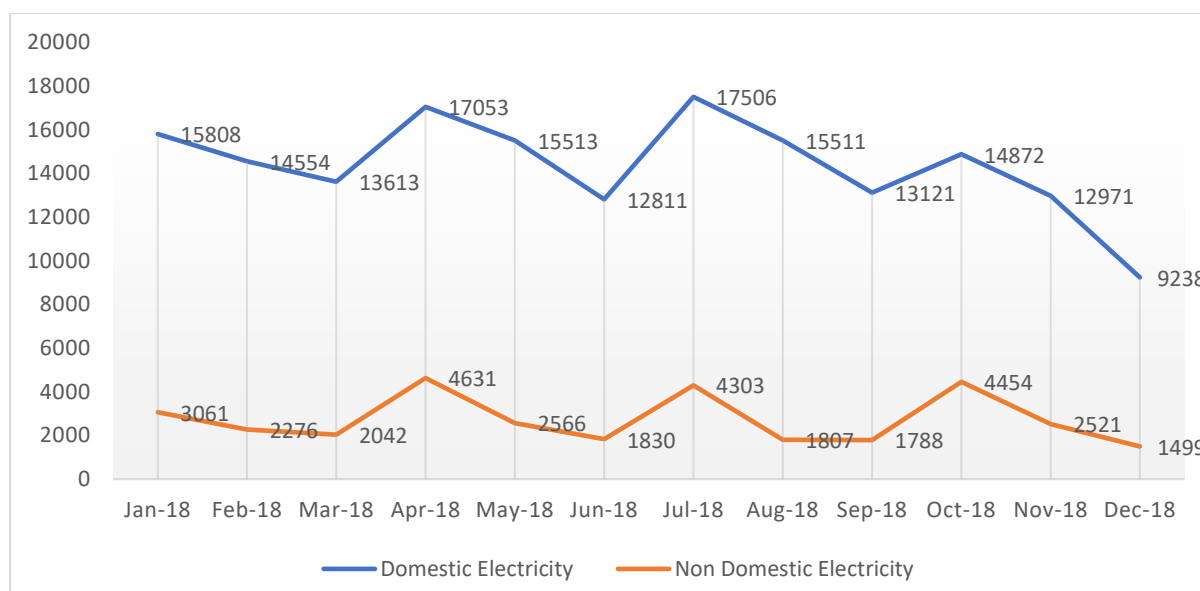


Figure 8.13: Total Number of Successful Internal Electricity Switches for 2018

³² New data captured under the market monitoring framework may be subject to change

³³ Non-domestic electricity customers include small business customers. Non-domestic gas customers include industrial/commercial customers.



The total number of internal switches in domestic electricity in Q4 2018 was 37,081 compared to 46,138 in Q3 2018, representing a decrease of 19.63%. The total number of internal switches in non-domestic electricity in Q4 2018 was 8,474 compared to 7,898 in Q3 2018, representing an increase of 1.25%.

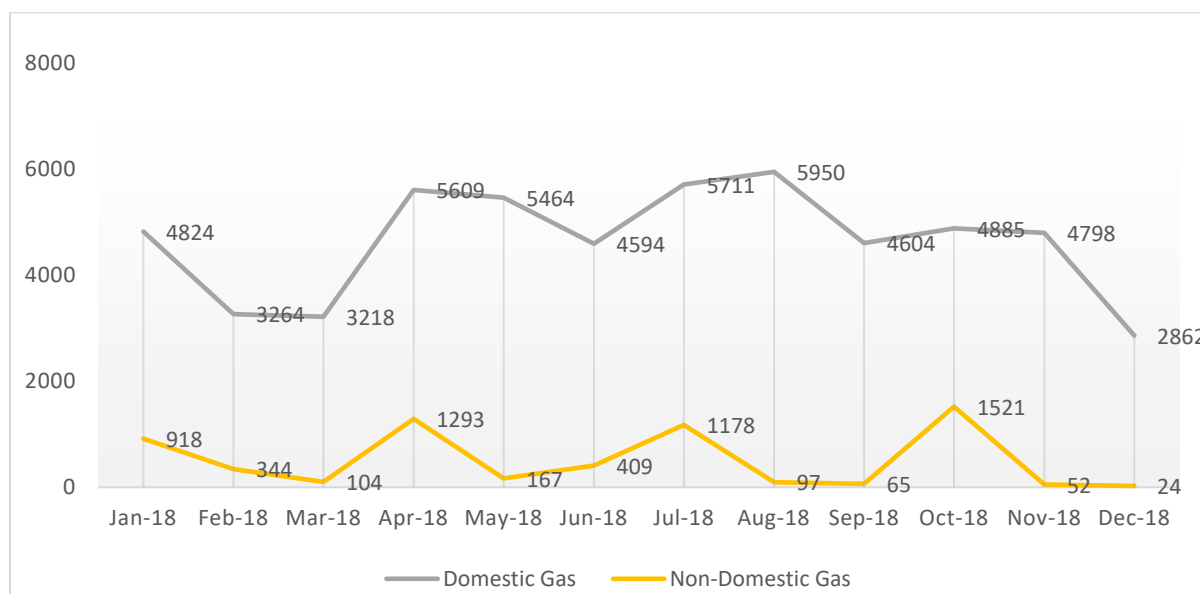


Figure 8.14: Total Number of Successful Internal Gas Switches for 2018

The total number of internal switches in domestic gas in Q4 2018 was 12,545, compared to 16,265 in Q3 2018, representing a decrease of 8.06%. The total number of internal switches in non-domestic gas in Q4 2018 was 1,597 compared to 1,340 in Q3 2018, representing an increase of 0.56%.

In Q4 2018, approximately 1.79% of domestic electricity customers and 1.87% of domestic gas customers renegotiated their contracts with their current supplier. In the non-domestic markets approximately 4.59% of electricity customers and 6.46% of gas customers renegotiated their contracts with their current supplier.

In total, 2.01% of domestic and non-domestic electricity customers and 2.03% of domestic and non-domestic gas customers renegotiated their contracts with their current supplier in Q4 2018. When added to the numbers of customers who switched supplier in Q4 2018, it can be concluded that 6.10% of electricity and 6.82% of gas customers looked for a better energy plan through either switching supplier or renegotiating with their current supplier. In comparison to Q3 2018, the number of domestic and non-domestic customers that looked for a better deal in Q4 2018 increased by 4.35% for electricity and decreased by 8.33% for gas. When compared to the same quarter of the previous year (Q4 2017), the number of customers that looked for a better deal in Q4 2018 increased by 9.59% for electricity and decreased by 0.59% for gas.



Looking at yearly figures, in 2017, approximately 9.02% of electricity customers and 9.14% of gas customers renegotiated their contracts with their current supplier. In 2018, the figures were broadly the same. Approximately 9.12% of electricity customers and 8.96% of gas customers renegotiated their contracts with their current supplier. When added to the numbers of customers who switched supplier in 2018, it can be concluded that 24% (electricity) and 29% (gas) of customers sought a better energy plan through either switching supplier or renegotiating with their current supplier. These numbers represent an increase of 9% in electricity and 12% in gas customers looking for a better deal, compared to 2017, when 22% of electricity customers and 26% of gas customers have either switched supplier or renegotiated with their current supplier.

7.7 Summary – Customer Engagement

- CRU's policies in 2018 helped enhance the level of customer engagement in energy markets. This is evidenced by the increases in switching and the increases in contact with the CRU's Customer Care team.
- In 2018, the electricity supplier switching rate by customers was 14% and the equivalent gas switching rate was 20%. This is the highest annual gas switching rate recorded to date. Of total switches, 29% were dual fuel switches. Changes to the Supplier Handbook introduced by the CRU such as the requirement for suppliers to display an EAB in their marketing and advertising, the 30 days' notice and the annual prompt aim at driving switching in the energy market.
- According to the 2018 CEER Retail Markets Monitoring Report, in 2017 Ireland had the fourth highest external switching rate for electricity household customers of 15%, while in gas it had the second highest external switching rate of 18% for household customers across European countries reported on.
- The total number of switches completed in the electricity market in 2018 was 331,900. This represents an increase of 4.18% from 2017, when 318,596 customers switched.
- In Q4 2018 there were 92,406 switches in the electricity market, the highest quarterly number since Q1 2011 when there were 104,291 switches.
- The total number of switches completed in the gas market in 2018 was 137,125. This represents an increase of 10.2% when compared with 2017, where 124,419 switches were completed.



- Data on internal switching and dual fuel switching shows that there are also a significant number of internal switches on a monthly basis and that approximately 20-30% of switches per month are dual fuel switches.
- Of those customers who switched supplier in the last 12 months, 47% in the domestic electricity market and 37.4% in the domestic gas market defaulted to a standard tariff. However, the data does not show if these customers switched again at a later stage.
- Approximately 9.12% of electricity customers and 8.96% of gas customers renegotiated their contracts with their current supplier in 2018.
- In total 24% (electricity) and 29% (gas) of customers looked for a better energy plan in 2018 through either: switching supplier or renegotiating with their current supplier.
- Electric Ireland's share of new domestic electricity registrations in Q4 2018 has fallen to 59% compared to 76% in Q4 2017, following a market change introduced in February 2018. Bord Gáis Energy continued to be the supplier associated with the majority of new domestic gas registrations in Q4 2018, with its share falling from 64% in Q4 2017 to 58% in Q4 2018.



8 Market Share – Consumption and Customer Numbers

8.1 Introduction

This section contains market share data for the main electricity and gas suppliers in Ireland. Data is presented in terms of actual customer numbers and consumption (in MWhs or GWhs) for 2018 as well as showing the change in percentage share since 2017.

8.2 Electricity Market

The electricity market is comprised of four different market segments covering different DUoS groups (distribution use of system groups or DGs)³⁴.

Domestic market This covers the residential/household end of the market including urban residential customers and rural residential customers that have a connection to the low voltage network.	Small-sized business market This covers small businesses with a low voltage non-maximum demand connection.
Medium-sized business market This includes unmetered public lighting & other unmetered connections and businesses with a low voltage maximum demand connection.	Large energy users (LEU) market This includes businesses connected to the medium voltage, 38kV and 110kV network and those connected to the electricity transmission system.

The electricity market comprises a range of both very large and very small suppliers. Those that represent at least a 1% share of consumption are reported separately in each specific market.

It is worth noting that in electricity, the ‘others’ category in some segments includes data on ‘suppliers’ that are not necessarily active in the electricity retail market, i.e. they are self-suppliers, or they only have very few sites. The activity of these companies generally does not have a significant impact on overall trends. Nonetheless, some ‘suppliers’ not active in the retail market with only one/two sites may generate a relatively high proportion of MWhs within the ‘Others’ category.

³⁴ A DUoS charge is a fee that ESB Networks charges to electricity suppliers for use of the electricity distribution system. The amount of DUoS that ESBN charges a supplier for each customer depends on which DUoS Group a customer is classified as, which is based on several factors including the voltage a premises is connected at, the type of meter installed, or if electricity is exported. Source: ESB Networks.



8.2.1 Overall Trends in Retail Electricity

In the electricity market, the total number of customers in 2018 was 2,357,324 and total consumption was 27,131,545 MWhs. This represents an increase of customer numbers of 0.9% and an increase of consumption of 4.4% overall compared to 2017. The LEU market segment saw an increase in consumption of 8.6% in 2018 compared to 2017.

Electricity Customer Numbers								
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	2017	2016	% change between 2017 and 2018
Domestic Market	2,061,214	2,065,832	2,070,644	2,076,705	2,076,705	2,057,314	2,041,316	0.9%
Small Business	184,584	184,461	184,456	184,542	184,542	184,616	184,737	-0.04%
Medium Business	92,570	92,975	93,495	94,167	94,167	92,073 ³⁵	25,965	2.3%
LEU	1,874	1,865	1,895	1,910	1,910	1,858	1,796	2.8%
Total Market	2,340,242	2,345,133	2,350,490	2,357,324	2,357,324	2,335,861	2,253,814	0.9%

Table 9.1: Electricity Customer Numbers 2016 – 2018

Electricity Customers Consumption (MWhs)								
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	2017	2016	% change between 2017 and 2018
Domestic Market	2,535,371	2,029,835	1,831,543	2,335,028	8,731,776	8,523,241	8,430,746	2.4%
Small Business	1,050,579	875,290	833,438	968,331	3,727,638	3,660,437	3,656,005	1.8%
Medium Business	1,063,254	980,298	987,614	1,053,677	4,084,843	4,060,231	4,101,135	0.6%
LEU	2,504,391	2,641,097	2,758,634	2,683,167	10,587,288	9,749,441	9,381,620	8.6%
Total Market	7,153,595	6,526,519	6,411,229	7,040,202	27,131,545	25,993,350	25,569,506	4.4%

Table 9.2: Electricity Customers Consumption (MWhs) 2016 – 2018

³⁵ The medium business electricity segment is comprised of DG3 and DG4 (public lighting and unmetered connections), DG4 and DG6 (Low voltage maximum demand). Prior to the beginning of 2017, customer numbers for this segment for DG3 and DG4 were based on the number of grouped MPRNs and single point unmetered connections. Grouped MPRNs can include any number of physical connections or technical MPRNs. From 2017 the reports for DG3 and DG4 include the number of physical connections to the distribution system rather than at a grouped level, so the total number of customer numbers appears larger and reported market share of customer numbers in this segment has changed. However, reporting of market share on a consumption basis has not changed.



As shown in table 9.3, there was little change in the level of consumption per customer between 2017 and 2018 in most market segments, although the LEU segment saw an increase in consumption per customer of 5.6%.

Consumption per customer for 2017 and 2018			
kWhs/Customer	2017	2018	% Change
Domestic Market	4,143	4,205	1.5%
Small Business	19,827	20,199	1.9%
Medium Business	44,098	43,379	-1.6%
LEU	5,247,277	5,543,083	5.6%

Table 9.3: Consumption per customer for 2017 – 2018

8.2.2 Domestic Electricity Market

In the domestic electricity market, total customer numbers in Q4 2018 were 2,076,705 and total consumption was 2,335,028 MWhs, compared to 2,057,314 customers and total consumption of 2,348,174 MWhs in Q4 2017.

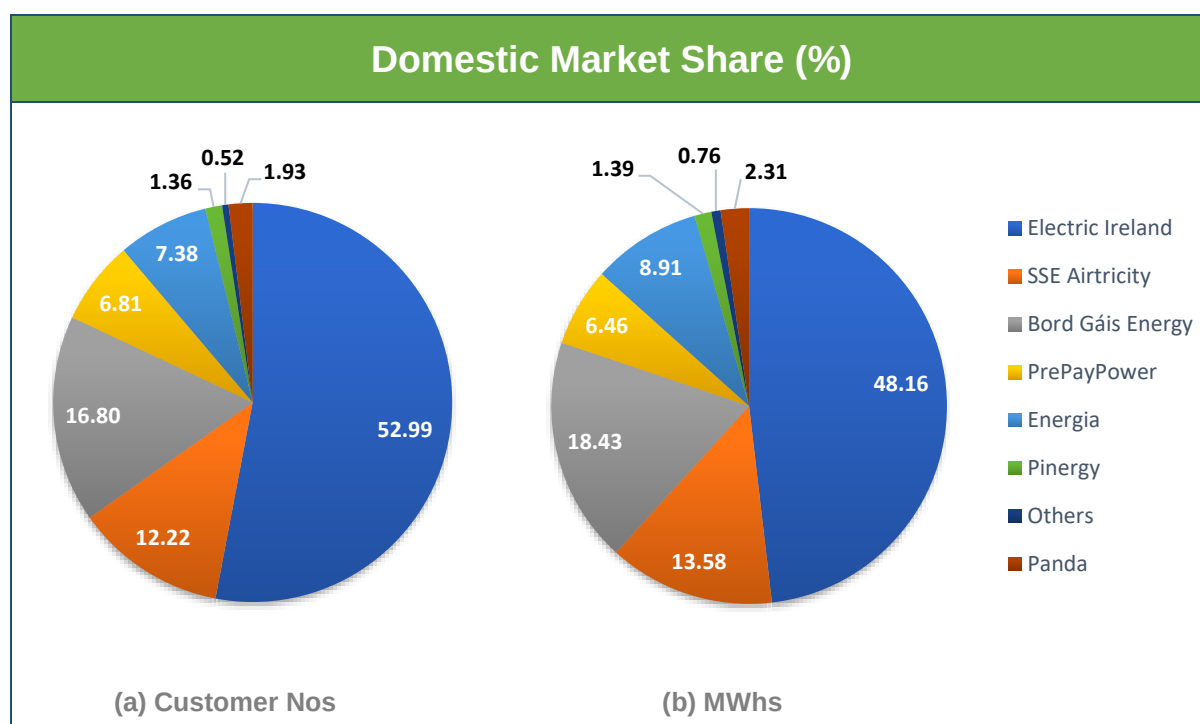


Figure 9.1: Q4 2018 Domestic Electricity Market Share (%)



Q4 2018	Domestic Market Share		% change Q3 2018 - Q4 2018 in market share		% change Q4 2017-Q4 2018 in market share	
	Sites	MWhs	Sites	MWhs	Sites	MWhs
Electric Ireland	1,100,443	1,124,553	-0.30%	0.15%	-1.60%	-1.37%
SSE Airtricity	253,684	317,090	-0.28%	-0.22%	-1.37%	-1.78%
Bord Gáis Energy	348,809	430,430	0.27%	-0.26%	0.73%	0.64%
PrePayPower	141,342	150,814	0.09%	-0.06%	0.51%	0.47%
Energia	153,180	208,121	0.12%	0.25%	0.76%	0.96%
Pinergy	28,285	32,415	-0.02%	0.04%	0.02%	-0.07%
Panda	40,163	53,916	0.09%	0.04%	0.65%	0.37%
Others	10,799	17,688	0.03%	0.06%	0.29%	0.80%
Total	2,076,705	2,335,028				

Table 9.4: Number of sites and MWhs per supplier

In Q4 2018, Electric Ireland held the greatest market share with 48.16% of total consumption. However, its market share decreased by 1.37% between Q4 2017 and Q4 2018 in terms of consumption and remains below the 60% threshold at which it was deregulated. Note that Electric Ireland's market share has remained below 50% since Q2 2017.

Energia gained the most market share between Q4 2017 and Q4 2018, with an increase of 0.96%. SSE Airtricity lost 1.78% of market share by consumption between Q4 2017 and Q4 2018, the highest decrease observed in the period.

Bord Gáis Energy continued holding the second greatest market share by consumption in Q4 2018 with 18.43% followed by SSE Airtricity with 13.58%. The remaining key suppliers are Energia with 8.91%, PrePayPower with 6.46%, Panda with 2.31% and Pinergy with 1.39%.

The graph below shows the trend in market share from the beginning of 2009 to the end of 2018 in terms of consumption. Electric Ireland's market share decreased between 2009 and 2016 but remained above 50% until Q2 2017 when it fell just below 50% for the first time. Significant gains have been made over time by SSE Airtricity and Bord Gáis Energy and more recently by PrePayPower and Energia.

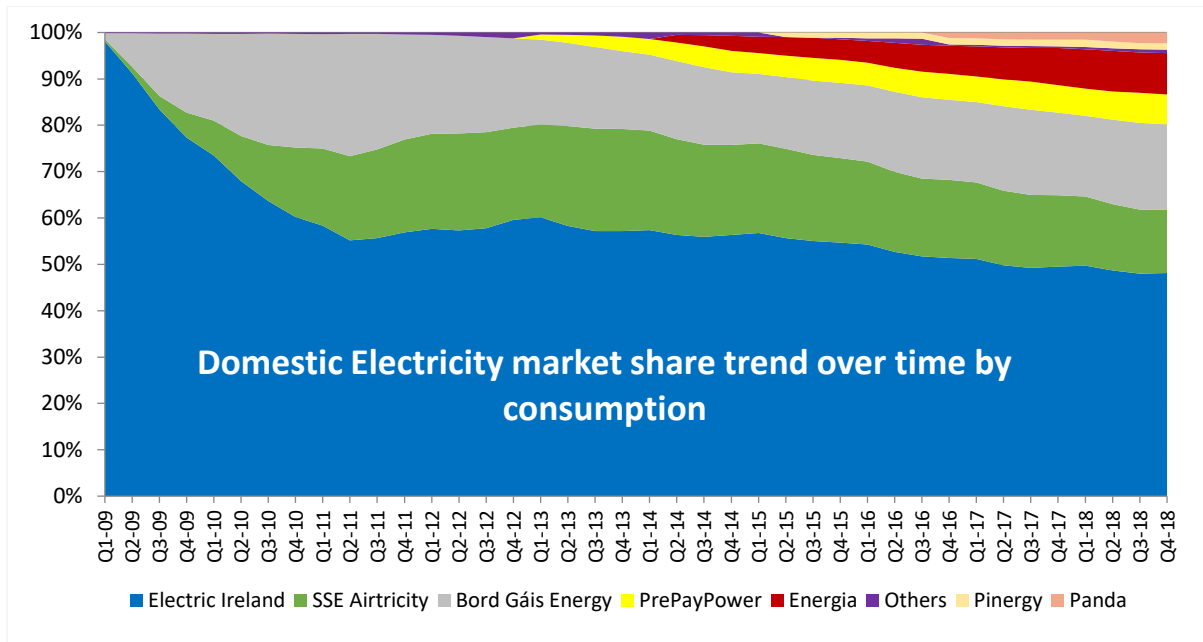


Figure 9.2: Domestic Electricity market share trend over time by consumption

The graph below shows the cumulative change in domestic electricity market share since 2013. It displays that as new suppliers have entered the market they have gradually increased their market share against the larger suppliers in the market, namely Electric Ireland and SSE Airtricity.

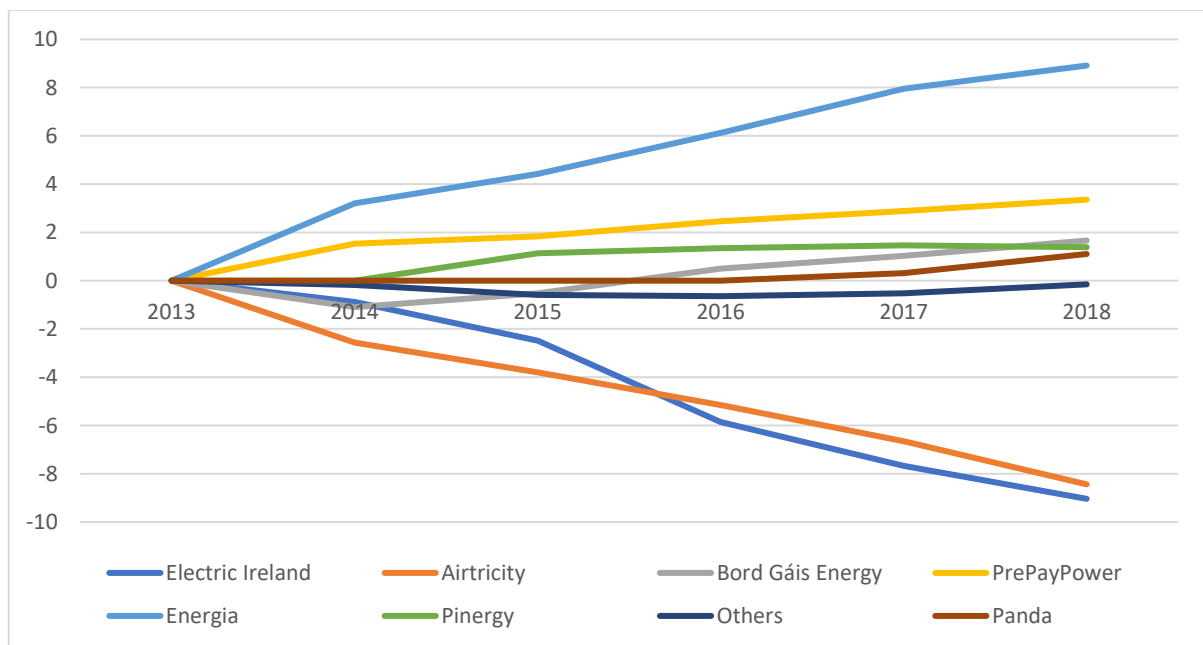


Figure 9.3: Domestic Electricity Cumulative Change in Market Share



8.2.3 Small-Sized Business Electricity Market

In the small-sized business electricity market, total customer numbers in Q4 2018 were 184,542 and consumption was 968,331 MWhs, compared to 184,616 customers and total consumption of 972,123 MWhs in Q4 2017. The following graph shows the percentage breakdown by supplier.

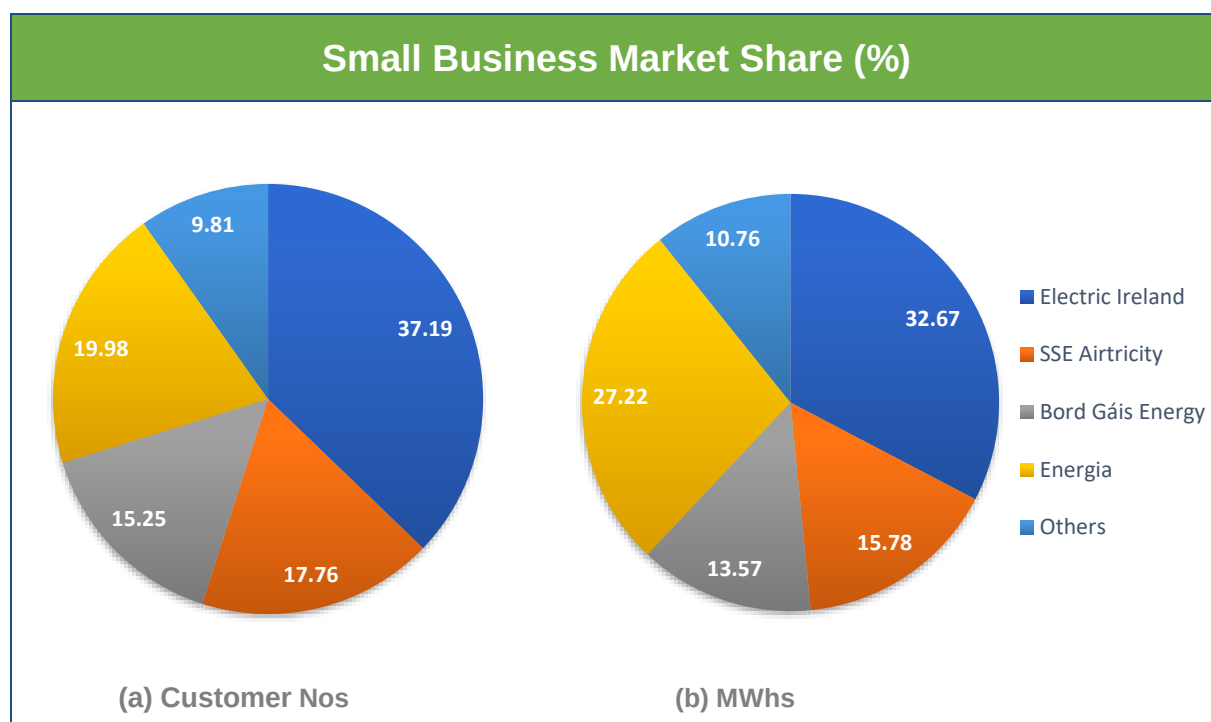


Figure 9.4: Q4 2018 Small-Sized Business Electricity Market Share (%)

Q4 2018	Small Business Market Share		% change Q3 2018 - Q4 2018 in market share		% change Q4 2017 – Q4 2018 in market share	
	Sites	MWhs	Sites	Sites	Sites	MWhs
Electric Ireland	68,640	316,395	-1.11%	-1.86%	-2.56%	-1.15%
SSE Airtricity	32,778	152,798	2.61%	2.56%	0.68%	-0.49%
Bord Gáis Energy	28,141	131,423	1.10%	1.25%	2.10%	1.47%
Energia	36,873	263,535	-0.39%	-0.51%	-1.46%	-1.26%
Others	18,110	104,180	-2.22%	-1.43%	1.24%	1.42%
Total	184,542	968,331				

Table 9.5: Number of sites and MWhs per supplier

In Q4 of 2018, Electric Ireland held the largest market share in the small-sized business market, with 32.67% of the market in terms of consumption. Energia held the second largest share with 27.22% followed by SSE Airtricity with 15.78%, and Bord Gáis Energy with 13.57%.



The largest decrease in market share in this segment was for Energia with a loss of 1.26% in consumption between Q4 2017 and Q4 2018. Bord Gáis Energy gained the most market share in this segment, with an increase of 1.47% in consumption between 2017 and 2018.

The graph below shows the market share of each supplier in the small business electricity sector between 2009 and 2018.

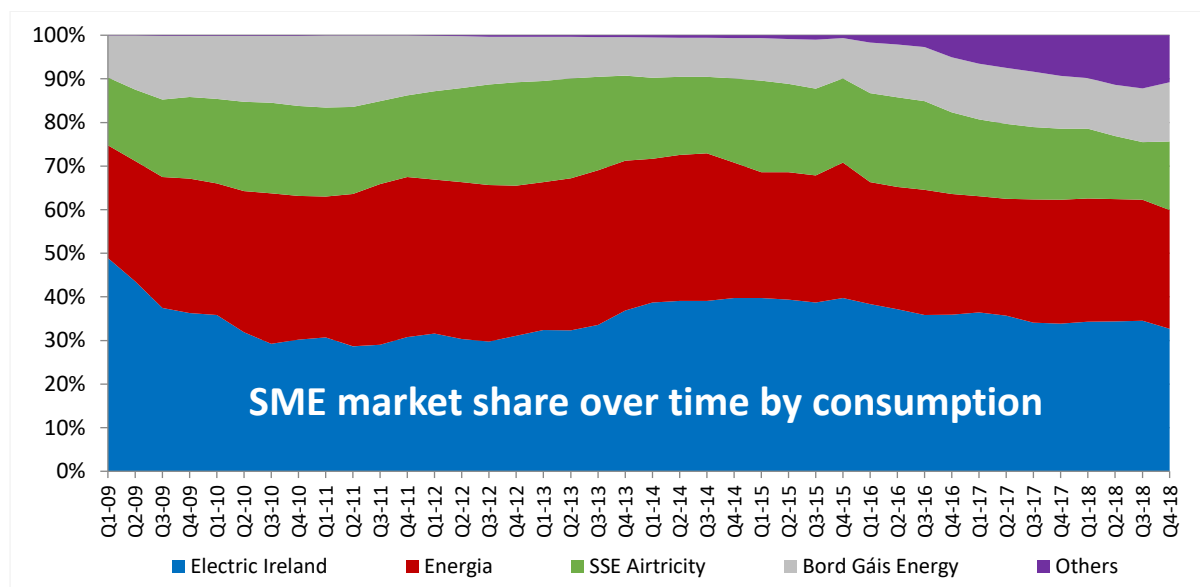


Figure 9.5: SME market share over time by consumption



8.2.4 Medium-Sized Business Electricity Market

In the medium sized business market total customer numbers in Q4 2018 were 94,167 and total consumption was 1,053,677 MWhs, compared to total customer numbers in Q4 2017 of 92,073 and total consumption of 1,058,919 MWhs.

The medium business electricity segment is comprised of DG3 and DG4 (public lighting and unmetered connections), DG4 and DG6 (Low voltage maximum demand). Prior to the beginning of 2017, customer numbers for this segment for DG3 and DG4 were based on the number of grouped MPRNs and single point unmetered connections. Grouped MPRNs can include any number of physical connections or technical MPRNs.

From 2017 the reports for DG3 and DG4 include the number of physical connections to the distribution system rather than at a grouped level, so the total number of customer numbers appears larger and reported market share of customer numbers in this segment has changed. However, reporting of market share on a consumption basis has not changed.

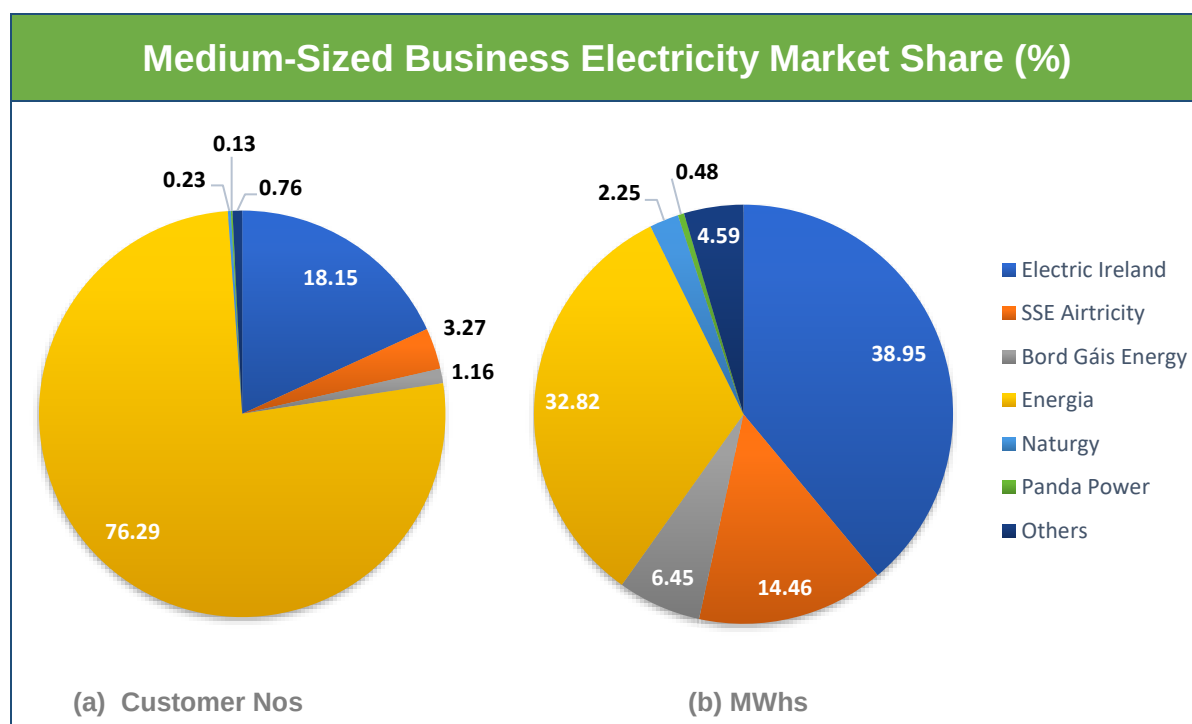


Figure 9.6: Q4 2018 Medium Business Electricity Market Share (%)



Q4 2018	Medium Business Market Share		% change Q3 2018 - Q4 2018 in market share		% change Q4 2017 – Q4 2018 in market share	
	Sites	MWhs	Sites	MWhs	Sites	MWhs
Electric Ireland	17,094	410,410	-0.31%	-2.80%	-0.70%	-0.53%
SSE Airtricity	3,082	152,330	-1.14%	4.93%	1.38%	4.46%
Bord Gáis Energy	1,091	67,988	0.15%	0.04%	0.07%	-0.64%
Energia	71,839	345,865	2.51%	1.54%	0.04%	-1.94%
Naturgy	220	23,713	-0.01%	-0.15%	-0.01%	-0.12%
Others	841	53,371	-1.20%	-3.56%	-0.79%	-1.23%
Total	94,167	1,053,677				

Table 9.6: Number of sites and MWhs per supplier

In Q4 2018 Electric Ireland held the greatest market share in the medium business market with 38.95% of the market by consumption. This was followed by Energia with 32.82%, SSE Airtricity with 14.46%, Bord Gáis Energy with 6.45% and Naturgy with 2.25%. SSE Airtricity gained the most in terms of consumption between Q4 2017 and Q4 2018, with an increase in 4.46% of market share by consumption, while Energia had the biggest decrease in market share in terms of consumption with a decrease of 1.94% in its market share. All other suppliers experienced smaller changes in market share (in terms of consumption) between Q4 2017 and Q4 2018.

The graph below shows the market share trend in terms of consumption from 2009 to 2018 in the medium business sector. Electric Ireland experienced a decline in its market share over a number of years following price deregulation of the business market in October 2010, however its market share increased between 2013 and 2018. Bord Gáis Energy's market share has declined over time. SSE Airtricity's market share increased following deregulation but decreased in recent years. In summary, from figure 9.9 we can see a diversification of market share in the medium business market over time.

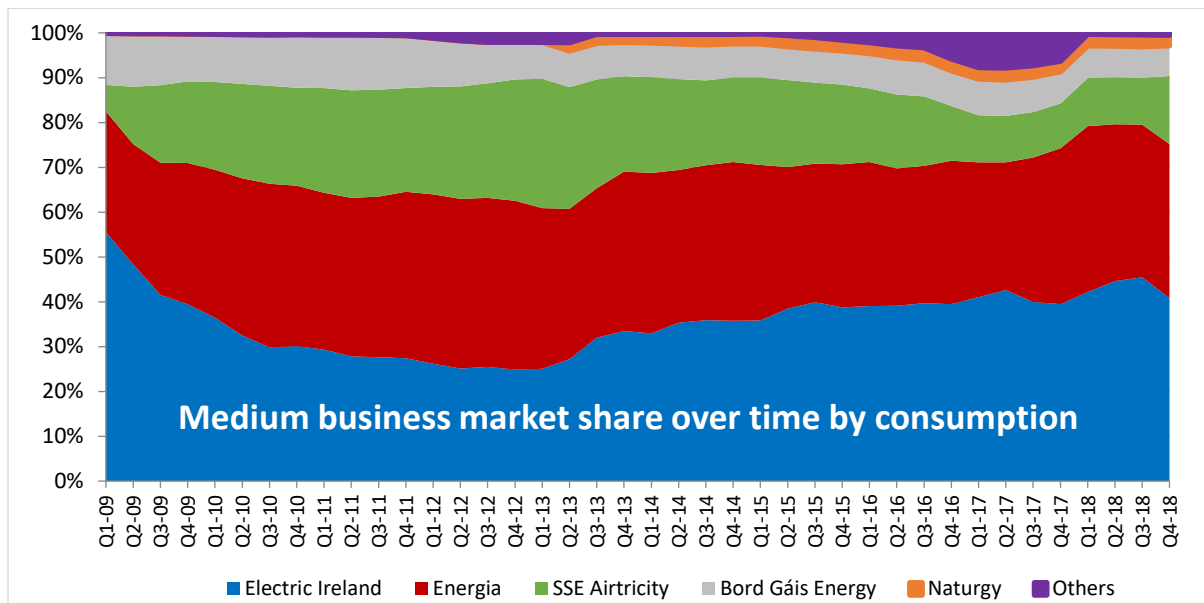


Figure 9.7: Medium business market share over time by consumption



8.2.5 Large Energy Users (LEUs)

In the LEU electricity market total customer numbers in Q4 2018 were 1910 and total consumption was 2,683,167 MWhs, compared to 1,858 customers and total consumption of 2,505,389 MWhs in Q4 2017.

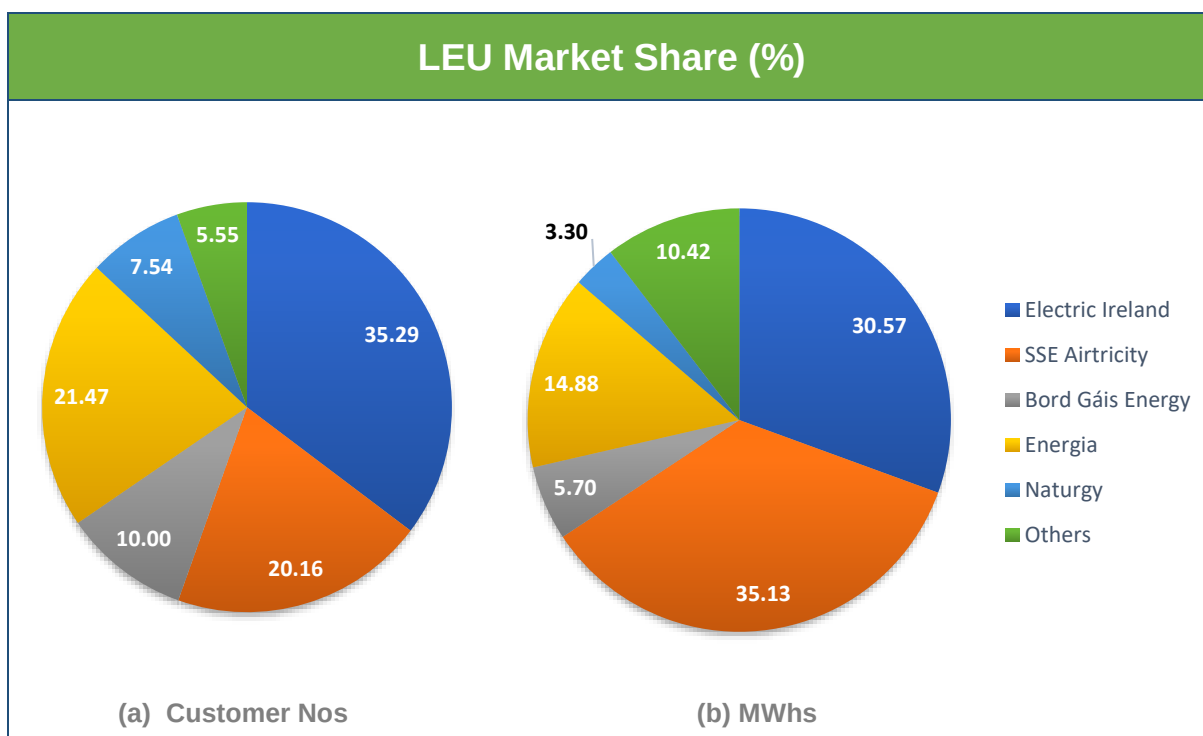


Figure 9.8: Q4 2018 LEU Electricity Market Share (%)

Q4 2018	LEU Market Share		% change Q3 2018-Q4 2018 in market share		% change Q4 2017 – Q4 2018 in market share	
	Sites	MWhs	Sites	MWhs	Sites	MWhs
Electric Ireland	674	820,323	0.46%	0.53%	-1.42%	-2.83%
SSE Airtricity	385	942,551	2.43%	4.47%	2.72%	3.74%
Bord Gáis Energy	191	153,012	0.40%	-0.94%	0.47%	-0.84%
Energia	410	399,320	-0.59%	-0.81%	-0.28%	0.63%
Naturgy	144	88,453	-0.01%	-0.01%	0.06%	0.15%
Others	106	279,509	-2.68%	-3.23%	-1.55%	-0.85%
Total	1,910	2,683,167				

Table 9.7: Number of sites and MWhs per supplier

In Q4 2018 SSE Airtricity held the greatest market share in the LEU market with 35.13% of the market by consumption. This was followed by Electric Ireland with 30.57%, Energia with 14.88%, Bord Gáis Energy with 5.70% and Naturgy with 3.30%.



The largest decrease in market share in this segment was for Electric Ireland with a loss of 2.83% in terms of consumption between Q4 2017 and Q4 2018. SSE Airtricity gained the most market share in this segment, with an increase of 3.74% in terms of consumption.

The graph below shows the market share in terms of consumption from 2009 to 2018. SSE Airtricity has experienced the largest gains in terms of customers and consumption since 2009, and the highest share in the market since Q1 2018.

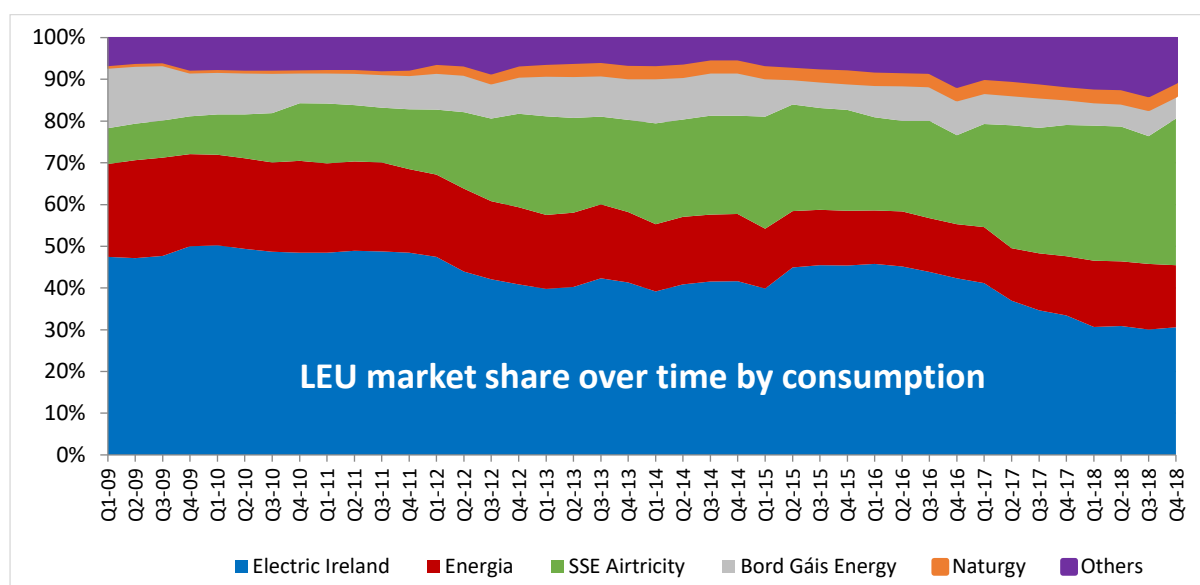


Figure 9.9: LEU market share over time by consumption



8.3 Gas Market

The gas market is reported as five different market segments:

Domestic market This represents non-daily metered (NDM) residential customers.
Fuel variation tariff (FVT) market NDM gas customers with a supply point capacity of above 3,750kWh and consumption level above 73,000kWh.
Industrial and commercial (IC) market Represents businesses with a supply point capacity of below 3,750kWh and consumption level below 73,000kWh.
Daily Metered (DM) Customers
Large Daily Metered (LDM) Customers excluding power generators

This section contains the market share data for all gas suppliers. Data is presented in terms of actual customer numbers and consumption (GWhs) for Q4 2018 as well as showing the change in percentage share since the previous year.

From the Q1 2017 report, the non-domestic gas market share segments presented in the CRU's quarterly market monitoring reports changed, based on discussions with GNI, in order to better align the names and classifications of the gas market segments with the GNI Code of Operations. A number of the current non-domestic gas definitions were defined when under price regulation, so are now no longer applicable after deregulation of the market.



The only market segment that changed was the RTF market, which was split into the Daily Metered (DM) and Large Daily Metered (LDM) market segments. FVT-eligible gas was renamed to medium-sized non-domestic gas. These changes are set out below:

Old Name of Market Segment	Revised Names and Definitions
Total Non-domestic gas	Total Non-domestic gas
Industrial/Commercial gas (NDM IC customers with a SPC below 3,750kWh)	Industrial/Commercial gas (NDM IC customers with a SPC below 3,750kWh)
Fuel-Variation Tariff eligible gas (NDM FVT customers with a SPC above 3,750 kWh)	Medium-sized non-domestic gas (NDM FVT customers with a SPC above 3,750 kWh)
Regulated Tariff Formula eligible gas (Annual consumption of between 5.5GWhs and 264GWhs)	Daily Metered (DM) Customers
	Large Daily Metered (LDM) Customers excluding power gens

8.3.1 Overall Trends in Retail Gas

In the gas market, the total number of customers at the end of 2018 was 697,448 and total consumption during 2018 was 21,667 GWhs. There was an overall decrease of 1.65% in customer numbers (with varied change across all market segments). The greatest change was observed in the LDM market segment with a decrease of 15.15%.

Customer Numbers - Gas Market								
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	2017	2016	% change between 2017 and 2018
Domestic Market	663,332	665,558	667,700	670,532	670,532	659,436	651,605	1.65%
IC	24,714	24,716	24,671	24,723	24,723	24,349	24,043	1.51%
Medium-sized non-domestic	1,847	1,865	1,905	1,915	1,915	1,829	1,761	4.49%
DM	232	234	234	245	245	232	259	5.31%
LDM	39	38	38	33	33	38	-	-15.15%
Total Gas Market	690,164	692,411	694,548	697,448	697,448	685,975	677,668	-1.65%

Table 9.8: Customer Numbers for each Gas Market Segment



Consumption - Gas Market (GWhs)								
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	2017	2016	% change between 2017 and 2018
Domestic Market	3,618	1,173	526	2,469	7,786	7,182	7,284	7.76%
IC	859	395	258	641	2,153	2,016	1,991	6.37%
Medium-sized non-domestic	992	509	360	787	2,647	2,441	2,459	7.79%
DM	915	702	617	857	3,091	2,931	8,726	5.17%
LDM	1,359	1,670	1,466	1,495	5,990	5,741	-	4.16
Total Gas Market	7,743	4,449	3,226	6,249	21,667	20,311	20,460	6.26%

Table 9.9: Consumption in GWh for each Gas Market Segment

Consumption increased across all market segments with an overall increase of 6.26%. These changes represent the equivalent changes in gas consumption by customers, as presented in table 9.10 below.

Consumption per customer, kWhs			
	2018	2017	% change between 2017 and 2018
Domestic Market	11,611	10,892	6.61%
IC	87,092	82,802	5.18%
Medium-sized non-domestic	1,382,291	1,334,463	3.58%
DM	12,616,046	12,633,621	-0.14%
LDM	181,523,373	156,315,790	16.13%

Table 9.10: Consumption per customer, kWhs



8.3.2 Domestic Gas Market

In the domestic gas market, the total number of customers at the end of Q4 2018 was 670,532 and total consumption was 2,469 GWhs, compared to 659,436 customers and total consumption of 2,611 GWhs in Q4 2017. Total consumption during 2018 was 7,786 GWhs compared to 7,182 GWhs during 2017.

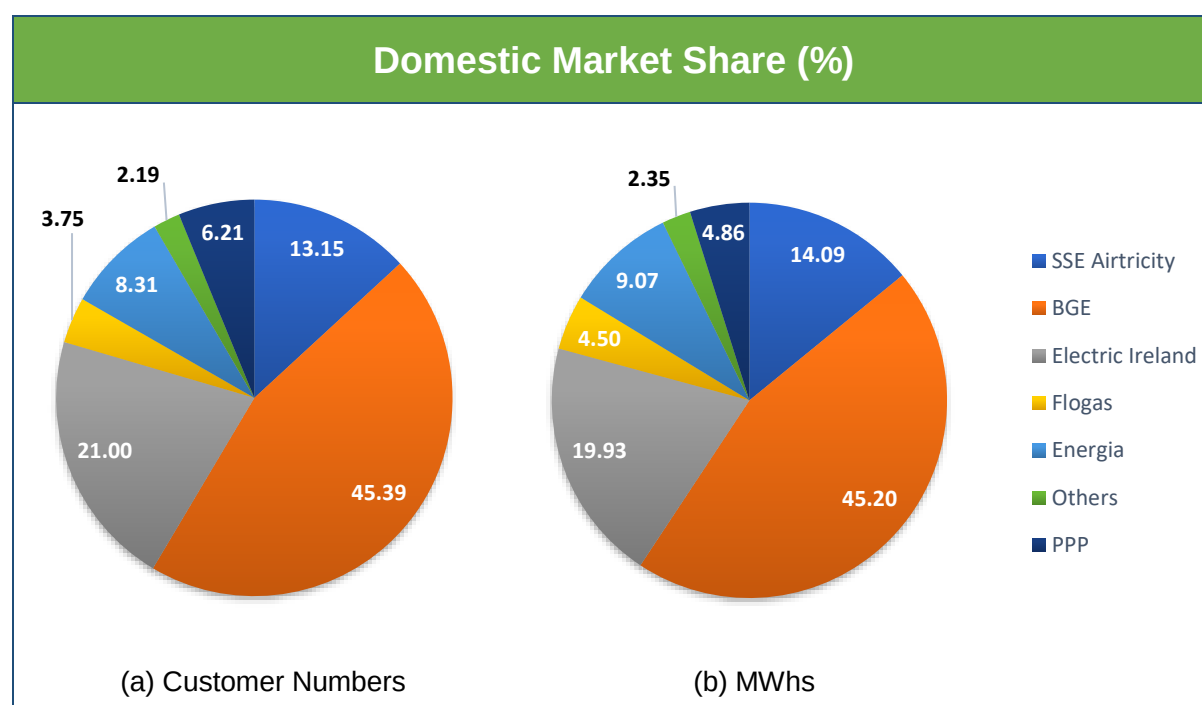


Figure 9.10: Q4 2018 Domestic Gas Market Share (%)

Q4 2018	Domestic Market Share		% change Q3 2018-Q4 2018 in market share		% change Q4 2017 – Q4 2018 in market share	
	Sites	GWhs	Sites	GWhs	Sites	GWhs
SSE Airtricity	88168	348	-0.29%	-0.20%	-1.12%	-0.96%
Bord Gáis Energy	304,366	1116	-0.11%	-0.88%	-1.83%	-1.90%
Electric Ireland	140,821	492	0.15%	0.54%	-0.31%	-0.51%
Flogas	25,175	111	-0.51%	-0.61%	-1.86%	-1.94%
Energia	55,702	224	0.31%	0.70%	1.27%	1.63%
Others	56,300	178	0.45%	0.45%	3.84%	3.67%
Total	670,532	2,469				

Table 9.11: Q4 2018 Domestic Gas Market Share



In Q4 2018 Bord Gáis Energy held the greatest market share in the domestic gas market with 45.39% of the market by customer numbers. This was followed by Electric Ireland with 21%, SSE Airtricity with 13.15%, Energia with 8.31%, Prepay Power with 6.21% and Flogas with 3.75%.

The largest decrease in market share in this segment was for SSE Airtricity with a loss of 1.86% in its market share in terms of customer numbers followed by Bord Gáis Energy with a loss of 1.83% in market share in terms of customer numbers between Q4 2017 and Q4 2018. PrePay Power gained the most market share in this segment, with an increase of 1.86% in customer numbers between 2017 and 2018.

The graph below shows the market share trends in terms of customer numbers from 2009 to 2018. There has been a significant change in Bord Gáis Energy's market share over time, which as the previous incumbent it was price regulated until 2014. This is a result of more suppliers entering the market, which has led to greater diversity and choice for Ireland's gas consumers.

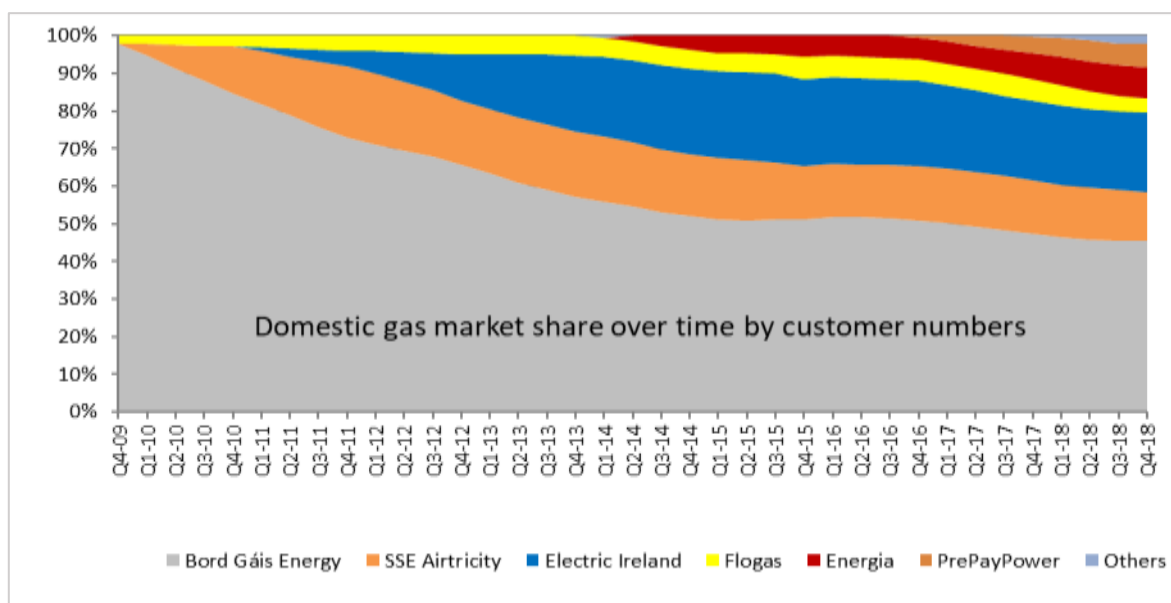


Figure 9.11: Domestic gas market share over time by customer numbers

The graph below shows the cumulative change in the domestic gas market share since 2013. It displays that as new suppliers have entered the market they have gradually increased their market share against the larger suppliers in the market, namely Bord Gáis Energy and SSE Airtricity.

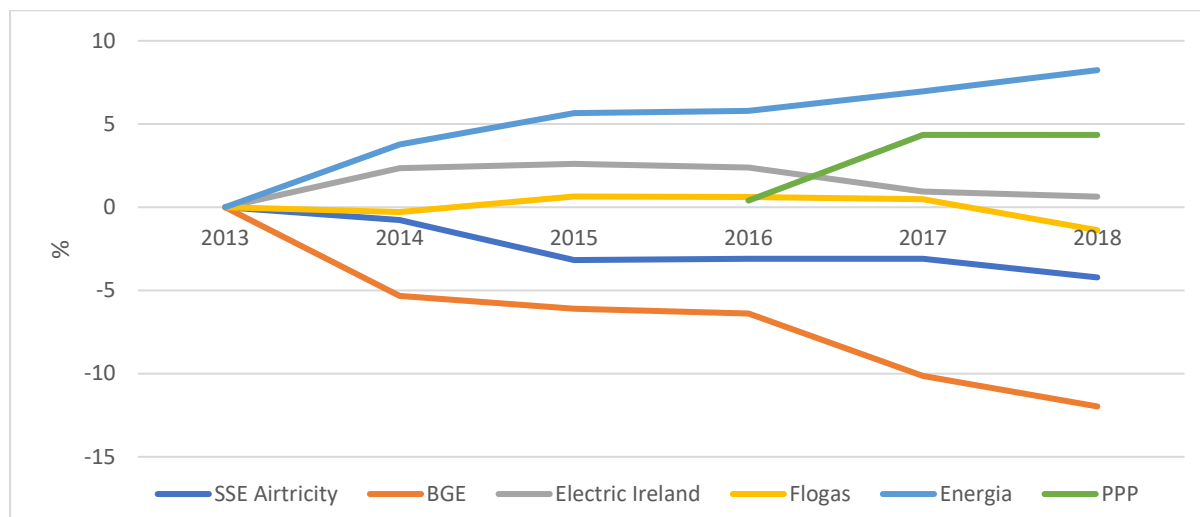


Figure 9.12: Domestic Gas Cumulative Change in Market Share by Customer Numbers



8.3.3 Industrial and Commercial (IC) Gas Market

In the IC gas market, the total number of customers in Q4 2018 was 24,723 and total consumption was 641 GWhs, compared to 24,349 customers and total consumption of 649 GWhs in Q4 2017. Total consumption during 2018 was 2,153 GWhs compared to 2,016 GWhs during 2017.

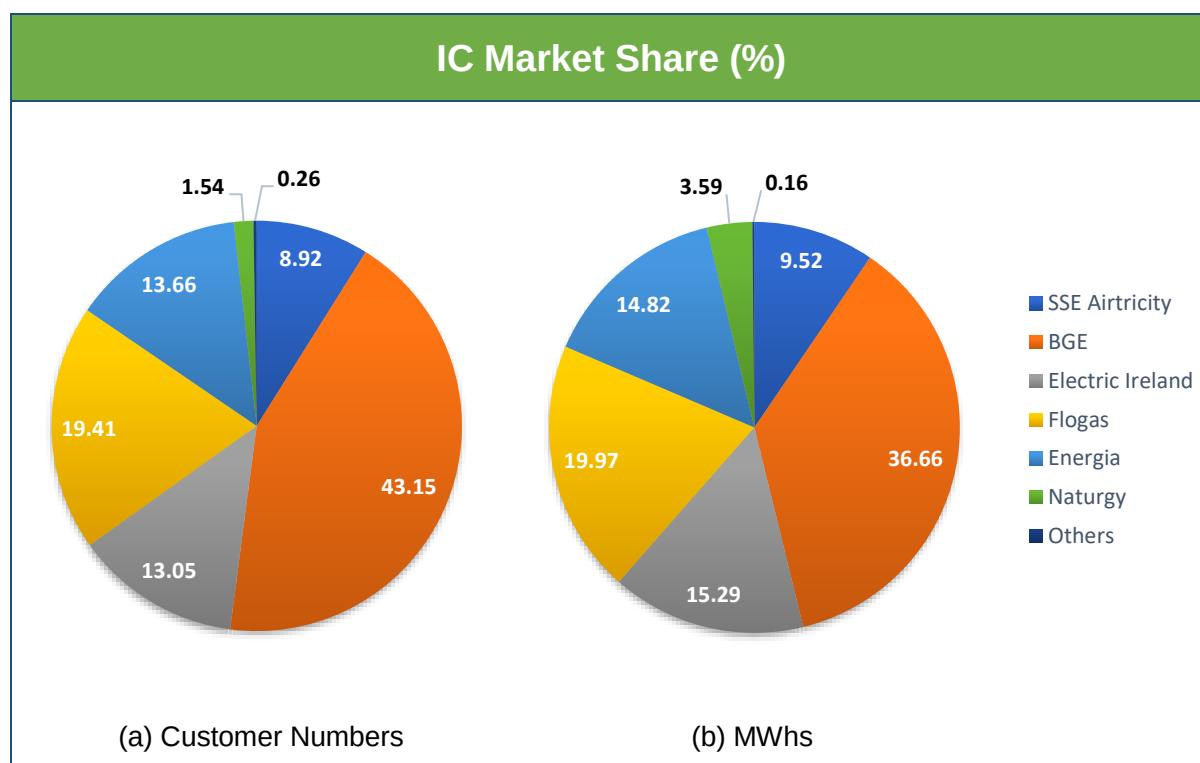


Figure 9.13: Q4 2018 IC Gas Market Share (%)

Q4 2018	IC Market Share		% change Q3 2018-Q4 2018 in market share		% change Q4 2017 - Q4 2018 in market share	
	Sites	GWhs	Sites	GWhs	Sites	GWhs
Bord Gáis Energy	10,669	235	0.97%	3.71%	-1.21%	-3.71%
SSE Airtricity	2,205	61	1.04%	4.29%	4.31%	5.86%
Electric Ireland	3,227	98	-0.34%	-1.61%	1.68%	3.31%
Flogas	4,799	128	-1.67%	-6.45%	-2.81%	-2.49%
Energia	3,378	95	-0.02%	-0.12%	-1.97%	-2.75%
Naturgy	381	23	-0.09%	0.08%	-0.25%	-0.38%
Total	24,723	641				

Table 9.12: Number of sites and GWhs per supplier



In Q4 2018 Bord Gáis Energy held the greatest market share in the industrial and commercial gas market with 43.15% of the market by customer numbers. This was followed by Flogas with 19.41%, Energia with 13.66%, Electric Ireland with 13.05%, SSE Airtricity with 8.92% and Naturgy with 1.54%.

The largest decrease in market share in this segment was for Flogas with a loss of 2.81% of its market share in terms of customers between Q4 2017 and Q4 2018. SSE Airtricity had the largest increase in market share in terms of customer numbers for this period by 4.31%.

The graph below shows that market share has changed significantly between 2009 and 2018 in terms of customer numbers.

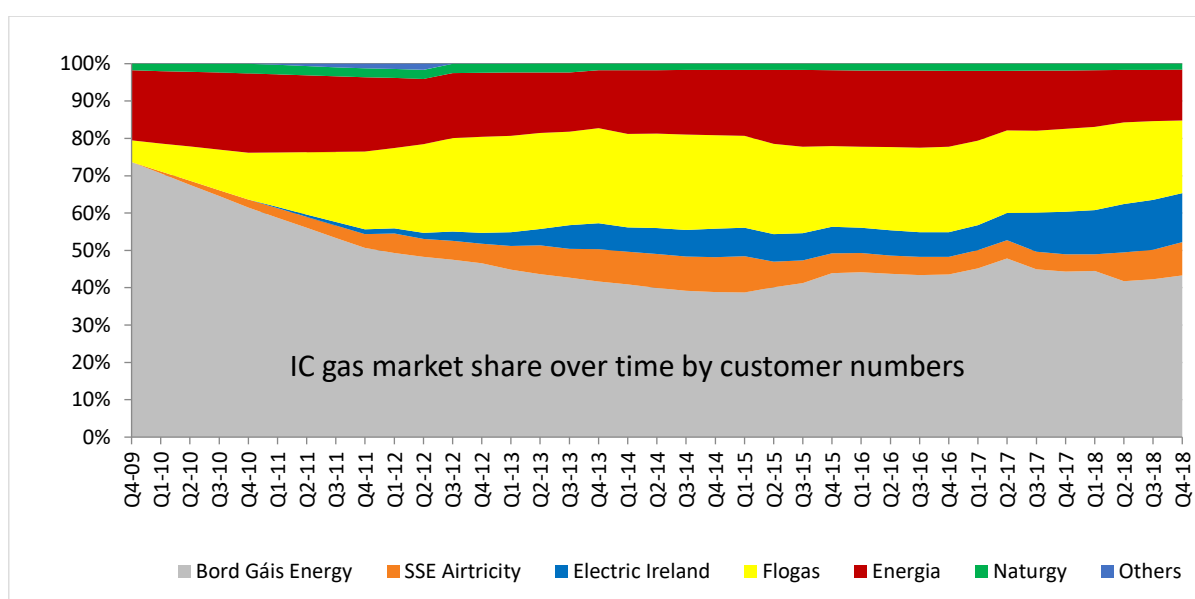


Figure 9.14: IC gas market share over time by customer numbers



8.3.4 Medium-Sized Non-Domestic Gas Market³⁶

In the medium-sized non-domestic gas market, the total number of customers in Q4 2018 was 1,915 and total consumption was 787 GWhs, compared to 1,829 customers and total consumption of 770 GWhs in Q4 2017. Total consumption during 2018 was 2,647 GWhs compared to 2,441 GWhs during 2017.

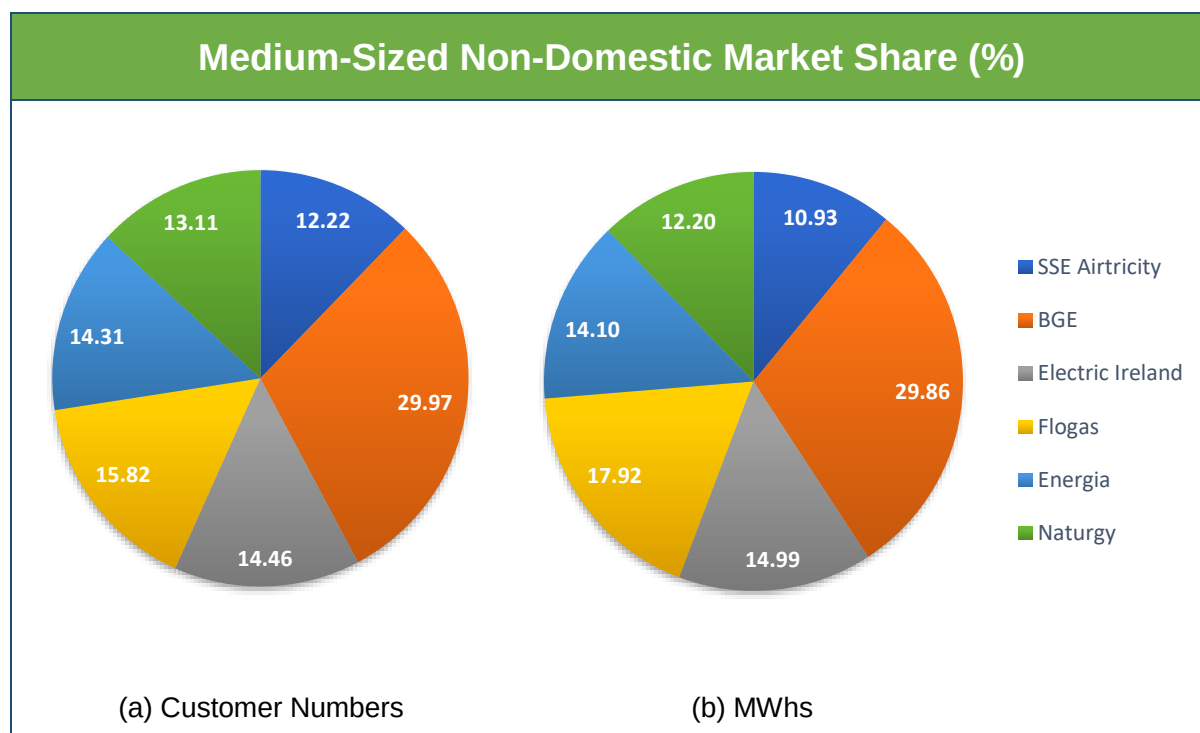


Figure 9.15: Q4 2018 Medium-Sized Non-Domestic Market Share (%)

Q4 2018	Medium-Sized Non-Dom. market share		% change Q3 2018-Q4 2018 in market share		% change Q4 2017 – Q4 2018 in market share	
	Sites	GWhs	Sites	GWhs	Sites	GWhs
Bord Gáis Energy	574	235	1.10%	2.33%	-6.88%	-6.11%
SSE Airtricity	234	86	-0.17%	3.93%	8.67%	7.85%
Electric Ireland	277	118	1.34%	0.94%	4.19%	4.17%
Flogas	303	141	-1.45%	-6.00%	-3.42%	-3.36%
Energia	274	111	-0.60%	-1.39%	-1.88%	-1.00%
Naturgy	251	96	-0.28%	0.19%	-0.78%	-1.54%
Total	1,915	787				

Table 9.13: Number of sites and GWhs per supplier

³⁶ There are no longer regulated business tariffs; however, the reporting structure has been maintained for consistency and to allow for comparison.



In Q4 2018 Bord Gáis Energy held the greatest market share in the Medium-Sized Non-Domestic gas market with 29.97% of the market by customer numbers. This was followed by Flogas with 15.82%, Electric Ireland with 14.46%, Energia with 14.31%, Naturgy with 13.11%, and SSE Airtricity with 12.22%.

The largest decrease in market share in this segment was for Bord Gáis Energy with a loss of 6.88% in market share in terms of customer numbers between Q4 2017 and Q4 2018. SSE Airtricity gained the most between Q4 2017 and Q4 2018 with an increase of 8.67% of market share in terms of customer numbers.

The graph below shows the trends in market share from 2009 to 2018 in terms of customer numbers. It can be seen that Bord Gáis Energy's market share has declined significantly since 2009 and market share in the Medium-Sized Non-Domestic gas segment has become more distributed over time.

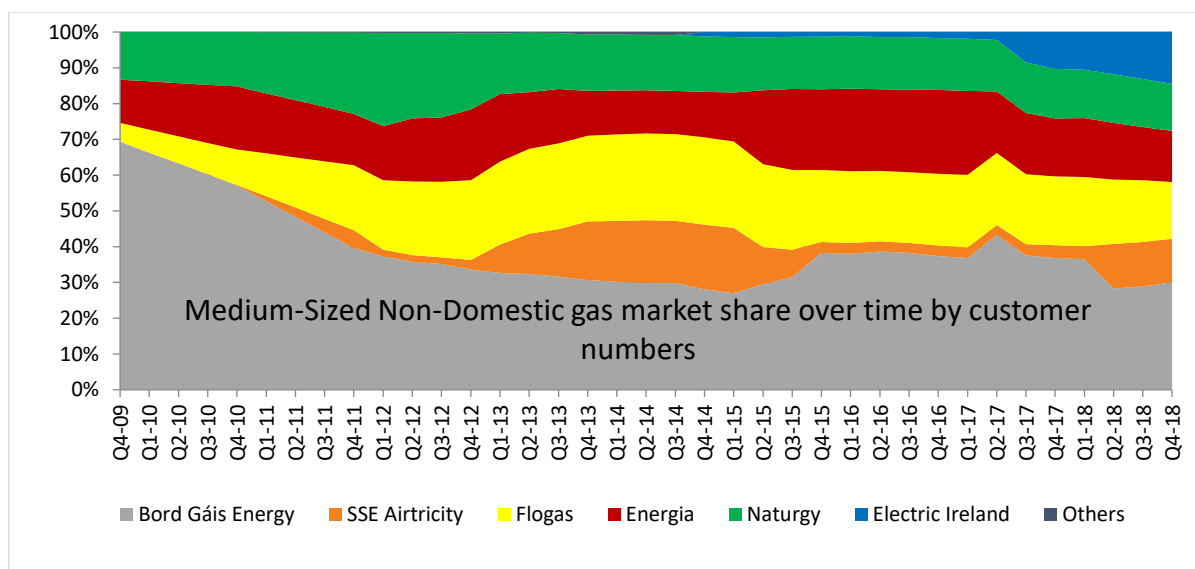


Figure 9.16: Medium-Sized Non-Domestic gas market share over time by customer numbers



8.3.5 DM Market

In the DM gas market, the total number of customers in Q4 2017 was 245 and total consumption was 857 GWhs, compared to 232 customers and total consumption of 793 GWhs in Q4 2017. As discussed above, this change is mainly caused by the change in the reporting of the different market segments (RTF market split into the DM and LDM). Total consumption during 2018 was 3,091 GWhs compared to 2,931 GWhs during 2017.

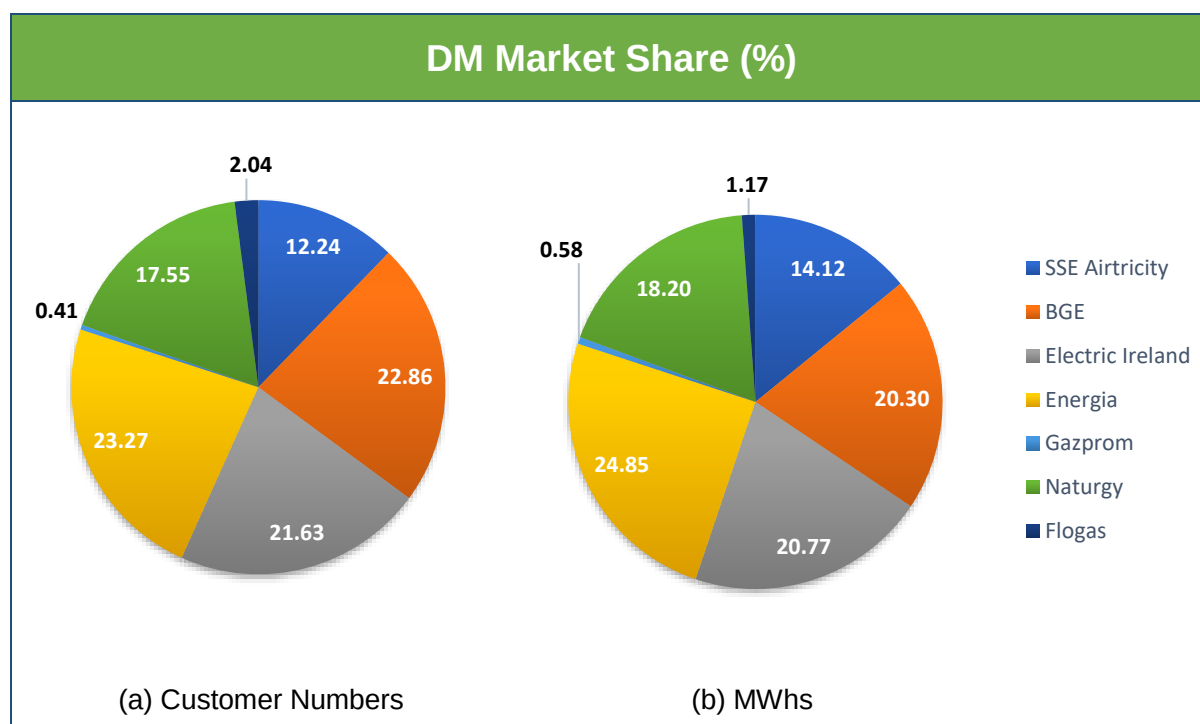


Figure 9.17: Q4 2018 DM Gas Market Share (%)

Q4 2018	DM market share		% change Q3 2018- Q4 2018 in market share		% change Q4 2017 - Q4 2018 in market share	
	Sites	GWhs	Sites	GWhs	Sites	GWhs
Bord Gáis Energy	56	174	-1.50%	-1.18%	-6.45%	-5.42%
SSE Airtricity	30	121	0.28%	3.46%	4.06%	4.79%
Electric Ireland	53	178	0.27%	2.36%	0.08%	0.72%
Energia	57	213	-0.24%	-4.71%	2.58%	0.14%
Gazprom	1	5	-0.02%	0.10%	-0.02%	0.08%
Naturgy	43	156	0.46%	-0.71%	-0.12%	-0.46%
Flogas	5	10	0.76%	0.67%	-0.11%	0.16%
Total	245	857				

Table 9.14: Number of sites and GWhs per supplier



In Q4 2018 Energia held the greatest market share in the DM gas market with 23.27% of the market by customer numbers, followed by Bord Gáis Energy with 22.86%, Electric Ireland with 21.63%, Naturgy with 17.55%, SSE Airtricity with 12.24%, and Flogas with 2.04%. This is the first time that Bord Gáis Energy's market share drops to a level below another market participant's share and holds the second largest share in the market.

The largest decrease in market share in this segment was for Bord Gáis Energy with a loss of 6.45% of market share in terms of customer numbers between Q4 2017 and Q4 2018. SSE Airtricity gained the most market share in this segment with an increase of 4.06% between Q4 2017 and Q4 2018. The figure below shows the trend in market share between 2009 and 2018 in terms of customer numbers.

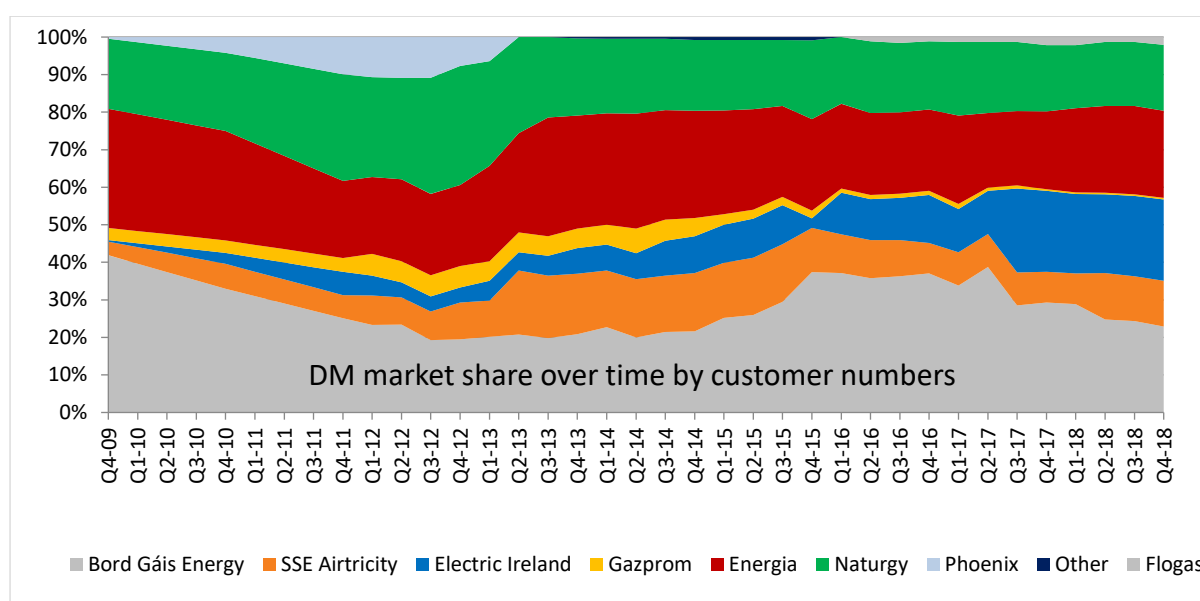


Figure 9.18: DM market share over time by customer numbers



8.3.6 LDM Market

In the LDM gas market, the total number of customers in Q4 2018 was 33 and total consumption was 1,495 GWhs, compared to 38 customers and total consumption of 1,454 GWhs in Q4 2017. Total consumption during 2018 was 5,990 GWhs compared to 5,940 GWhs during 2017.

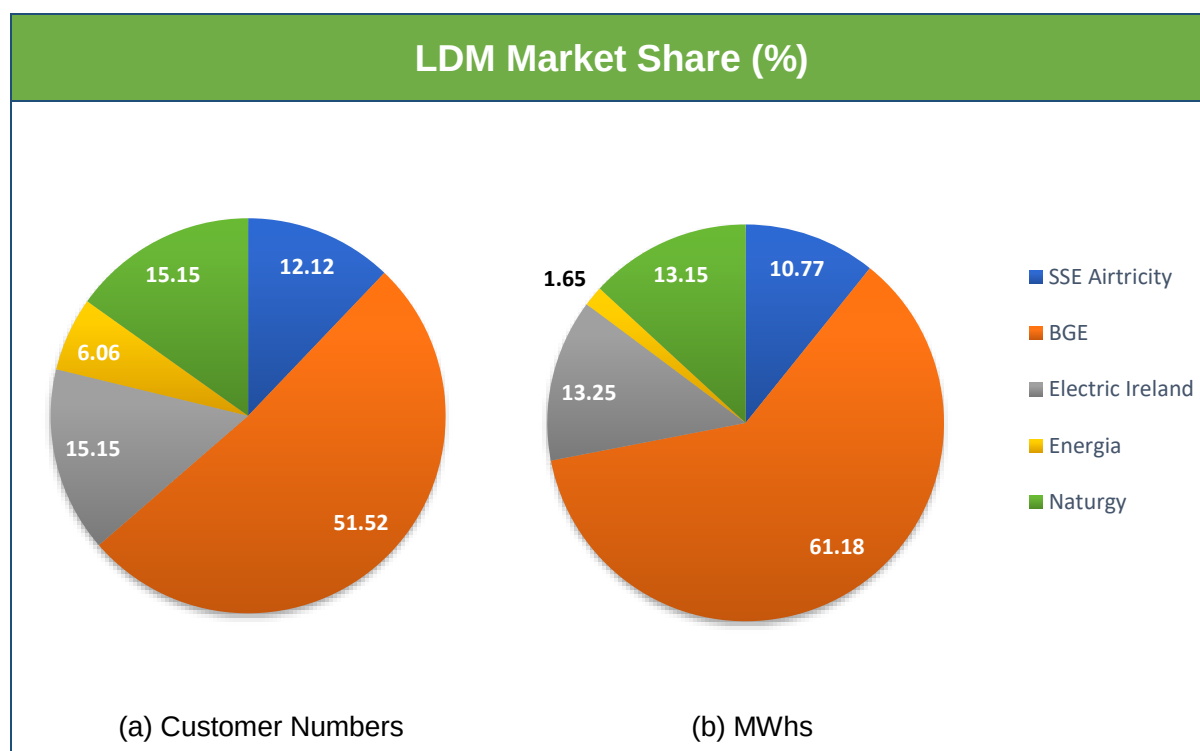


Figure 9.19: Q4 2018 LDM Gas Market Share (%)

Q4 2018	LDM Market Share		% change Q3 2018-Q4 2018 in market share		% change Q4 2017 – Q4 2018 in market share	
	Sites	GWhs	Sites	GWhs	Sites	GWhs
Bord Gáis Energy	17	915	-1.12%	-4.40%	4.15%	-0.10%
SSE Airtricity	4	161	-3.67%	0.51%	1.59%	2.93%
Electric Ireland	5	198	1.99%	1.29%	-8.53%	-6.70%
Energia	2	25	0.80%	-1.51%	-1.83%	-1.03%
Naturgy	5	197	1.99%	4.10%	4.63%	-4.90%
Total	33	1,495				

Table 9.15: Number of sites and GWhs per supplier

In Q4 2018 Bord Gáis Energy held the greatest market share in the LDM gas market with 51.52% of the market by customer numbers. This was followed by Electric Ireland and Naturgy with 15.15% each, SSE Airtricity with 12.12% and Energia with 6.06%.



The largest decrease in market share in terms of customer numbers in this segment was for Electric Ireland with a loss of 8.53% between Q4 2017 and Q4 2018. Naturgy gained the most market share in this segment with an increase of 4.63% between Q4 2017 and Q4 2018. The figure below shows the trend in market share between 2017 and 2018 in terms of customer numbers.

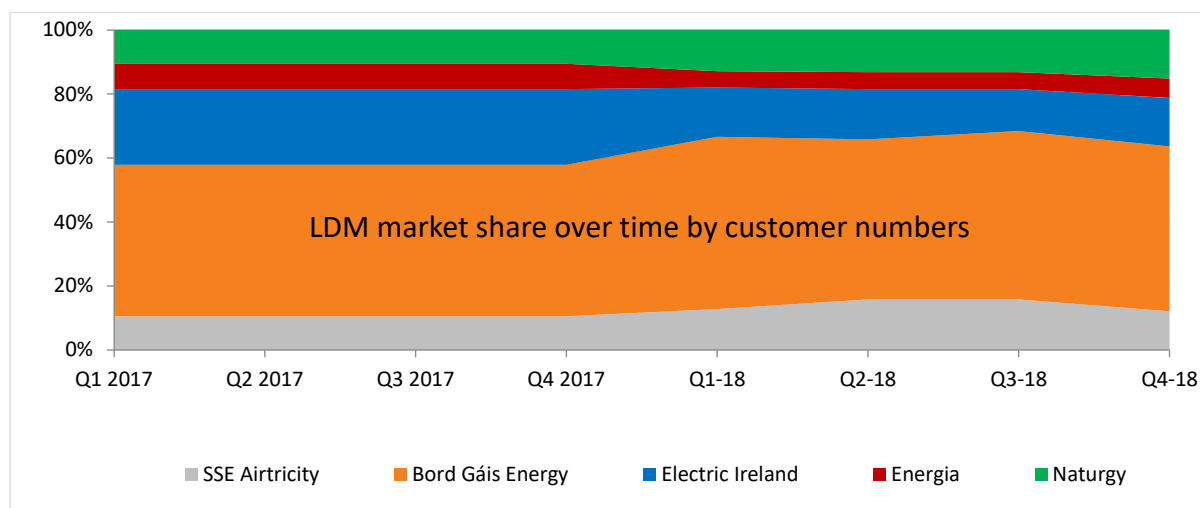


Figure 9.20: LDM market share over time by customer numbers

8.4 Summary – Market Share

- In Q4 2018, Electric Ireland held the greatest domestic electricity market share with 48.16% of total consumption. However, its market share decreased by 1.37% between Q4 2017 and Q4 2018 in terms of consumption and remains below the 60% threshold at which it was deregulated. 2017 was the first year that Electric Ireland's share of the domestic electricity market fell below 50% and it remained below 50% throughout 2018.
- The remaining key suppliers in the domestic electricity market are Bord Gáis Energy with 18.43% market share by consumption in Q4 2018, followed by SSE Airtricity with 13.58%, Energia with 8.91%, PrePayPower with 6.46%, Panda with 2.31% and Pinergy with 1.39%.
- In Q4 2018 Bord Gáis Energy held the greatest market share in the domestic gas market with 45.39% of the market by customer numbers. This was followed by Electric Ireland with 21%, SSE Airtricity with 13.15%, Energia with 8.31% and Flogas with 3.75%.
- In the non-domestic markets Electric Ireland remained the largest electricity supplier in terms of consumption in the small business, and medium business market segments in 2018. However, for the fourth consecutive quarter, Electric Ireland held the second largest share in the LEU market, with SSE Airtricity being the largest supplier in this segment. Bord Gáis Energy remained the largest supplier in terms of customer numbers in the IC, medium-sized non-domestic gas and LDM gas market segments, while for the first time in Q4 2018 its share in the DM market segment dropped to a level below another market participant's (Energia) share and holds the second largest share in the market.



9 Market Concentration

The HHI (Herfindahl-Hirschman Index) is a widely used metric to measure market concentration³⁷. The lower the value of the HHI index, the lower the concentration of the market is. With low market concentration, the ability of any market player to exploit market power to the detriment of consumers is reduced and consumers can benefit from competition, innovation and customer services.

9.1 Electricity Market Segments

HHI Index	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Domestic	3,267	3,157	3,105	3,110	3,112	3,026	2,969	2,973
Small Business	2,542	2,494	2,450	2,454	2,418	2,378	2,360	2,292
Medium Business	2,832	2,869	2,861	2,963	2,888	2,915	2,927	2,872
Large Business	2,647	2,559	2,475	2,484	2,428	2,427	2,330	2,542

Table 10.1: HHI scores from Q1 2017 – Q4 2018

Overall, the HHI has remained fairly consistent over the last 8 quarters, from Q1 2017 to Q4 2018. There has, however, been a steady decrease in the HHI in the domestic, small business and large business segments over time, while there has been an increase in HHI in the medium business segment. In 2018 the average HHI was 3,020 for the domestic market segment (compared to 3,159 in 2017), 2,362 for the small business market segment (2,485 in 2017), 2,900 for the medium business market segment (2,881 in 2017), and 2,432 for the large business market segment (2,541 in 2017). Table 10.1 is illustrated in Figure 10.1 below.

³⁷ It is calculated as the sum of the squares of the market shares of all firms in the market, or the 50 largest firms if applicable. It ranges between 0, for an infinite number of small firms, and 10,000, for one firm with a 100% market share. The European Commission considers a HHI above 2000 to signify a highly concentrated market. The U.S. Department of Justice considers a market with a HHI of less than 1,500 to be a competitive marketplace, a HHI of 1,500 to 2,500 to be a moderately concentrated marketplace, and an HHI of 2,500 or greater to be a highly concentrated marketplace.

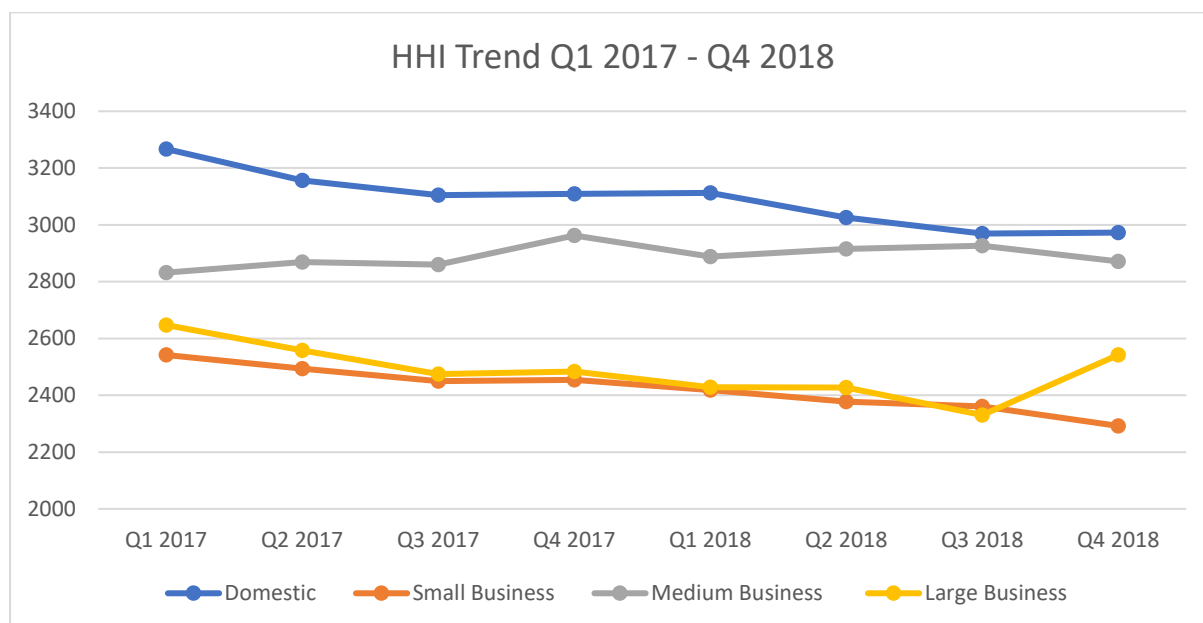


Figure 10.1: HHI trends over time (Q1 2017 – Q4 2018)

It is worth noting, however, that a high or low HHI is only an indication of market concentration and needs to be viewed in combination with other measures of market conduct and performance. It is for this reason that a GINI coefficient has been calculated for each market segment and will be compared with the HHI scores.

The GINI coefficient is a commonly-used measure of inequality that condenses the entire distribution for a market into a single number between 0 and 1: the higher the number, the greater the degree of inequality in that market. The GINI coefficient is a numerical representation of a Lorenz Curve, which maps the ratio of the number of participants in a market and the corresponding market share of each participant.

The following graphs below represent the relationship between the percentages of participants in the various business markets corresponding with their respective market share. Analysing the blue line in the graphs below, for example, in the Medium Business DM market, 60% of the market participants represent approximately 18% of the market in Q1 2017. In Q4 2018 this figure increases slightly to 19%. The orange line represents true 'equality'. The GINI coefficient is a numerical representation of the Lorenz Curve by calculating the surface area between the blue line and the orange line.

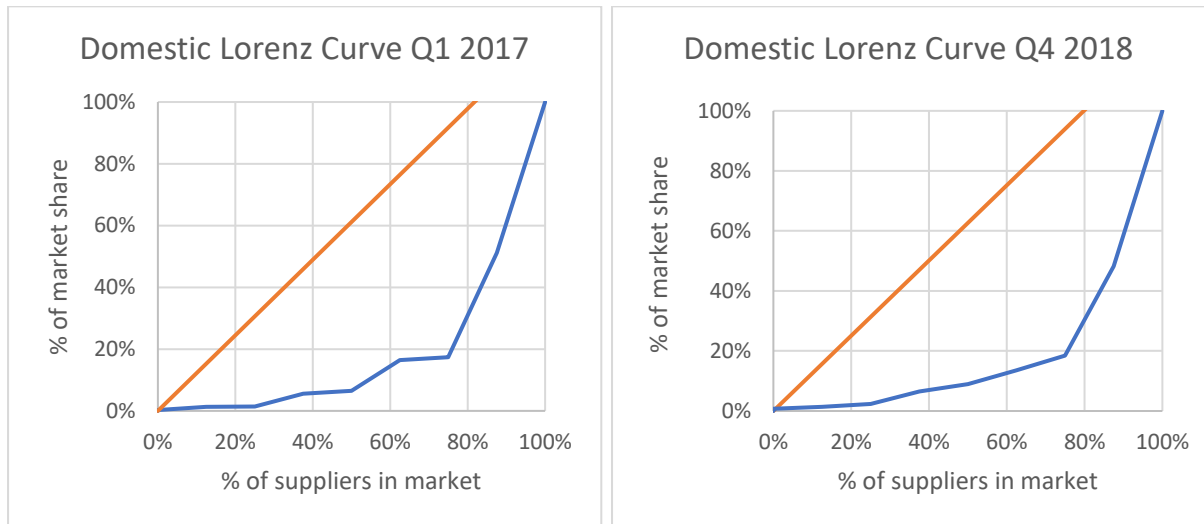


Figure 10.2 Lorenz Curves for Domestic Market

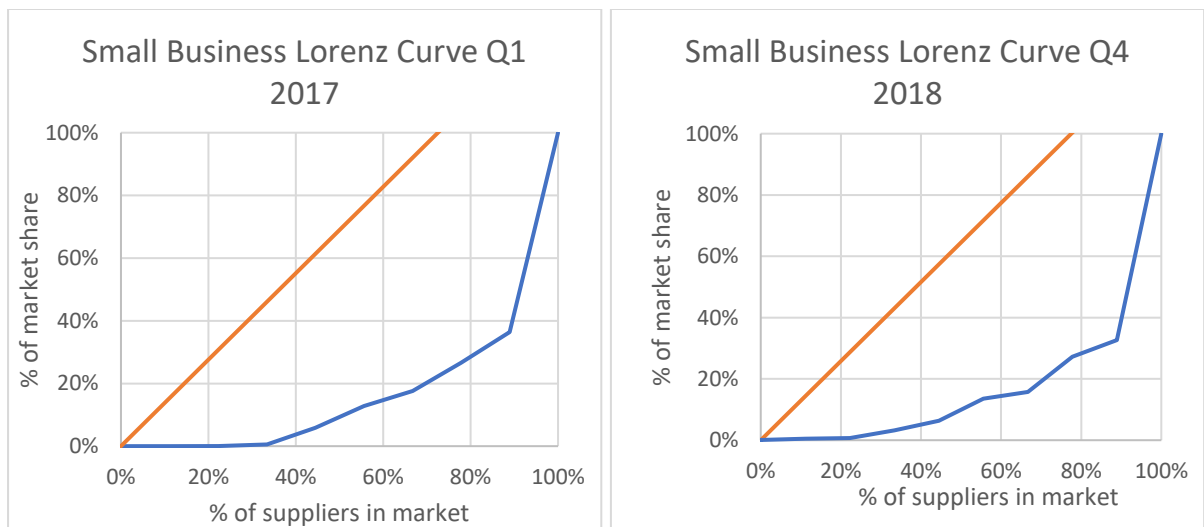


Figure 10.3 Lorenz Curves for Small Business Market

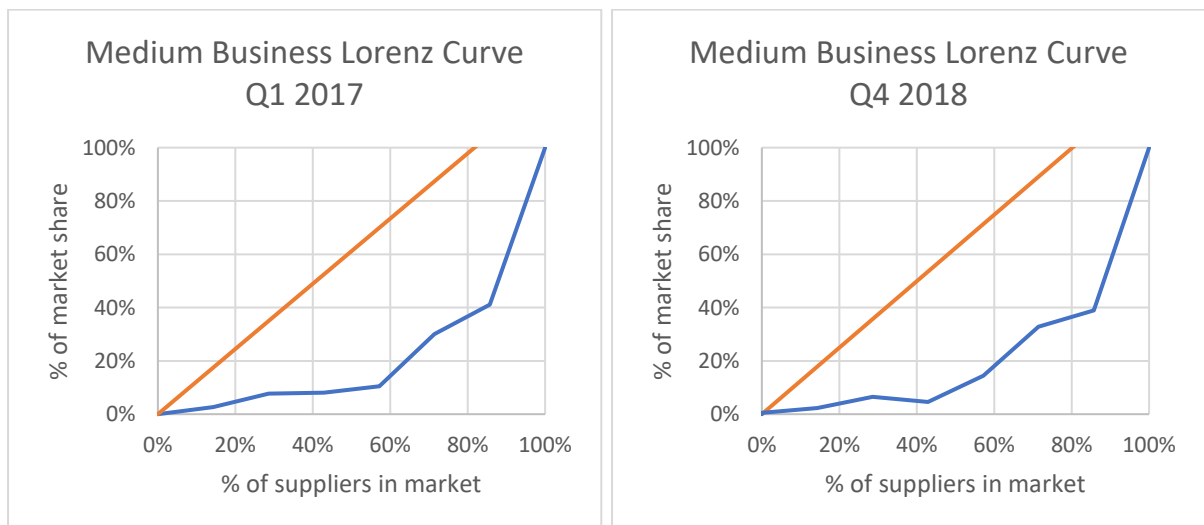


Figure 10.4 Lorenz Curves for Medium Business Market

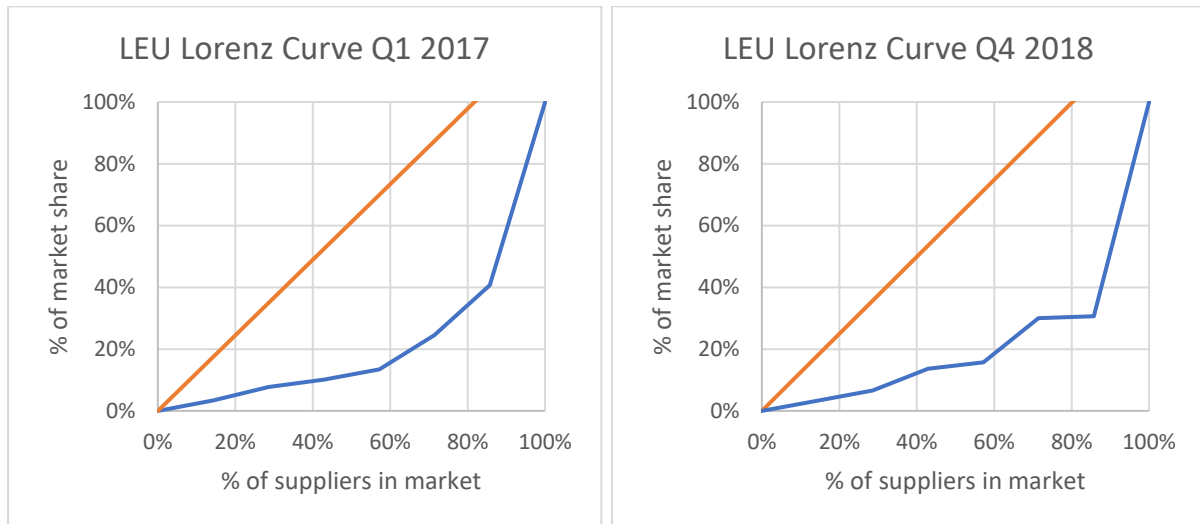


Figure 10.5 Lorenz Curves for LEU Business Market

Table 10.2 reports the GINI coefficient scores from Q1 2017 – Q4 2018. The GINI coefficient, like the HHI, has remained relatively stable over time for the medium business segment, whilst it has gradually fallen for the domestic, small business and large business segments in Q1 2017 in Q4 2018. Figure 10.6 below illustrates this trend.

GINI Coefficient	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Domestic	0.60	0.59	0.59	0.59	0.58	0.58	0.57	0.57
Small Business	0.61	0.60	0.59	0.58	0.58	0.57	0.56	0.56
Medium Business	0.52	0.52	0.53	0.53	0.52	0.53	0.53	0.53
Large Business	0.47	0.45	0.44	0.47	0.46	0.46	0.44	0.44
Moderate Inequality	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Strong Inequality	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6

Table 10.2: GINI Coefficient from Q1 2017 – Q4 2018

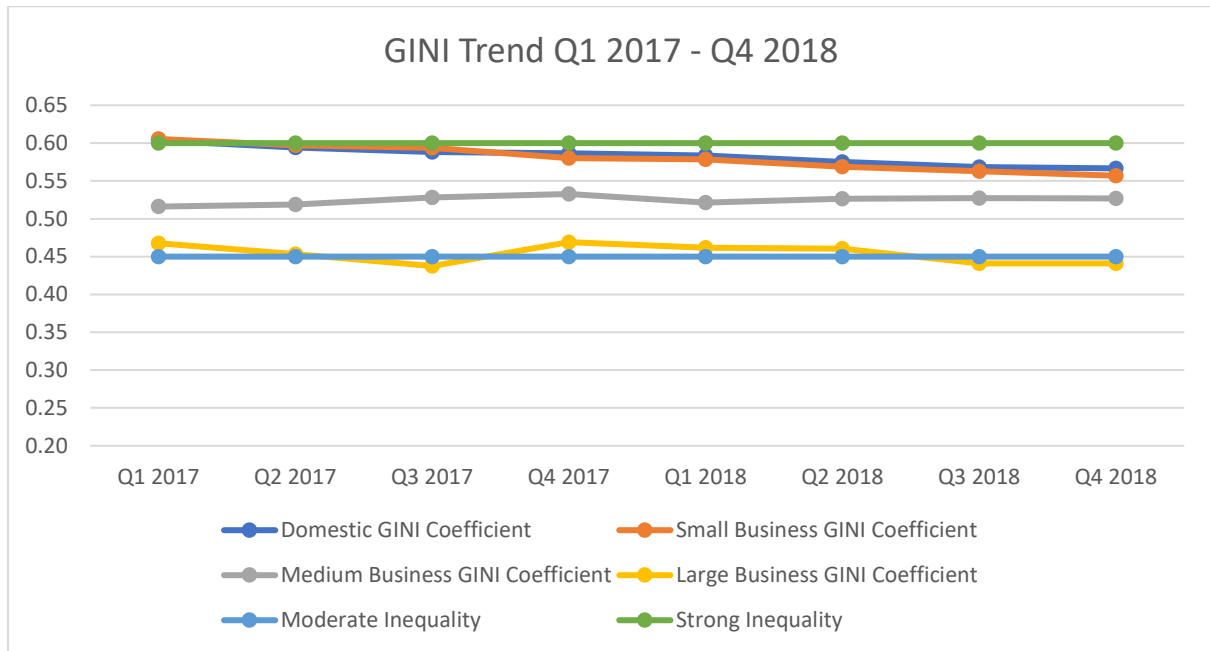


Figure 10.6: GINI trends over time (Q1 2017 – Q4 2018)



9.2 Gas Market Segments

HHI Index	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Domestic	3,250	3,191	3,115	2,970	2,900	2,857	2,827	2,770
I&C	2,700	2,710	2,596	2,615	2,612	2,384	2,335	2,307
Medium-sized non-domestic	2,515	2,537	2,473	2,290	2,301	1,992	1,961	1,905
DM	2,225	2,234	2,149	2,111	2,131	2,074	2,146	1,994
LDM	4,484	4,404	4,047	4,290	4,274	4,739	4,640	4,210

Table 10.3: HHI scores from Q1 2017 – Q4 2018

There has been a decrease in the HHI for all market segments from Q1 2017 to Q4 2018. Significant decreases have been observed in both I&C and medium-sized non-domestic segments over the period. In Q2 2018 the HHI for the medium-sized non-domestic segment fell below 2,000, and in Q4 2018 the HHI for the DM segment fell below 2,000. In 2018 the average HHI was 2,839 for the domestic market segment (3,131 in 2017), 2,409 for the I&C market segment (2,655 in 2017), 2,040 for the medium-sized non-domestic market segment (2,454 in 2017), 2,114 for the DM market segment (2,180 in 2017), and 4,466 for the LDM market segment (4,306 in 2017). Table 10.3 above is illustrated in Figure 10.7 below.

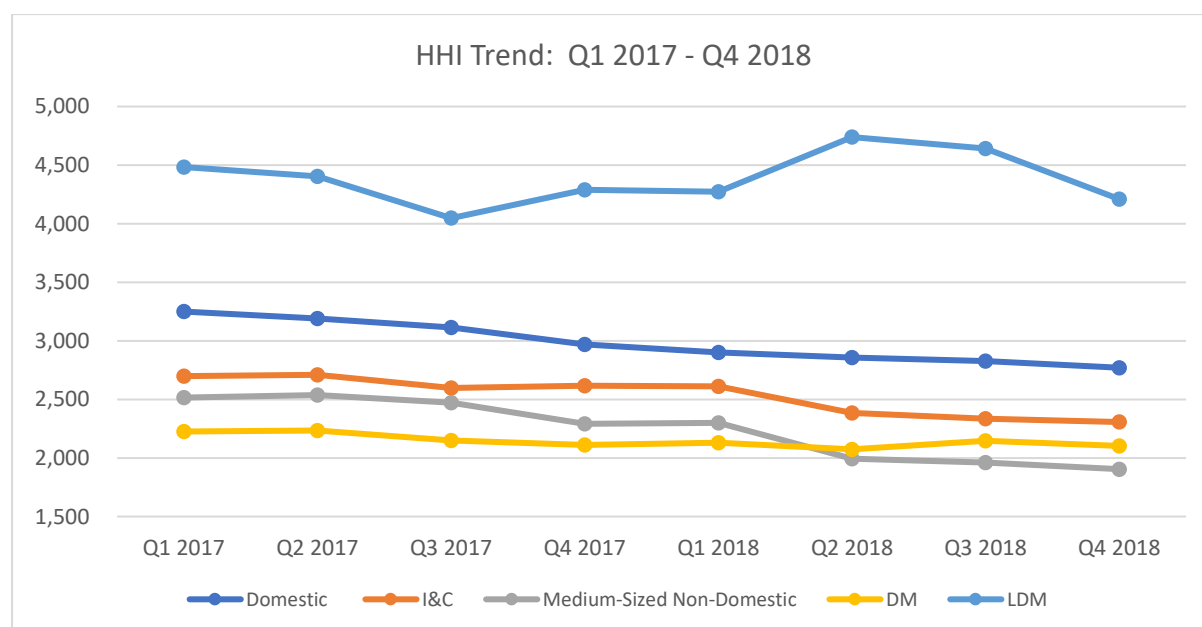


Figure 10.7: HHI trends over time (Q1 2017 – Q4 2018)

As previously mentioned, a high or low HHI is only an indication of market concentration and needs to be viewed in combination with other measures of market conduct and performance. It is for this reason that a GINI coefficient has been calculated for each market segment and will be compared with the HHI scores.



The following graphs below represent the relationship between the percentages of participants in the various business markets corresponding with their respective market share. Analysing the blue line in the graphs below, for example, in the I&C market, 60% of the market participants represent approximately 23% of the market in Q1 2017. In Q4 2018 this figure decreases to 18%. The orange line represents true 'equality'. The GINI coefficient is a numerical representation of the Lorenz Curve by calculating the surface area between the blue line and the orange line³⁸.

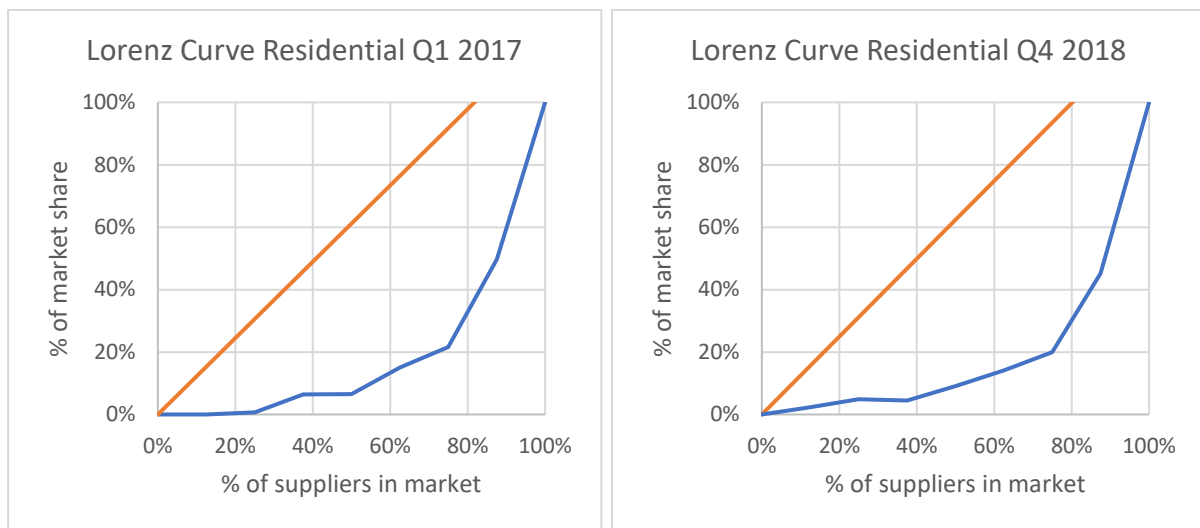


Figure 10.8 Lorenz Curves for Domestic Market

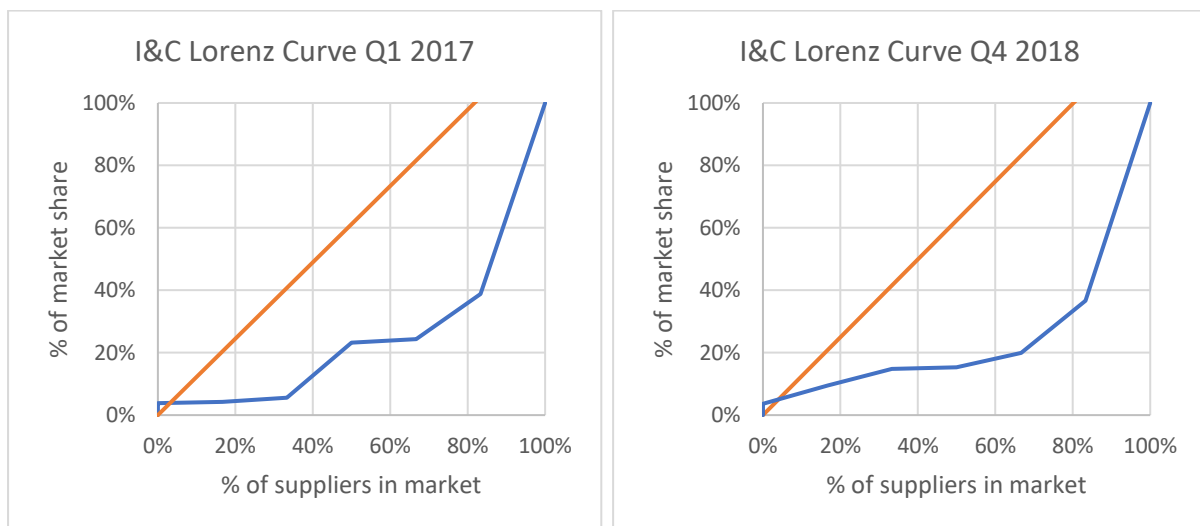


Figure 10.9 Lorenz Curves for I&C Market

³⁸ If the area to the right of the red line and the left of the blue line is called 'A'. The area to the right of the blue line is 'B'. Then the GINI coefficient = $(A/A+B)$.

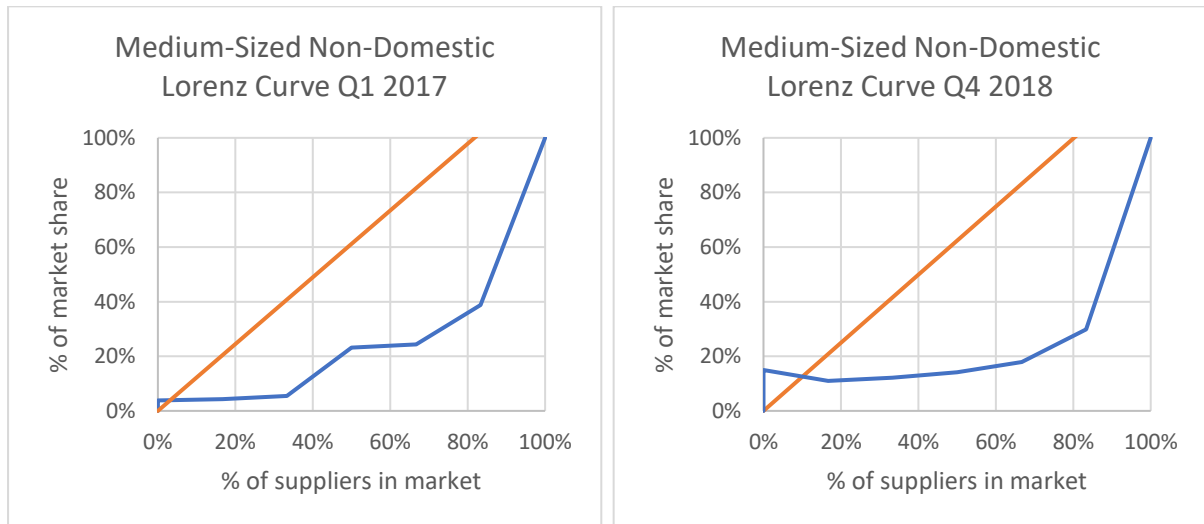


Figure 10.10 Lorenz Curves for Medium-Sized Non-Domestic Market

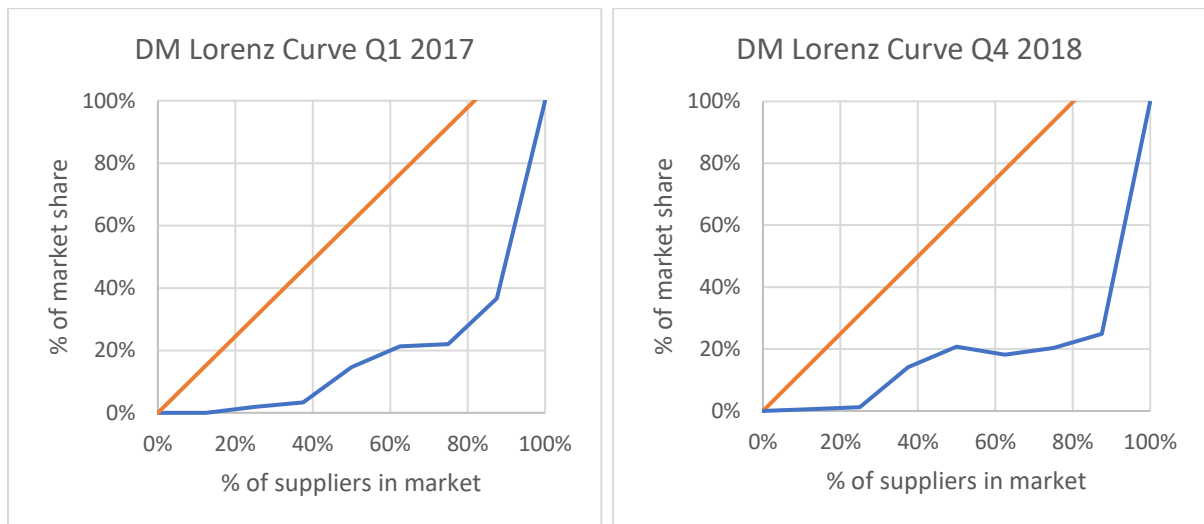


Figure 10.11 Lorenz Curve for DM Market

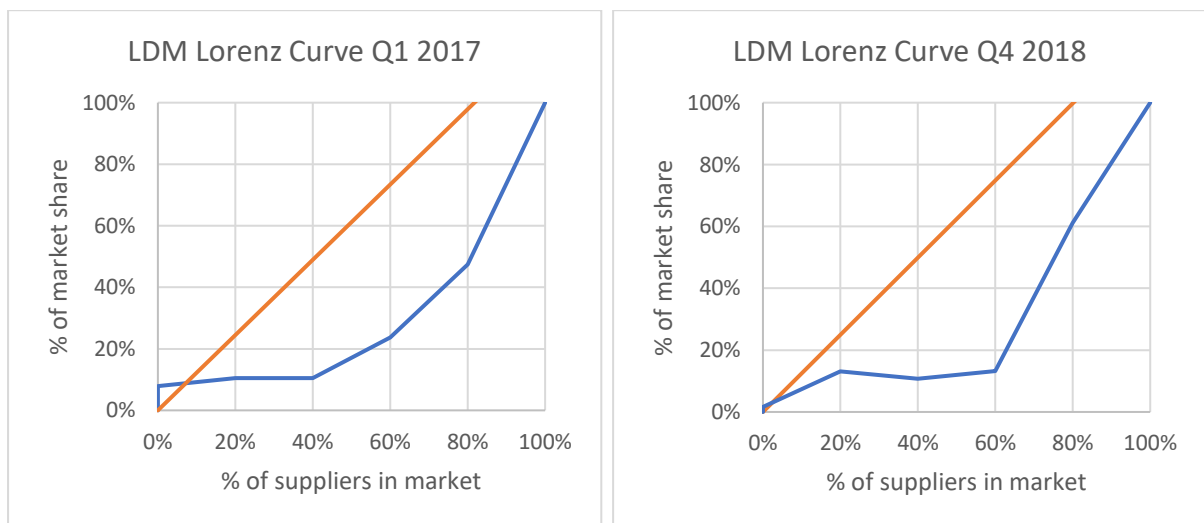


Figure 10.12 Lorenz Curve for LDM Market



Table 10.4 reports the GINI coefficient scores from Q1 2017 – Q4 2018. The GINI coefficient has fallen over the last 8 quarters for all sectors. These decreases are often quite significant, such as the drop from 0.39 to 0.16 in the medium-sized non-domestic segment. The LDM and DM segments have seen small decreases up to Q4 2018.

GINI Coefficient	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Domestic	0.62	0.61	0.60	0.58	0.57	0.56	0.55	0.55
I&C	0.52	0.43	0.41	0.41	0.41	0.36	0.36	0.33
Medium-sized non-domestic	0.39	0.40	0.39	0.33	0.33	0.24	0.23	0.16
DM	0.49	0.49	0.47	0.46	0.47	0.45	0.47	0.45
LDM	0.52	0.52	0.51	0.52	0.49	0.53	0.51	0.48
Moderate Inequality	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Strong Inequality	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6

Table 10.4: GINI Coefficient Scores Q1 2017 – Q4 2018

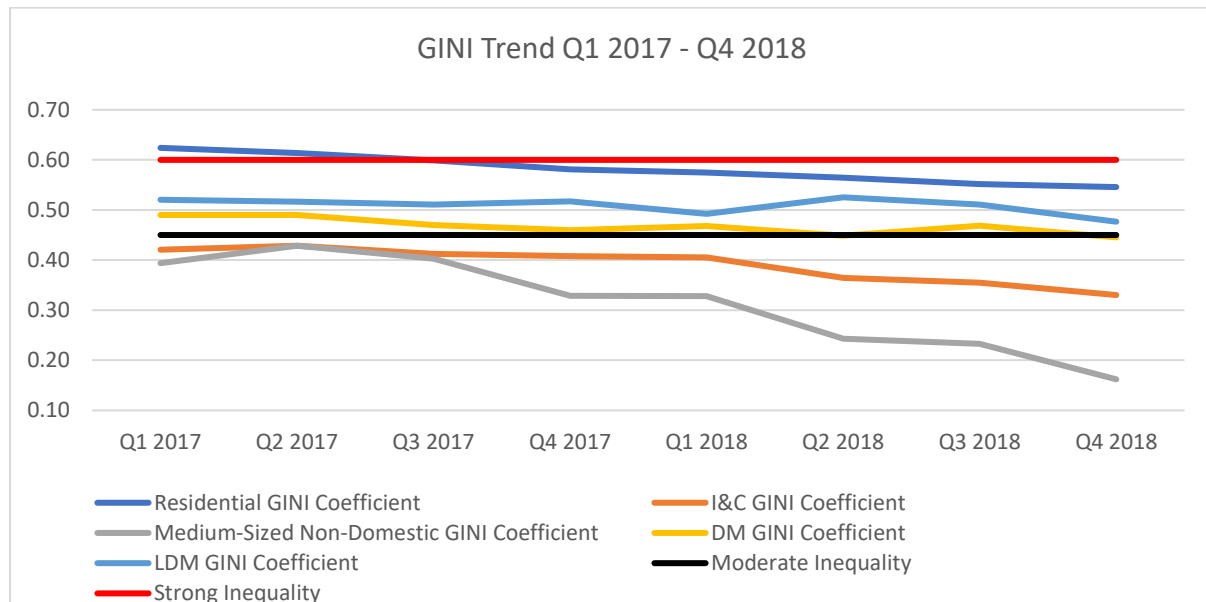


Figure 10.13: GINI trends over time (Q1 2017 – Q4 2018)



10.3 Summary – Market Concentration

- In the electricity market, the HHI (measure of market concentration) has seen a steady decrease in the domestic, small business and medium business segments over time. There has been an increase in HHI for the large business segment in Q4 2018, but overall there is a gradual downward trend. In 2018 the average HHI was 3,020 for the domestic market segment (compared to 3,159 in 2017), 2,362 for the small business market segment (2,485 in 2017), 2,900 for the medium business market segment (2,881 in 2017), and 2,432 for the large business market segment (2,541 in 2017). The GINI coefficient has also shown a gradual downward trend.
- In the gas market, the HHI has seen significant falls in the medium business segment, and gradual declines in the other segments. The exception is the large business segment, which has shown more volatility over the 8 quarters from Q1 2017. The situation is similar for the GINI coefficient, with gradual declines being observed in all market segments, except for large business gas.
- In Q2 2018 the HHI for the medium-sized non-domestic segment fell below 2,000, and in Q4 2018 the HHI for the DM segment fell below 2,000. In 2018 the average HHI was 2,839 for the domestic market segment (3,131 in 2017), 2,409 for the I&C market segment (2,655 in 2017), 2,040 for the medium-sized non-domestic market segment (2,454 in 2017), 2,114 for the DM market segment (2,180 in 2017), and 4,466 for the LDM market segment (4,306 in 2017).

10 Conclusions

This report has considered the supply and demand sides of the electricity and gas retail markets in 2018, along with the outcomes for consumers and the development of customer protection measures. Competition continued to develop in the electricity and gas retail markets in 2018, with one new supplier entering the domestic gas market.

In electricity, Electric Ireland remained the largest supplier in terms of MWhs in the small business, and medium business market segments in 2018. However, for the fourth consecutive quarter, Electric Ireland held the second largest share in the LEU market, with SSE Airtricity being the largest supplier in this segment. In gas, Bord Gáis Energy remained the largest supplier in terms of customers in all gas market segments. The share of both incumbents in the domestic electricity and gas markets has decreased in 2018 and remained below 50%, and below the threshold at which they were price deregulated. Compared to 2017 Electric Ireland's domestic electricity market share in terms of consumption has decreased by 1.37% (currently at 48.16%), while Bord Gáis Energy's domestic gas market share has decreased by 1.83% in terms of customer numbers (currently at 45.39%).

The CRU commits to continue to monitor all electricity and gas market segments and should it feel that customers are not benefiting from deregulation of any market, the CRU will take action to improve matters.

Switching is continuing in both the electricity and gas markets and switching rates are above 10% in both markets, and Ireland ranks well globally in terms of switching rates. However, levels of repeat switching are low, as approximately 48% of domestic electricity and 37% of gas customers that had switched supplier in the last 12 months defaulted to a standard tariff, when their initial discount period ended. However, this indicator does not tell us how many of these customers switched again at a later stage.

In relation to energy prices, all suppliers are required to publish details of the tariff plans that are available to domestic customers. In 2017, price related competition intensified in the electricity and gas markets with the introduction of one new supplier in the domestic gas market and a range of new innovative offers from suppliers.

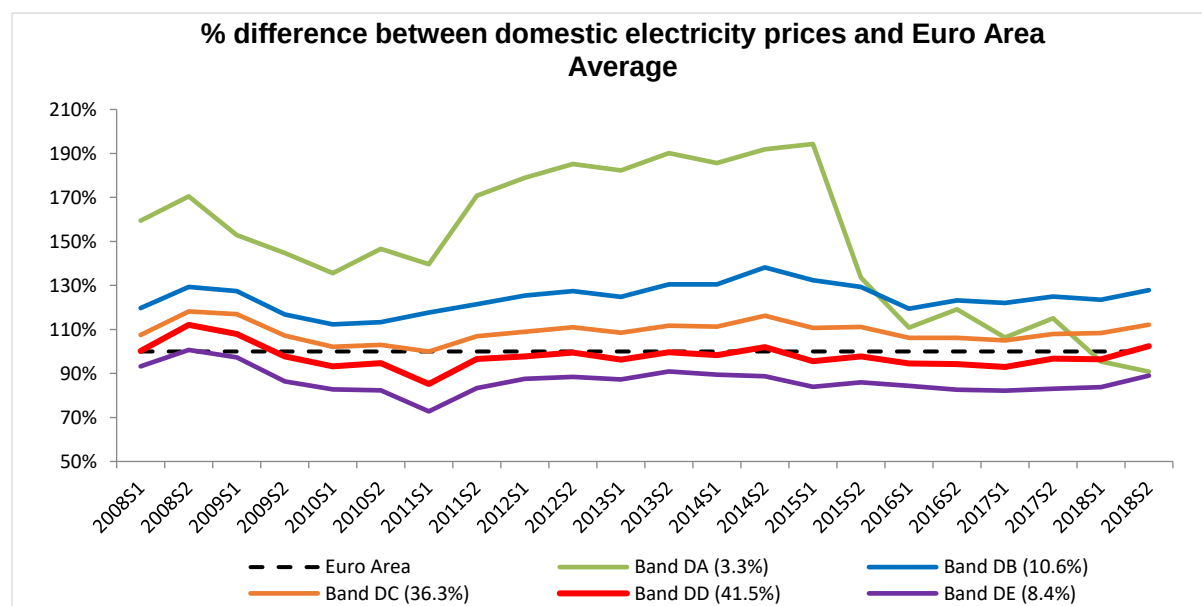
The number of PAYG meters installed for financial hardship and the amount of disconnections for non-payment of accounts declined in 2018. The CRU continues to support and promote the early intervention by suppliers to encourage customer engagement and uptake of payment plans and PAYG meters and to continue to ensure that the disconnection of a customer is treated as a 'last resort'. The CRU continues to work with industry to determine what further actions can be taken to limit the level of disconnections

11 Appendices

Chapter 4 Appendix

4.6 Eurostat Electricity and Gas Prices

Domestic Electricity



Irish Domestic Electricity Prices Relative to Euro Area Average, including all taxes (market share of band)

Compared to semester 2 of 2017, in semester 2 of 2018 domestic electricity prices in Ireland increased in all bands except band DA.

In semester 2 of 2018, the average price for the main consumption band (DC)³⁹ in Ireland was 12% above the Euro Area average. Average price increased in the consumption band (DC) from semester 2 of 2017 to semester 2 of 2018 by 8%.

Average Domestic Electricity Prices, Band DC (36.3%)				
	2017S1	2017S2	2018S1	2018S2
Euro area (EA11-2000, EA12-2006, EA13-2007, EA15-2008, EA16-2010, EA17-2013, EA18-2014, EA19)	0.2196	0.2181	0.2187	0.2265
Ireland	0.2305	0.2355	0.2369	0.2539

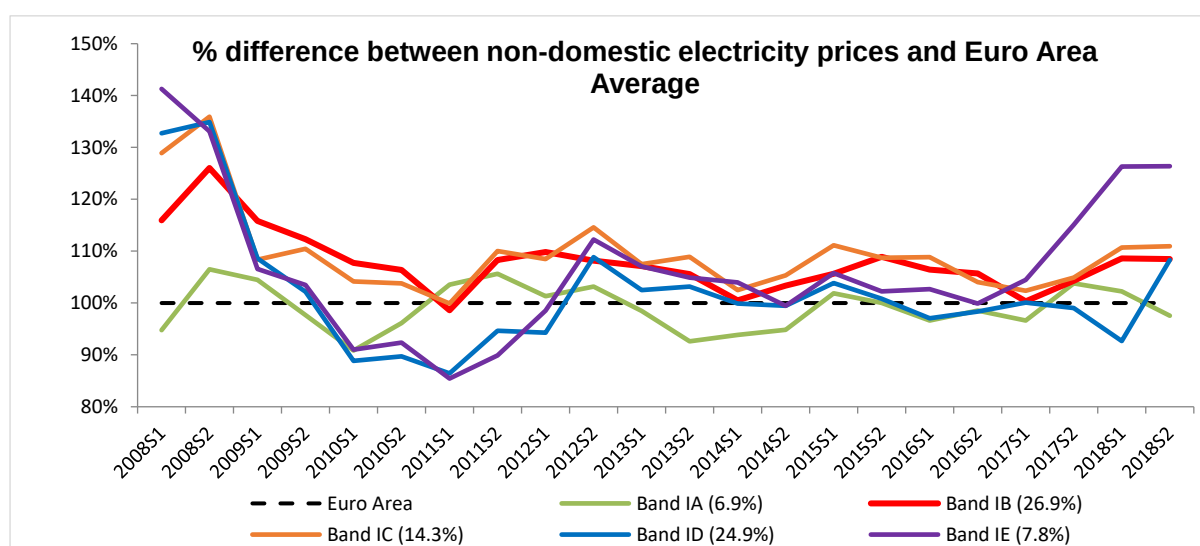
³⁹ In 2017 the CRU revised typical domestic consumption values for electricity and gas customers. The new figures are 4,200 kWh for electricity and 11,000 kWh for gas, published in decision paper [CER/17042](#). The old figures were 5,300 kWh for electricity and 13,800 kWh for gas, falling under consumption bands DD and D2 respectively.

The average price for consumption band DD in Ireland was 2% above the Euro Area average in semester 2 of 2018. Average price in consumption band DD increased by 7% from semester 2 of 2017 to semester 2 of 2018.

Average Domestic Electricity Prices, Band DD (41.5%)				
	2017S1	2017S2	2018S1	2018S2
Euro area (EA11-2000, EA12-2006, EA13-2007, EA15-2008, EA16-2010, EA17-2013, EA18-2014, EA19)	0.2063	0.2078	0.2029	0.2107
Ireland	0.1919	0.2011	0.1958	0.2157

Business Electricity

In semester 2 of 2018, the average price for the main consumption band (IB) in Ireland was 8% above the Euro Area average. Average price increased in the dominant consumption band (IB) from semester 2 of 2017 to semester 2 of 2018 by 6%.



Irish Business Electricity Prices Relative to Euro Area Average, excluding VAT and other recoverable taxes and levies (market share of band)

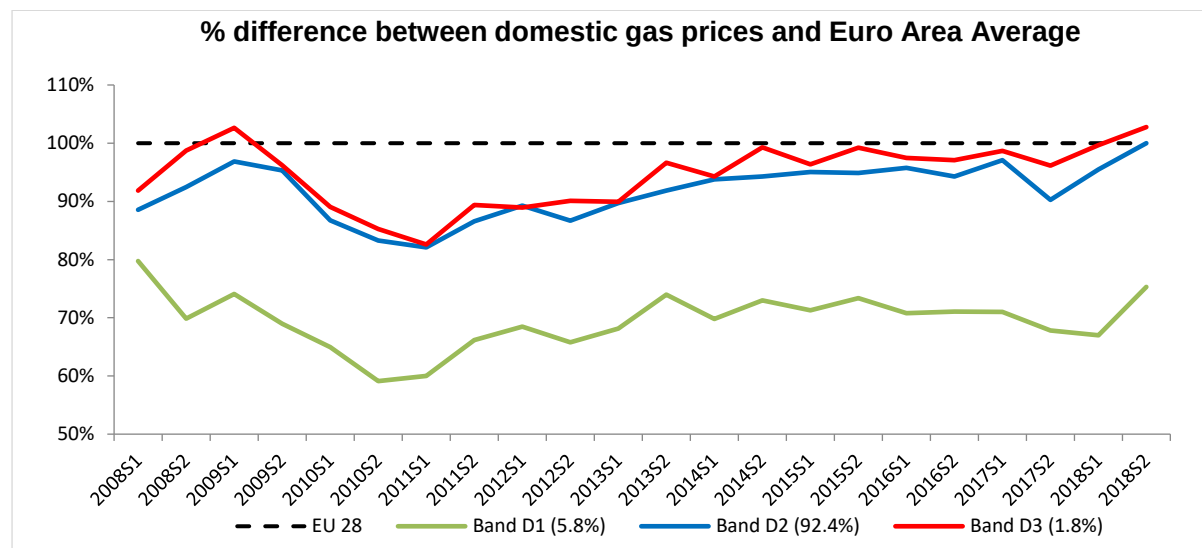
In semester 2 of 2018, business electricity prices in Ireland increased for all bands.

Average Business Prices, Band IB ⁴⁰ (26.9%)				
	2017S1	2017S2	2018S1	2018S2
Euro area (EA11-2000, EA12-2006, EA13-2007, EA15-2008, EA16-2010, EA17-2013, EA18-2014, EA19)	0.1498	0.145	0.1441	0.1484
Ireland	0.1503	0.1512	0.1565	0.1610

⁴⁰ These prices exclude VAT and other recoverable taxes and levies but include non-recoverable taxes.

Domestic Gas

In semester 2 of 2018 Band D2 (which accounts for 91.6% of household gas consumption) prices increased by 17% from semester 2 of 2017. In semester 2 of 2018, Ireland was the 7th most expensive country in the EU for domestic gas in the main gas band (D2).

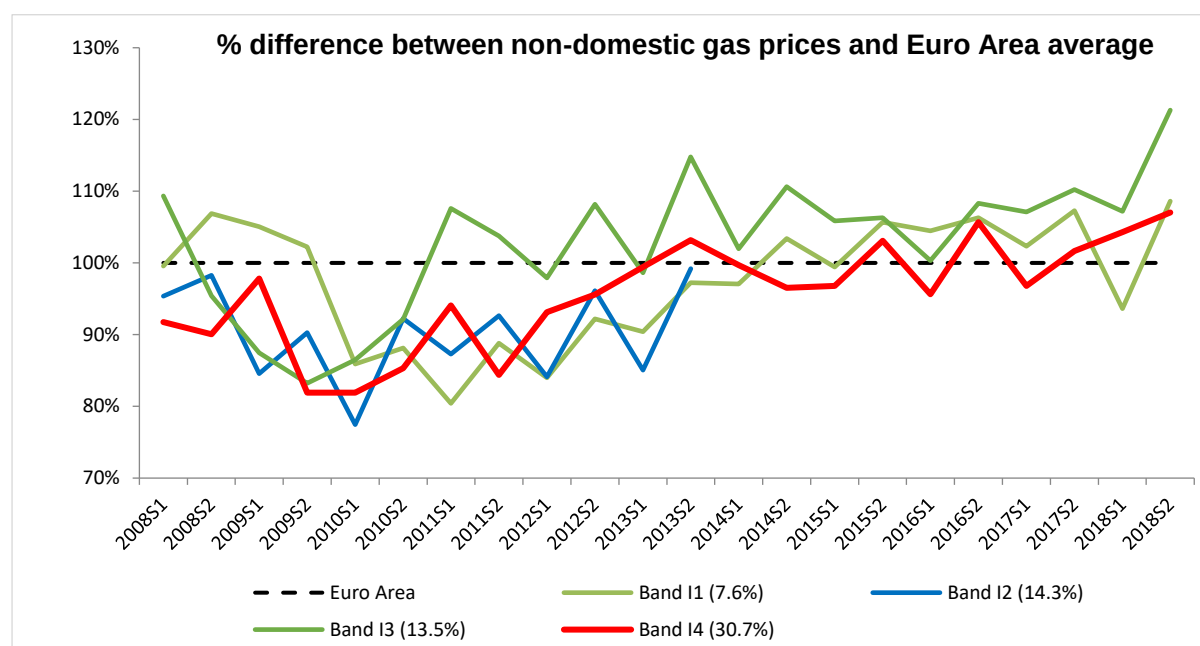


Irish Domestic Gas Prices Relative to EU Average, including all taxes (market share of band)

In S2 2018, the average price for the main consumption band (D2) in Ireland was equal to the Euro Area average. Domestic gas prices in Ireland increased in semester 2 of 2018 compared to prices in semester 2 of 2017 in all bands.

Average Domestic Gas Prices, Band D2 (92.4%)				
	2017S1	2017S2	2018S1	2018S2
Euro area (EA11-2000, EA12-2006, EA13-2007, EA15-2008, EA16-2010, EA17-2013, EA18-2014, EA19)	0.0651	0.0719	0.0662	0.0761
Ireland	0.0632	0.0649	0.0632	0.0761

Business Gas



Irish Business Gas Prices Relative to EU Average, excluding VAT and other recoverable taxes and levies (market share of band)

In 2018 Semester 2, the average price for the main consumption band (I4) in Ireland was higher than the Euro Area average by 7%. Average price in Ireland also increased for all other consumption bands from semester 2 2017 to semester 2 2018.

Average Business Gas Prices ⁴¹ , Band I4 (30.7%)				
	2017S1	2017S2	2018S1	2018S2
Euro area (EA11-2000, EA12-2006, EA13-2007, EA15-2008, EA16-2010, EA17-2013, EA18-2014, EA19)	0.0250	0.0238	0.0256	0.0267
Ireland	0.0242	0.0242	0.0267	0.0286

⁴¹ These prices exclude VAT and other recoverable taxes and levies but include non-recoverable taxes.

Chapter 6 Appendix

6.4 Pay as You Go Meters – PAYG

Electricity PAYG Financial Hardship Install Rate	Electric Ireland	Bord Gáis Energy	SSE Airtricity	Energia
Q2 2014	0.29%	0.32%	0.39%	-
Q3 2014	0.33%	0.31%	0.32%	-
Q4 2014	0.24%	0.18%	0.18%	0.01%
Q1 2015	0.24%	0.16%	0.20%	0.02%
Q2 2015	0.18%	0.24%	0.19%	0.03%
Q3 2015	0.13%	0.17%	0.13%	0.02%
Q4 2015	0.10%	0.12%	0.11%	0.01%
Q1 2016	0.11%	0.02%	0.03%	0.00%
Q2 2016	0.08%	0.03%	0.02%	0.00%
Q3 2016	0.07%	0.09%	0.07%	0.02%
Q4 2016	0.05%	0.07%	0.05%	0.02%
Q1 2017	0.05%	0.06%	0.03%	0.02%
Q2 2017	0.06%	0.06%	0.08%	0.02%
Q3 2017	0.07%	0.06%	0.03%	0.02%
Q4 2017	0.07%	0.04%	0.02%	0.01%
Q1 2018	0.02%	0.02%	0.03%	0.01%
Q2 2018	0.03%	0.04%	0.03%	0.001%
Q3 2018	0.04%	0.03%	0.03%	0.01%
Q4 2018	0.04%	0.03%	0.03%	0.01%

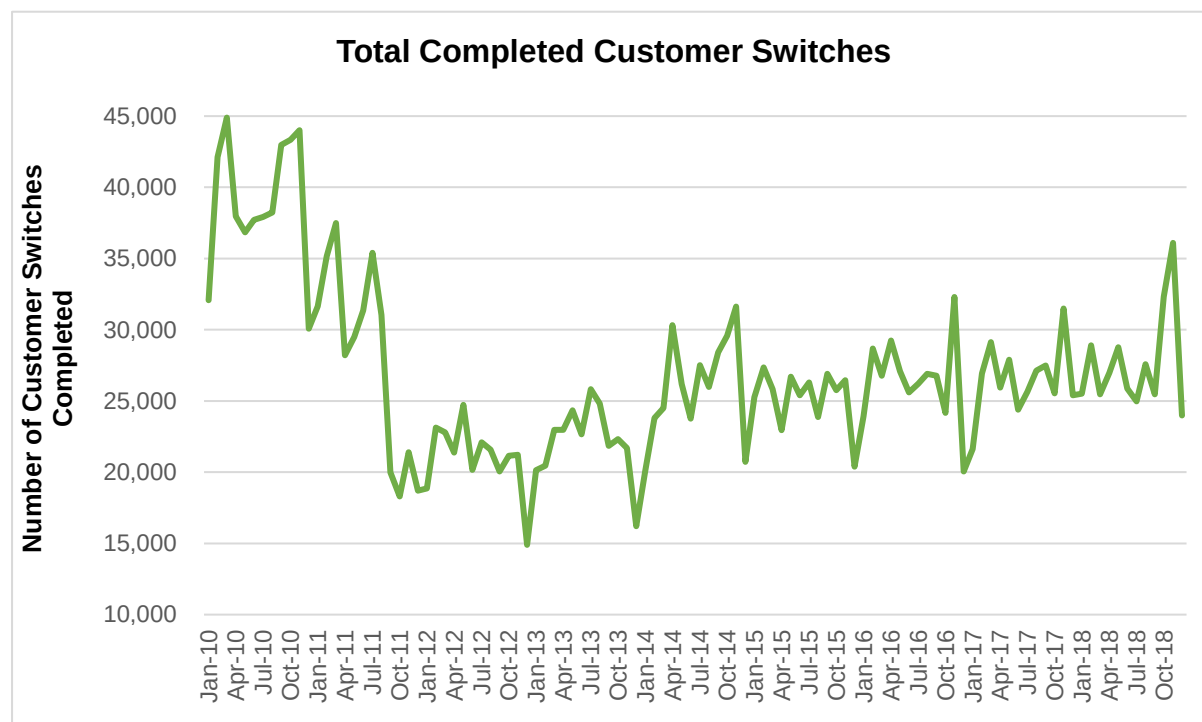
Electricity PAYG Meter Installations Rate, 2014 – 2018

Gas PAYG Financial Hardship Install Rate	Electric Ireland	SSE Airtricity	Bord Gáis Energy	Flogas
Q1 2014	0.12%	0.56%	0.32%	0.58%
Q2 2014	0.24%	0.66%	0.50%	0.41%
Q3 2014	0.22%	0.45%	0.42%	0.39%
Q4 2014	0.15%	0.26%	0.26%	0.23%
Q1 2015	0.05%	0.16%	0.12%	0.05%
Q2 2015	0.21%	0.29%	0.32%	0.17%
Q3 2015	0.25%	0.24%	0.21%	0.15%
Q4 2015	0.13%	0.13%	0.10%	0.09%
Q1 2016	0.14%	0.16%	0.09%	0.04%
Q2 2016	0.22%	0.27%	0.12%	0.03%
Q3 2016	0.14%	0.13%	0.11%	0.13%
Q4 2016	0.09%	0.07%	0.06%	0.07%
Q1 2017	0.12%	0.08%	0.08%	0.01%
Q2 2017	0.12%	0.06%	0.09%	0.04%
Q3 2017	0.05%	0.03%	0.07%	0.03%
Q4 2017	0.07%	0.02%	0.03%	0.02%
Q1 2018	0.07%	0.04%	0.04%	0.01%
Q2 2018	0.02%	0.05%	0.05%	0.05%
Q3 2018	0.01%	0.04%	0.03%	0.02%
Q4 2018	0.01%	0.01%	0.02%	0.01%

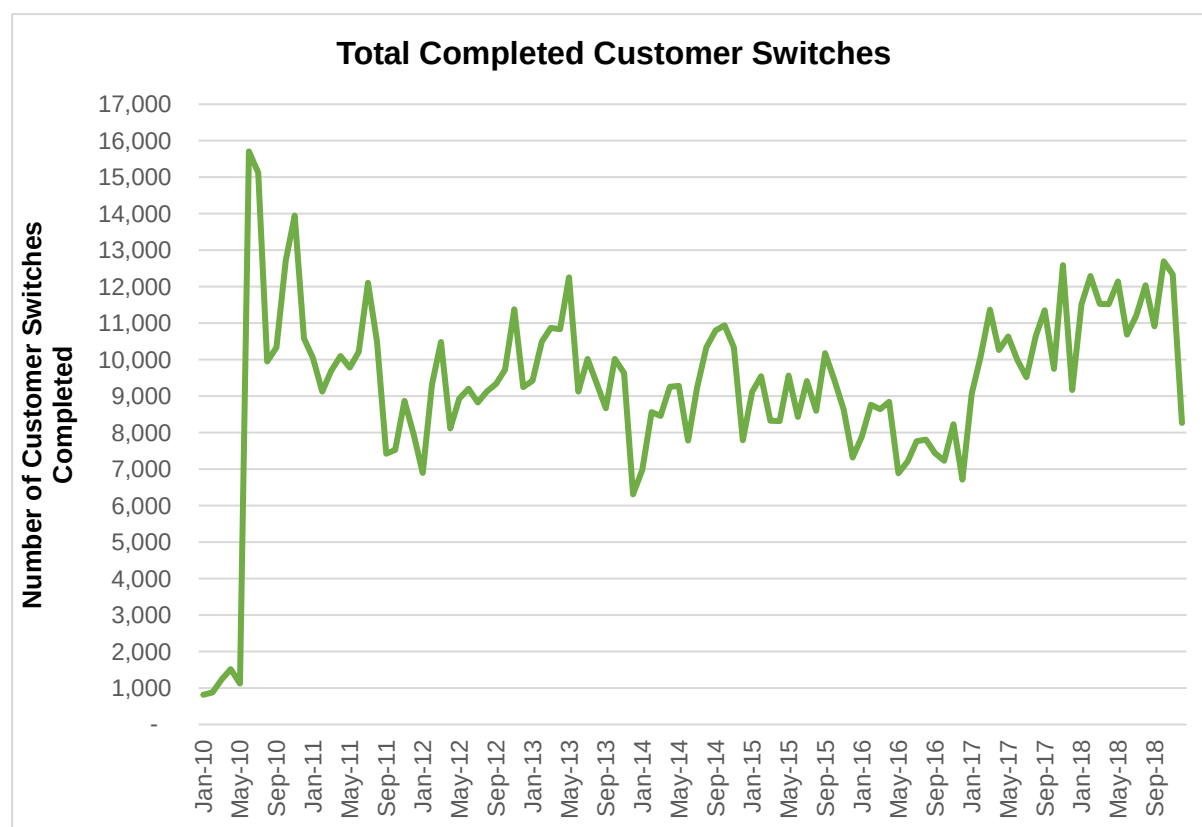
Gas PAYG Meter Installations Rate, 2014 – 2018

Chapter 8 Appendix

Switching



Electricity switches over time, 2010 – 2018



Gas switches over time, 2010 – 2018

Dual Fuel Switches	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Domestic Electricity	1,679	3,372	2,264	2,830	2,931	2,500	2,919	3,318	2,919	3,408	3,369	1,915
Domestic Gas	1,907	1,913	2,193	1,937	2,256	2,098	2,059	2,566	2,087	2,070	2,105	1,399
Domestic Dual Fuel	6,728	7,146	5,432	5,503	6,993	5,497	6,552	7,355	6,646	8,088	6,809	4,931
Total	10,314	12,431	9,889	10,270	12,180	10,095	11,530	13,239	11,652	13,566	12,283	8,245
Electricity Switches	25,507	28,898	25,461	26,964	28,772	25,879	24,963	27,584	25,466	32,331	36,094	23,981
Gas Switches	11,519	12,288	11,525	11,519	12,139	10,685	11,201	12,036	10,918	12,697	12,335	8,263
Total Switches	37,026	41,186	36,986	38,483	10,911	36,564	36,164	39,620	36,384	45,028	48,429	32,244
% dual fuel	28%	30%	27%	27%	30%	28%	32%	33%	32%	30%	25%	26%

Dual Fuel Switches, 2018

Annex 1 Overview of Electricity pass Through Costs and Charges for 2017/18

1 Electricity Market Segments

The value of each charge is based upon the business electricity market segment that is being operated in. The electricity market is comprised of four different market segments covering different DUoS groups (distribution use of system groups or DGs)⁴²: domestic, small-sized business, medium-sized business and large energy users (LEUs). Some charges vary depending upon the DUoS group. The table below provides a breakdown of the three different business markets and their respective DUoS groups:

Business Market	DUoS Group
Small Business	DUoS Group 5 – General Purpose
Medium Business	Duos Group 4 – Local Authority Public Lighting
	DUoS Group 6 – LVMD & LLF
Large Energy User	DUoS Group 7 - Medium Voltage Max Demand
	DUoS Group 8 - 38KV Max Demand
	DUoS Group 9 – 38KV Max Demand
	T-CONN

⁴² A DUoS charge is a fee that ESB Networks charges to electricity suppliers for use of the electricity distribution system. The amount of DUoS that ESNB charges a supplier for each customer depends on which DUoS Group a customer is classified as, which is based on several factors including the voltage a premises is connected at, the type of meter installed, or if electricity is exported. Source: ESB Networks.

2 Consumption

Components of price are charged on either consumption at trading point or consumption at selling point. All generation charges and Transmission Use of System Charges (TUoS) charges are based on consumption at trading point. Distribution Use of System Charges (DUoS) charges are based on consumption at selling point⁴³.

To apply charges (for both consumption at trading point and selling point), a customer's metered consumption is used. However, the transportation of electricity from the trading point to a customer's metering point results in losses. To account for these losses a 'Distribution Loss Adjustment Factor' (DLAF) is applied to customers' metered energy consumption. The energy consumption measured at a customer's meter is multiplied by the DLAF to get the consumption at which generation and transmission charges are applied. The CRU publishes DLAFs each year, broken down by size of a customer's connection and time of consumption.

On the 31st of September 2017, an Information Paper was published by the CRU which identified the DLAFs to be applicable for the 2017/18 tariff year, see [CER/17/273](#) '*Electricity Distribution Network Allowed Revenue 2018, Distribution Tariffs 2017/2018 & Distribution Loss Adjustment Factors*'. The following are the applicable DLAFs for the 2017/18 tariff year:

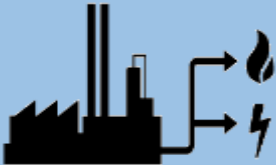
Voltage Level	Time Period		
	Composite	Day	Night
38kV Sales	1.020	1.021	1.017
MV Sales	1.036	1.038	1.031
LV Sales	1.087	1.092	1.074

DLAFs for 1st October 2017 to 30th September 2018

⁴³ Retail consumption data published on a quarterly basis by the CRU refers to consumption at selling point (i.e. at the customer's site)

3 Overview of charges

The following electricity charges are regulated and approved annually. These costs are necessary in order for networks and other market operators to recoup the cost of generating, transmitting and distributing electricity, and suppliers are required to pay these annually. Changes to these charges generally come into effect on the 1st October. While it is the decision of each supplier whether or not to pass through such costs to final customers, it is likely that most suppliers pass through all such costs. These costs, with the addition of the applicable taxes, are referred to as Pass Through Costs and are discussed in the next section.

Cost	Charge	Description
 Generation	Capacity Payments	Payment made to generators for their availability, separate from energy production.
	Market Operator Charges	Charges levied on generators and suppliers for the operation of the wholesale markets.
	Imperfection Charges	Constraint costs on the network are recovered by imperfection charges.
 Networks	Network Transmission use of system charges (TUoS)	Charges levied for the building, maintenance and operation of the transmission network.
	Network Distribution use of system charges (DUoS)	Charges levied for the building, maintenance and operation of the distribution network.
 PSO	Public Service Obligation Levy	Levied for support for renewables, security of supply and indigenous fuels (peat).

4 Generation Charges

Capacity Payments

The capacity payment mechanism contributes towards generators' fixed costs because the system marginal price (SMP) is set in relation to short-run generation costs only. A capacity payment mechanism is needed to allow generators to fully recover their long-run fixed costs.

The table below shows the applicable charge for the business electricity market segments.

Year	Indicative Cost Per MWh
2017	€14.09

The administratively determined Capacity Payment Mechanism (CPM) in SEM is being replaced with a competitively determined Capacity Remuneration Mechanism (CRM) and the price for awarded capacity is determined through an auction process. Capacity Payments will be funded through a Capacity Charge Tariff which is socialised across all suppliers on a monthly basis based on their daytime demand profile. More information on how the new capacity market works can be found [here](#). The following are the applicable charges for 2018/19, and these apply to consumption on every day of the year from 7am to 11pm:

Supplier Capacity Charge Price	2018/19
Tariff	12.45 €/MWh

Annual Capacity Charges 2018/19

Market Operator (MO) Charges

The Single Electricity Market (SEM) is administered by the Single Electricity Market Operator (SEMO). SEMO imposes a Market Operator charge to recover the costs of administering the SEM to all electricity users on a cent per kilowatt hour (c/kWh) basis.

The following are the applicable charges for the business electricity market segments.

MO Charges	2017/18
Fixed Supplier Charge (per unit ⁴⁴)	€128
Variable Supplier Charge (per MWh)	€0.286

MO Charges 2017/18

⁴⁴ Refers to supplier unit. A full list of supply units is on the SEMO website

On 12th September 2018, the approved MO charges for the 2018/19 tariff year were published on the SEMO website, see '*MO Tariffs & Charges and Imperfections Charge*', which is available [here](#). The following are the applicable charges:

MO Charges	2018/19
Fixed Supplier Charge (per unit⁴⁵)	€ 152
Variable Supplier Charge (per MWh)	€0.498

MO Charges 2018/19

With the new market arrangements put in place from 1st October, new charges have been introduced. These are discussed further in section 8.

Imperfection Charges

SEMO also recovered costs on an annual basis in relation to imperfection charges. Imperfections are made up of Make Whole Payments, Energy Imbalance Charges and Dispatch Balancing Costs (constraint costs). These are all costs relating to the operation of the grid. The following are the applicable charges for the business electricity market segments.

Imperfection charge	2017/18
Tariff	€5.00/MWh

SEMO recovers costs on an annual basis in relation to the operation of the grid in the form of Imperfections Charges. The Imperfections Charge is levied on suppliers by SEMO. With the new SEM arrangements beginning in October 2018, there have been some changes to Imperfections Charges.

The purpose of the Imperfections Charge is to recover the following costs, with adjustments for previous years as appropriate:

- Dispatch Balancing Costs (DBC): sum of Constraint Payments, Uninstructed Imbalance Payments and Generator Testing Charges
 - Constraint Payments arise due to the TSOs having to dispatch some generators differently from the ex-post market unconstrained schedule, in real time, to ensure security of supply on the system;
 - Uninstructed Imbalances occur when there is a difference between a generator unit's dispatch quantity and its actual output;

⁴⁵ Refers to supplier unit. A full list of supply units is available on the SEMO website.

- Generator Testing Charges: testing of generator units results in additional operating costs to the system, in order to maintain system security
- Make Whole Payments: any difference between the total Energy Payments to a generator and the production cost of that generator on a weekly basis;
- Energy Imbalance Charges: occur if the sum of Energy Payments to generators does not equal the sum of Energy Charges to supplier.

On 30th August 2018, a decision paper was published by the SEM Committee, which identified the Imperfections Charge to be applicable for the 2018/19 tariff year, see '*Imperfections Charge October 2018 - September 2019*', which is available [here](#). The following is the applicable imperfections charge:

Imperfections Charge	2018/19
Tariff	€ 5.22/MWh

Imperfections Charge 2018/19

5 Network Charges

Distribution Use of System (DUoS) charges

DUoS tariffs are charged to suppliers on the basis of the amount of energy used by their customers and include standing charges. The DSO charges are calculated annually based on the 'allowed revenue' (as determined by the CRU). DUoS tariffs are approved annually by the CRU and are shown below for DG4 to DG6. DG7 to DG9 are included in the appendix.

Segment	DUoS Standing charge 2017/18	DUoS Unit rates 2017/18	Low Power Factor Surcharge
DG3		€0.03340/kWh	
DG4		€0.03340/kWh (ex DG4 premium ⁴⁶)	
DG 5 and DG5b (low voltage non-domestic customers, non-max demand)	Standard meter: €95.369/ customer/ annum Day/night meter: €95.369/ customer/ annum	Standard meter: €0.04401/kWh Day/night meter: Day: €0.05147/kWh Night: €0.00629/kWh	Standard meter: €0.01021/kVArh Day/night meter: €0.01021/kVArh

⁴⁶ DG4 tariff also incurs an additional premium in respect of additional costs incurred on public lighting installations. This premium is 0.01 c/kWh, but it is currently being reviewed.

DG5a (low voltage autoproducers MEC>MIC, non-max demand)	Na	Standard meter: €0.04401/kWh Day/night meter: Day: €0.05147/kWh Night: €0.00629/kWh	Standard meter: €0.01021/kVArh Day/night meter: €0.01021/kVArh
DG 6 and DG 6b (low voltage business customers, max demand)	Standing charge: €889.591/customer /annum Capacity charge: €33.199/kVA of MIC /annum	Day: €0.02619/kWh Night: €0.00309/kWh	€0.00933/kVArh
DG 6a (low voltage autoproducers MEC>MIC, max demand)	Na	Day: €0.02619/kWh Night: €0.00309/kWh	€0.00933/kVArh

Transmission Use of System (TUoS) charges

TUoS charges are applied for the use of the transmission system infrastructure in Ireland. The following are the applicable charges for the business electricity market segments.

TUoS for 2017/18	DTS-D2 ⁴⁷ (non-LEUs)	DTS-D1 ⁴⁸ (non-LEUs)	DTS-D1 ⁴⁹ (LEUs)	DTS-T ⁵⁰ (LEUs)
Network Capacity Charge	€6.2143/MWh (day hrs)	€1,591.4405/MW	€1,234.9471/MW	€1,463.7413/MW
Network Transfer Charge	€2.9541/MWh	€2.9541/MWh	€2.2924/MWh	€2.2924/MWh
System Services Charge	€4.6270/MWh	€4.6270/MWh	€3.5905/MWh	€3.5905/MWh
DSM Charge	€0.0001/MWh (day hrs)	€0.0001/MWh (day hrs)	€0.0001/MWh (day hrs)	€0.0001/MWh (day hrs)

Note: DTS-D2 (non-LEU) is applicable to DG 3, DG 4, DG 5, the majority of DG 6 customers.

DTS-D1 (non-LEUs) is applicable to some DG 6 customers.

DTS-D1 (LEUs) is applicable to DG 7, DG 8 and DG 9 customers.

DTS-T (LEUs) is applicable to T-CONN customers

⁴⁷ DTS-D2 non-LEU customers are those connected to the distribution system and have a maximum import capacity of less than 0.5MWs.

⁴⁸ DTS-D1 non-LEU customers are those connected to the distribution system and have a maximum import capacity (MIC) greater than 0.5MWs.

⁴⁹ DTS-D1 customers are those connected to the distribution system and have a maximum import capacity (MIC) greater than 0.5MWs.

⁵⁰ Applies to customers connected directly to the transmission system.

6 Public Service Obligation Levy (PSO)

The Public Service Obligation (PSO) levy is a government subsidy charged to all electricity customers in Ireland. It is designed by the Irish Government and consists of various schemes to support national policy objectives related to: renewable energy, security of supply and the use of indigenous fuels (peat). The proceeds of the levy are used to contribute to the additional costs incurred by PSO-supported electricity generation which are not recovered in the electricity market, typically via contracts that suppliers have in place with electricity generators.

On the 28st July 2017, a decision paper was published by the CRU which identified the PSO levy to be applicable for the 2017/18 tariff year, [CER17/241](#)

The following are the applicable monthly charges:

PSO Levy	Monthly Levy Amount 2017/18
Small commercial customers (MIC of less than 30kVA)	€26.55 per customer
Medium & large customers (MIC of equal to or greater than 30kVA)	€3.64 per kVA

PSO Charges 2017/18

5 Electricity Tax

To comply with the EU Energy Tax Directive, an electricity tax on suppliers of electricity was introduced in 2008. Suppliers are responsible for payment of the tax and for returns/accounts in relation to it. This cost is passed on to final customers⁵¹.

Electricity Tax	
Business	€0.50 per MWh

Electricity Tax 2017/18

6 I-SEM and the introduction of new charge

The Integrated Single Electricity Market (I-SEM) is a new wholesale electricity market arrangement for Ireland and Northern Ireland which went live on 1st October 2018.

The new market arrangements are designed to integrate the all-island wholesale electricity market with European wholesale electricity markets, enabling the free flow of electricity across borders. It consists of a number of markets including the Day Ahead Market, Intra Day Market and the

⁵¹ Households are exempt

Balancing Market. This is expected to deliver increased levels of competition which should help put a downward pressure on prices as well as encouraging greater levels of security and transparency.

I-SEM introduced many changes to the wholesale market, including the introduction of a new capacity remuneration mechanism, through which generators get paid for their availability, to replace the old capacity payment mechanism.

I-SEM saw the introduction of three new pass through costs on 1st October 2018, as follows:

- Difference Payment Socialisation multiplier;
- Currency Adjustment charges; and
- Residual Error Volume charges.

SEMO published a paper on 12th September 2018, [MO Tariffs & Charges and Imperfections Charge](#) for the tariffs and charges that apply for the period 1st October 2018 to 30th September 2019. These tariffs and charges have been approved by the Regulatory Authorities (RAs) in Ireland and Northern Ireland and will be applied in accordance with the Trading and Settlement Code. The following are the applicable charges:

Tariff	Value
Difference Payment Socialisation Multiplier ⁵²	2.3 ⁵³ %
Currency Adjustment Charge	0.015 €/MWh
Residual Error Volume Charge	1.30 €/MWh

⁵² Note that the Difference Payment Socialisation Multiplier will lead to different suppliers paying different amounts, depending on the load shape of their customers. It represents an illustrative charge of €0.214/MWh for a supplier with a typical load shape.

⁵³ Difference Payment Socialisation Multiplier for system input purposes is 0.023.

Annex 2 Overview of Gas Pass Through Charges and Costs for 2017/18

This section describes the network related elements for gas business customers. As with the electricity charges, these charges are approved by the CRU.

1 Gas Market Segments

For the purpose of the CRU's reporting, the gas market is comprised of three distinct sectors which is dependent on the Annual Quantity (AQ) consumed at the site. Annual Quantity is an estimate of the amount of gas that will be consumed at a site within a given year and is usually based on historic consumption at a site. In addition, your Supplier is required to book capacity on the network for peak day usage. This is known as the Supply Point Capacity (SPC).

Business customers are classified by the meter type, which fall into three categories; Non-Daily Metered (NDM), Daily Metered (DM) and Large Daily Metered (LDM). Each category of business user is dependent on the gas consumption expected at the site.

- Large Daily Metered; AQ above 77,5000 MWh
- DM: AQ between 5,500 MWh and 57,500 MWh
- NDM: AQ below 5,500 MWh

In general, DM and LDM customers will have a site-specific consumption. This would include factories, dairies and power generation, and therefore deriving an average for this type of site would not derive a useful average.

2 Consumption

LDM and DM customers' consumption is atypical in so far as deriving an average would be difficult, as the range of customer types varies from power generation plants to dairies. However, as the network operator Gas Networks Ireland (GNI) does generate average consumption profiles for the NDM sector, where all domestic customer and smaller businesses are connected. These are known as SME1, SME2 and SME3. When GNI derives average profiles, it takes historic consumption and long-term weather patterns into account, and also corrects these for any anomalies e.g. if weather was abnormally warm or cold. This assists GNI in deriving the AQ at each point which is based on the annual consumption at each point as well as the SPC which is the Peak day demand at the point.

Average yearly consumption per gas point per category as modelled by GNI is published in the Gas Networks Ireland NDM Profile Model Methodology, available [here](#), and also shown below:

Category	Band (AQ)	Number of gas points	Average yearly consumption per gas point
SME 1	Below 73,000 KWh	15,850	27,223kWh
SME 2	Equal to or above 73,000 KWh and SPC less than 3,750 KWh	8,250	186,670kWh
SME 3	SPC greater than 3,750 KWh	1,800	1,342,383 kWh

3 Network Charges

There are two sets of charges that apply to business gas customers dependent on whether the customer is connected to the high-pressure transmission network or the low-pressure distribution network. All power generation and large businesses are connected to the transmission network and therefore only pay transmission tariffs. All other customers are connected to the distribution network, and therefore must also pay distribution tariffs. This is because in the case of distribution connected customers, all gas flows through the transmission network initially before entering the distribution network.

In the case of both transmission and distribution the applicable charges are based on two charges: commodity charges which are based on actual flows of gas (AQs) and capacity charges which are based on “booking “space within the network as per the SPC described above.

Distribution tariffs

The Distribution Use of System (DUoS) charges are calculated annually based on the ‘allowed revenue’ of GNI which are set out in the Price Controls that CRU publish on a 5-year basis. Revenues are recovered on an 80:20 split between capacity and commodity charges. The approved charges are available in [CER/17/274](#) ‘Gas Networks Ireland Distribution Tariffs and Allowed Revenue 2017/18 Information Note’ and accompanying [tariff statement](#).

Category by Annual Quantity Capacity Charge (c/pk day kWh)

$\leq 73 \text{ MWh}$	158.3296
$> 73 \text{ MWh} - \leq 14,653 \text{ MWh}$	$140.1600 - 4.0747 * \ln(\text{MDQ})^*$
$> 14,653 \text{ MWh} - \leq 57,500 \text{ MWh}$	$350.1701 - 50.2496 * \ln(\text{MDQ})$

> 57,500 MWh 43.1821

The capacity and commodity unit charges are determined by inserting the Maximum Daily Quantity into the relevant formulae (MDQ measured in MWh). The results of the formulae are in terms of c/peak day kWh and c/kWh respectively.

Category by Annual Quantity	Commodity Charge (c/kWh)
≤ 73 MWh	0.3424
> 73 MWh - $\leq 14,653$ MWh	$0.2735 - 0.0266 * \ln(\text{MDQ})$
$> 14,653$ MWh - $\leq 57,500$ MWh	$0.3187 - 0.0420 * \ln(\text{MDQ})$
$> 57,500$ MWh	0.0623

GNI has a Distribution Tariff Calculator which allows you to input your distribution entry and/or exit point requirements which will be used to calculate the applicable distribution tariff. The calculator is available [here](#).

Transmission tariffs

Tariffs for the transmission system are based on an entry-exit regime. This means that customers pay for putting gas onto the system and for off taking gas from the system. Similar to the distribution system, these charges recover the allowed revenues for GNI.

The transmission system has three entry points; Moffat in Scotland where the GNI system joins the UK gas system, Inch in Cork and Bellanaboy where Corrib gas enters the network. For each of these there is an entry capacity tariff applicable. In addition, there is a single commodity charge (per MWh) that applies regardless of the entry point.

In addition, there is a capacity and commodity charge for exiting the network. The same charge applies regardless of where gas is taken off the network. The approved charges are available in [CER/17/275](#) 'Gas Networks Ireland Transmission Tariffs and Tariff Information 2017/18' Information Paper and accompanying [tariff statement](#) and are also set out below:

Moffat entry capacity	€359.18
Inch entry capacity	€53.02 (storage entry)
	€156.65 (production entry)

Bellanaboy entry capacity	€658.43
Entry Commodity	€0.114
Exit Capacity	€402.08
Exit Commodity	€0.237

To calculate the cost on a per customer basis, similar to the distribution network, the capacity booked and the commodity i.e. flow must be known. The capacity tariffs above are based on an annual product which means that for each MWh of capacity booked, the customer can use that amount each day of the tariff year which runs from October to September. In addition, customers can purchase a short-term product which is capacity booked for a specific period of time. These short-term capacity products are available as Quarterly, Monthly, Daily and Within Day products. The charges for each of these products is based on a multiplier to the annual product. The decision to purchase either an annual or a short-term product is usually dependent on the typical consumption profile of a particular customer.

In addition, commodity charges apply on a per MWh basis. These are flow based and vary from customer to customer.

The [transmission calculator](#) allows you to input your transmission entry and/or exit point requirements which will be used to calculate the applicable transmission tariff.

4 Carbon tax

Since 1 May 2012 the rate of carbon tax has been €0.37 per kWh. This is subject to VAT of 13.5%, making a total of €0.00420 per kWh. All-natural gas suppliers in Ireland have to levy the carbon tax on their customers. Some natural gas customers are exempt from paying carbon tax. These include:

- Natural gas consumers who use it for the purpose of generating electricity.
- Natural gas manufacturer consumers, where it is used for the purpose of chemical reduction.
- Natural gas manufacturing customers where it is used in electrolytic or metallurgical processes.

Partial exemptions from paying carbon tax apply to:

- Suppliers dealing with the cogeneration of environmentally friendly heat and power, as decided by the Minister for Finance.
- Industrial and manufacturer consumers covered by a greenhouse gas emissions permit that has been issued by the Environmental Protection Agency.

Annex 3 Charges in the Business Markets Developments section

The papers referenced below provide more information on the charges detailed in the Business Market Developments Section;

- MO Tariffs & Charges and Imperfections Charge, available [here](#).
- *'Imperfections Charge October 2018 - September 2019'*, available [here](#).
- [CER17273D](#) *'DLAFs for Oct 17-18*
- [ACPS 2018 Decision Paper](#) *'Fixed Cost of a Best New Entrant Peaking Plant, Capacity Requirement and Annual Capacity Payment Sum for Trading Year 2018'.Sept 2017*.
- *'SEMO Tariffs and Imperfection Costs, 7th September 2017*, available [here](#).
- *'Imperfections Charge October 2017-September 2018 and Incentive Outturn October 2015-September 2016'*, available [here](#).
- [CER/17/273](#) *'Electricity Distribution Network Allowed Revenue 2018, Distribution Tariffs 2017/2018 & Distribution Loss Adjustment Factors'* and accompanying [tariff statement](#).
- [CER/17/276](#) *'Electricity Transmission Network Allowed Revenue 2018 and Transmission Tariffs 2017/18'*.
- PSO levy to be applicable for the 2017/18 tariff year, [CER/16/251](#).
- DUoS charges to be applicable for the 2017/18 tariff year, see CER/17/274 and GNI's accompanying tariff statement [here](#).