



**Response by Energia to the Department of  
Enterprise, Trade and Investment  
Consultation**

***Consultation on Implementation of Electricity and Gas  
Metering and Billing Provisions of the Energy  
Efficiency Directive (2012/27/EU)***

**6 December 2013**

## 1. Introduction

Energia appreciates this opportunity to respond to the Department of Enterprise, Trade and Investment's (DETI) consultation on implementing the metering and billing aspects (Articles 9 to 11) of the Energy Efficiency Directive (EED). Meeting said requirements in a satisfactory and cost effective manner that will ultimately benefit the consumer is what suppliers want and understand. On this note, it is encouraging that DETI and the Utility Regulator (UR) engaged with suppliers and other interested parties at the recent event in Netherleigh on 28 November 2013. We understand from this DETI's intentions:

- Not to 'gold-plate' implementation of the relevant Articles;
- To rely on derogations in so far as evidence allows: and
- To adopt a UK wide approach where possible and appropriate.

We welcome DETI's intention to adopt a 'light touch' approach in line with the Government's Transposition Guidance<sup>1</sup>. If it is considered appropriate to implement aspects of Articles 9 – 11 through mandatory billing guidance it would be helpful and necessary to clarify that this same principle will apply, and the Transposition Guidance will be observed. There is considerable potential in our view for going beyond the requirements of the Directive in the interpretation of its 'spirit and intent'. This could have undesirable consequences such as needlessly increasing suppliers' cost to serve, stymying innovation and raising barriers to entry. It should also be stressed that suppliers strive to understand and satisfy their customer requirements and constantly evaluate this through surveys and other means.

In considering the applicability of derogations from Directive requirements we would urge DETI to follow up with suppliers if further or more specific evidence is required. If the evidence, the Northern Ireland context, or other specific circumstances warrants and justifies a reliance on derogations then clearly this needs to be reflected in any mandatory billing guidance subsequently developed. We assume this will be the case.

As regards a UK-wide approach, we understand it is DECC's intention in the implementation of the EED in GB to make an appropriate distinction between domestic and business customers. There is ample precedent of this elsewhere and sound justification for derogating accordingly in implementing Articles 9-11 of the Directive. By way of example it is noteworthy that the paper bill is becoming less and less relevant in the business context, being primarily used to process payments. In our experience business owners and managers increasingly prefer accessible, sophisticated but user-friendly and flexible tools in the online environment to analyse their energy usage and patterns. The continued roll out of broadband (Northern Ireland in particular is the best connected region of the UK according to DETI),

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<sup>1</sup> <http://www.bis.gov.uk/assets/biscore/better-regulation/docs/t/11-775-transposition-guidance.pdf>

technological innovation and affordable devices (including smart phone and apps) is accelerating this trend and we see the provision of detailed information on bills for business customers no longer appropriate in this context.

Notwithstanding the prime facia appeal of following the UK-wide approach it is nonetheless important to pay due cognisance to NI specific differences, not least the much smaller size of the Northern Ireland market and scope for economies of scale that GB suppliers have vis-à-vis their NI counterparts in implementing changes to their billing systems.

As a final point in these introductory comments, it is important to be mindful of the (electricity) smart metering programme to be implemented by 2020 which will require suppliers to invest in their billing systems and in presenting real time and more accurate information to their customers in a meaningful way that facilitates energy efficiency. Nugatory investment in billing systems should be minimised where possible in implementing other aspects of the Directive in the interim period.

The remainder of this response considers specific aspects of Articles 9 – 11 of the Directive requirements.

#### **Billing Information – Article 10(1)**

According to the Directive, '[T]his obligation may be fulfilled by a system of regular self-reading...Only when the final customer has not provided a meter reading for a given billing interval shall billing be based on estimated consumption or a flat rate".

As communicated at the event on 28 November the UR considers that for full compliance final customers must be offered to self-read before an estimated bill is issued. The practicalities of this potential requirement were discussed and Energia would only caution as follows:

- Suppliers should not have to contact customers before issuing an estimated bill (they should have the option of submitting a self-read at any stage).
- If a self-read is submitted, suppliers should not be required to bill based solely on this self-read because of billing cycle practicalities.
- Finally, a self-read needs to be validated before it can be used for billing purposes.

#### **Billing Information – Article 10(3)**

This concerns the provision of historical billing information to be "made available, at the request of the final customer, to an energy service provider designated by the final customer".

As discussed on 28 November this requirement needs to be implemented very carefully in light of the Data Protection Act.

### **Billing Information – Article 10 and Annex VII**

In the event on 28 November the UR suggested that it is not good practice for detail on the face of licence and regulations and that mandatory billing guidance would ensure Directive compliance is delivered. Assurances were given that a pragmatic approach would be taken in line with standard regulatory practice. It is not clear however that the Government's Transposition Guidance would be observed in this context and we would ask for clarity around this, noting its importance. It was also unclear if or how derogations in the Directive could be assessed and determined under this process. We would specifically reference Annex VII – 1.2 of the Directive specifying minimum information contained in the bills, as follows (derogation provisions are highlighted):

- “Member States shall ensure that, **where appropriate**, the following information is made available to final customers in clear and understandable terms in or with their bills, contracts...(b) comparisons of the final customer's current energy consumption with consumption for the same period in the previous year, **preferably in graphic format**”.

We consider this requirement impractical and prohibitively expensive to implement from a billing system change perspective and based on our experience and feedback from customer surveys we would question the benefit it would provide to business customers who have access to and use superior online tools and information. We therefore suggest that for business customers at least the derogation provided for (i.e. 'where appropriate') should be applied. We would be happy to discuss this further including provision of indicative system change costs and the findings of our business customer surveys.

- “In addition, **wherever possible and useful**, Member States shall ensure that comparisons with an average normalised or benchmarked final customer in the same user category are made available to final customers in clear and understandable terms, in with or signposted to within, their bills, contracts...”.

We cannot envisage a benchmarking exercise as described above, being either 'possible' (at least without being prohibitively expensive) or 'useful' in the Northern Ireland context. This is especially the case for business customers because meaningful comparisons in the business sector are rare. In any event, were this to be progressed it would have to be centrally managed and compiled by the party with access to the required information.

### **Billing Information – Article 10(3)(e)**

This requirement concerns the provision of energy costs in a timely and easily understandable format. We note the UR's confirmation on 28 November that compliance would be achieved once the mandatory marketing code of practice is finalised and comes into effect.