



**ESBI RESPONSE “DISCLOSURE OF INFORMATION  
TO FINAL CUSTOMERS BY SUPPLIERS”**

## **INTRODUCTION**

This response is submitted on behalf of ESB International (ESBI - ESB Independent Energy & ESB Independent Generation). ESBI welcomes the opportunity to comment on the options for fuel disclosure in the Single Electricity Market (SEM).

This response comments on selected sections of the Regulatory Authorities paper. ESBI would like to highlight the following aspects of our response:

- Average Fuel Mix, is the option which is most consistent with the EU Legislation.
- Given the huge pressure on implementation teams in each organisation across the industry in the lead-up to the SEM, implementation complexity should be carefully considered.
- In the event that the Regulatory Authorities decide in favour of option 2, a further consultation would be appropriate, since there are a number of aspects still under consideration.

## **REQUIREMENTS FOR CHOSEN METHODOLOGY**

One of the criteria which the methodology put in place by the Regulatory Authorities must fulfil is that it “facilitates ease of comparison by customers on the island of information provided by suppliers in accordance with the disclosure requirement”. While a common format for fuel disclosure north and south should be implemented, ESBI suggest that common text is added by all suppliers to explain what constitutes renewable energy in the jurisdiction of each customer. This will ensure that there is no confusion with customers who have accounts with the same supplier in the north and south.

It is the view of ESBI that any of the options outlined can be made to work with existing renewable support mechanisms. That is to say that the three options outlined can be made to run in parallel with the mechanism that is currently in place.

## **AVERAGE POOL FUEL MIX**

It is the view of ESBI that Option 1 – the Average Pool Fuel Mix is the most suitable of the options presented. Article 3(6) of EU Directive 2003/54/EC states:

*With respect to electricity obtained via an electricity exchange or imported from an undertaking situated outside the Community, aggregate figures provided by the exchange or the undertaking in question over the preceding year may be used.*

The EU Directive fails to define an electricity exchange but ESBI consider that it is analogous to the pool. They certainly share the primary characteristics of: a single clearing-price and the lack of a direct link between sellers and buyers which leads to an inability to directly match energy supplied by an individual seller to that purchased by an individual supplier.

The consultation paper states that this option is relatively easy to implement and this should be apportioned a high level of significance since the implementation resources of all parties across the industry are working to implement the systems necessary for SEM go-live.

While ESBI accept that option 1 does not permit suppliers who wish to market themselves as green – this was not included in the requirements which a methodology should fulfil and should therefore not be used to dismiss the option. The paper states that this option conflicts with ROCs since all suppliers will be deemed to have purchased renewable energy from the pool only. It is worth noting however, that to deem that a supplier purchases directly from a renewable generator (or any source other than the pool) conflicts with the rules surrounding payment default in the SEM and may lead to renewable generation having a greater exposure to bad-debt.

Since Option 1 is explicitly permitted under EU Legislation and since it is relatively easy to implement it is the favoured option of ESBI.

## **CONTRACTS FOR DIFFERENCE AND CERTIFICATION**

While Option 1 is clearly the preference of ESBI, it is our opinion that contracts (option 2) have a number of advantages over certification of fuel types (option 3) including ease of implementation and the requirement for legislation to be enacted in order to support option 3. ESBI note that certain aspects of the financial contracts option require further consideration. In the event that the decision is taken to implement option 2, ESBI request that the detailed aspects are subject to further consultation.