

Fuel Mix Disclosure in Single Electricity Market: Calculation Methodology Consultation Paper

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Foreword:

Bord Gais Energy welcomes the opportunity to comment on the aforementioned paper. The calculation methodology and ongoing presentation of statistics to customers is important to both consumer confidence and the ongoing promotion of renewable sources of power. With this mind, it is essential that the decision on this consultation, produces an approach which allows Suppliers to practically implement the decisions made. There are a number of requirements being proposed which we feel will actually act contrary to the intent - of proportion of renewable energy and prove unworkable in logistical sense.

Key Concerns:

2.2 Overview of Proposed Approach:

It is proposed that generators are under no obligation to apply for those GOs to which they entitled. We believe this is a mistake because there will be no motivation on a generator who has signed a PPA to convey the benefit of the any GOs that may materialise to their Supplier. If the application is not made, the benefit will not materialise and the associated GO will enter the Residual Mix. The supplier will not receive the intended contractual benefit. We believe the GO should either automatically issue to the Generator or the Generator should be obliged to make the application. In the event of neither of the above being possible, a process whereby a supplier can make the application on behalf of a Generator should be put in place. An approved consent form should be issued by SEMO to be signed by the generator, granting the supplier the authority to make the application on its behalf.

2.16 / 2.17 & Appendix -- Reporting content & Formats

It is proposed that *“where Suppliers offer products to specific customers on the basis of a particular fuel mix or a given level of CO₂ emissions the supplier must present both the Suppliers average fuel-mix and emissions and the fuel mix and emissions supplied to the customer “*. We have 2 issues with this proposal:

- 1) It does nothing to promote renewable energy

- 2) It not logistically possible to implement within reason. Bill paper is normally ordered in batches of several hundred thousands. A specific deal with a customer requires 12 bills per annum.

It is proposed that promotional materials including *“welcome packs for new customers, materials provided by sales people seeking to attract new customers and material sent to households encouraging them to sign up to a supplier”*...contain information *“in the same basic format as that required to be made available in or with bills to final customers”*

While we have no issue with providing this information on promotional material, we will not be able to comply with this proposal in relation to format. The proscribed tabular format is inappropriate for many forms of artwork used for promotional materials. In short it would destroy the intended impact. We see no valid reason why a Regulatory Authority should attempt to micro manage the formatting of a Suppliers promotional material. Again we reiterate, that we have we have problem with supplying the required information but only in a format that is complementary to promotional materials design. This must remain in the care of the Supplier.

Appendix A

Where a Supplier provides electricity to a customer that is different to the average for that supplier a column entitled “Your Electricity” must be provided to that customer. We have several issues with this.

- 1) The demand for “buyable” volumes of renewable energy are primarily driven by demand within the Industrial & Commercial sectors. If each allocation of renewable power to an I&C customer must be compensated by a corresponding reduction notice (to other customers) of renewable electricity. This means the incentive for the supplier to procure additional green energy is reduced or removed altogether because of the negative impact it will have on its residential customer base.
- 2) There is no logical reason why a “Your Electricity” column should appear on the back of bill. It can only be inaccurate (for several of reasons). E.g.
 - a. It is one year out of date in an aggregate sense.
 - b. It is impossible to track green electrons to a specific meter in any given billing period.

- c. The customer should only be concerned about the aggregate volumes of green energy purchased with that Suppliers portfolio as opposed to tracking an imaginary composition of electrons which can never represent reality for them.
- 3) The proposed format provides puts an unwelcome and unnecessary barrier to on the natural demand to procure additional green energy. If say in year 1, a Supplier does a “green deal” with an industrial customer for a more than one year and immediately allocates existing (unallocated) renewable energy to support this deal and procures additional green volumes to support the contract ongoing, that supplier knows that it will have to make a reduced declaration to all other (non green) customers in the following year. This stops the Supplier entering into deals which naturally increase its demand for green energy. This reduces the demand for new build in the areas like wind, biomass etc. Being forced into such a position by Regulatory Authorities charged with the promotion of Renewable sources of energy defies logic.

A simple solution exists. Revise Appendix A requirements to include Figure 1 only. Customer support for green production should manifest itself by reference to that Suppliers commitment to aggregate green energy procurement rather than the intangible and inaccurate concepts as required by Figure 2. (Figure 3 is not a material issue in this context).

2.9 Information to be provided to the Calculating Body:

A supplier is currently required to supply all sites supplied with Green products on a spreadsheet by MPRN and actual kWh supplied. This is (among perhaps other things unknown to us) to verify that the volumes supplied via “green deals” does not exceed the volumes of green power procured by that supplier. The process is both unnecessary and inefficient. It also acts as a barrier towards Suppliers offering a mass market green product. If a Supplier has to account for tens of thousands of individual customers on a spreadsheet by MPRN and associated volume, it is clearly an impediment towards pushing mass market green tariffs. In parallel, the Regulator has to analyse this spreadsheet to a resolution of the information provided. Again, this appears unnecessary.

A simple alternative solution exists: The

- 1) SEMO issues each Supplier a new (free) Supplier Unit ID to be used solely for Green electricity supply.
- 2) Supplier associates all renewable sales with this ID

- 3) MRSO will by default aggregate all volumes associated with this ID
- 4) CER when verifying compliance asks the MRSO for the aggregate demand on a Suppliers Green SUID and compares this with the GOs held by that Supplier. If the aggregate sold equals the aggregate of GOs held, the Supplier is in compliance. A reasonable tolerance (given the intermittent nature of wind) should apply.

This is low in administration, provides for independent verification and does not act as a barrier to the introduction of mass market green products.

In addition, it provides the Supplier with an independent means of verifying to the customer that they have been supplied with green electricity e.g. by production of a market message showing the association of that customers MPRN with the Suppliers Green units ID. This would serve to instil confidence among customers that they were receiving the product they had contracted.

Conclusion:

Many of the proposals within the consultation constitute material and unnecessary barriers towards the promotion of renewable electricity. Each barrier has a simple and practical solution. We hope the RA's will adopt these in arriving at a final decision.