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Response to CRU Consultation

Time of Use Uptake

Electricity Association of Ireland

Status **Consultation Response**

Date **30th August 2023**





The Electricity Association of Ireland (EAI) is the representative body for the electricity industry and gas retail sector operating within the Single Electricity Market (SEM) on the island of Ireland.

Our membership comprises utilities that represent 90% of generation and retail business activities and 100% of distribution within the market. Our members range in size from single plant operators and independent suppliers to international power utilities. Our members have a significant presence in Ireland, Northern Ireland and Great Britain across the sector value chain. We represent the interests of the all-island market in all relevant jurisdictions, including the EU via our membership of the European electricity representative body Eurelectric.

We believe that electricity has a fundamental role in providing energy services in a decarbonised, sustainable future, in particular through the progressive electrification of transport and heating. We believe that this can be achieved, in the overall interest of society, through competitive markets that foster investment and innovation.

We promote this vision through constructive engagement with key policy, regulatory, technology and academic stakeholders both at domestic and EU levels.

Our ambition is to contribute to the realisation of a net-zero GHG emissions economy by 2050 or sooner, in order to limit the impact of rising temperatures. Electricity offers opportunities to decarbonise the Irish economy in a cost-effective manner.

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Introduction

EAI welcomes the opportunity to respond to the CRU consultation on the uptake of time of use tariffs (TOUs). We would like to reiterate our support for the full implementation of smart meter functionalities, Suppliers have been working on rolling out smart services and have been cooperating with the CRU and other relevant stakeholders in achieving this.

The full implementation of smart will require a significant amount of awareness raising and education of customers, suppliers offering a series of innovative products and regulatory barriers to smart being identified and removed. Our response will focus on addressing these three challenges, outlining principles which we would like to see an enduring policy follow.

Education of Customers

Of the over 1.3 million smart meters installed in Ireland to date, only 7% are on ToU tariffs. Suppliers and customers alike need to see an increase in the uptake of ToU tariffs in order to optimise the value of the major financial investment that suppliers have undertaken in the NSMP to date and for customers to experience the potential benefits of ToU tariffs and help manage their consumption and bills.

Acknowledged in the consultation is customers' awareness that the benefits of smart meters include an ability to reduce bills, better understand consumption, change their tariff, and help the environment. Whilst we recognise that supports such as access to price comparison websites, estimated annual bills and an increase in the number of tariffs on offer have some benefit in aiding customers' decision making, we must emphasise that shifting energy usage to off peak hours is the only means of drawing a financial benefit from a TOU tariff.

This aspect needs to be considered in a customer's interactions with a price comparison website and their interpretation of Estimated Annual Bills. We do not feel that this consultation has acknowledged the significant influence that shifting the customers energy demand will have on their bills and their decision-making process in choosing and comparing between tariffs.

Due to these reasons, we feel that suppliers are best placed to inform their own customers of offers available to them. However, this is contingent upon suppliers' access to smart meter data.

Supplier access to data

The smart metering program has been a significant and necessary investment in implementing the Clean Energy Package, however customers have not yet committed to the program with

low levels of uptake of smart services. We now need to incentivise innovative services through the effective use of high-quality grid location and time specific data across the energy system to help customers choose and use the digital solutions that deliver the most benefit to them.

On April 27th, 2023, EAI submitted a letter to the CRU detailing that suppliers have been unable to incentivise customers to switch to TOU primarily due to restrictions in access to data. We detailed in the letter that it is becoming increasingly clear that customers will not approach suppliers of their own accord in sufficient numbers to discuss the prospect of taking up a ToU tariff.

EAI suppliers strongly believe that the increased information that MCR1208 data would deliver (being day, night, peak data on a bimonthly basis by default – only a small step up from the data currently received on a bimonthly basis by default) is the main way that suppliers can help educate and inform their own contracted customers of the potential benefits and use of ToU tariffs with a view to incentivising ToU tariff uptake – this is the main use case for MCR1208 data. Without MCR1208 data, suppliers do not anticipate there being sufficient scope to improve ToU tariff uptake before the implementation of the Data Access Code in 2024. Ultimately it is time for a review of what an improved minimum level of smart data is that will help customers better identify potential financial savings and behavioural changes. We believe access to MCR1208 type data would be a good first step while a more in-depth view is undertaken.

Benefits of Time of Use

EAI committed to bringing case studies to the CRU of instances of how customers have saved money through ToU. Instead of providing individual examples from each supplier, we feel that any CRU campaign promoting ToU can view the Estimated Annual Bills (EABs) as case studies. One supplier stated that their Standard Smart Tariff (SST) is currently 15% lower than their 24-hour EAB. Utilising the data that is readily available such as EABs can form the starting base for advocacy in this area.

Response to Questions

Question 1 The CRU is proposing to amend the PCW accreditation framework to allow consumers to upload their smart meter data (obtained as a HDF via the ESBN Customer Portal) to receive a price comparison based on their actual historical electricity consumption. Do you agree with this approach? If not, why not?

- We strongly feel that tools which assist customers in their decision making need to be supported, with emphasis that the PCW in this instance, is operating under equal data protection legislation as suppliers. The strict GDPR and regulatory guidelines in

managing customer data which suppliers adhere to aim to ensure the highest level of protection to the customer. We would ask CRU to ensure that PCWs are held to the same account if they are handling customer data.

- EAI emphasises that past consumption is no indication of possible future cost savings and more that simply historical electricity consumption insights need to be relayed by PCWs if the cost savings associated changing consumption behaviour are to materialise for customers.
- We also ask for confirmation that suppliers are being allowed to provide this functionality either for their customers automatically – through the implementation of MCR1208 - and to other customers who share their data with the supplier.
- We would like to emphasise our concern regarding customers with poor technical literacy downloading and uploading a HDF which may be beyond the capabilities of a cohort of the population. If allowed access to data, the supplier of a customer in this cohort would be able to provide this function with minimal effort required on the customer's side, ensuring that these customers are supported in the digital transition.

Question 2 The CRU is proposing not to put any restrictions on the minimum period of time that needs to be contained in smart meter consumption data that consumers can upload to the PCW. However, we propose that a warning message be included where consumers have included less than a year of data. Do you agree with this approach? If not, why not?

We believe that where less than a year's data is available, then the information/education aspect which should come before results and should outline that the tariffs displayed will be based on an extrapolation of your year-to-date data and will display tariffs accordingly. Ideally the PCW should offer indications of value depending on the customer consumption behaviours and changes in those behaviours in future.

Whilst we agree that customers need to be made aware that recommendations of a TOU are contingent on the data provided, we wish to ensure that the customer journey is proactive, and smooth. Warning messages or caveating the basis of the PCW quote is necessitated to some degree, however it may hinder the customer from switching and will not help better engage the customer in possible benefits of TOUs. Our emphasis on the education of customers regarding the value of their data in recommending tariffs, combined with the assumption that they shift their usage, seeks to mitigate the need for excessive warning messages.

Ultimately, if a customer uploads their usage which fits standard usage profiles, a PCW using this data will not be able to present financially appealing tariffs. It is only when a customer begins to shift their usage that they will see a reduction in their bills.

Question 3 Is there anything else CRU should consider with regards to this matter?

There may be limitations in the value of data being used across properties and occupancy in cases where a Change of Tenancy (CoT) occurs. Consideration needs to be given here.

For example, in instances where a customer is switching properties and would like to use their HDF from their previous property, we recommend not allowing this feature and for PCWs to require data to be MPRN specific. Dwellings may vary in their energy usage, even with similar BERs and this would have an impact on data over the course of a year. The customer may be misguided if relying on the usage of a different property.

Question 4 In case a consumer submits a HDF containing periods of missing data, the CRU is proposing that the PCW takes the following actions.

- **If the missing data accounts for less than 1% of the total dataset the PCW must use the most recent ESN load profile and calculate an estimate for the consumption during the missing period.**
- **If the missing data accounts for 1% or more of the total dataset the PCW must inform the consumer that there is missing data, include the percentage of missing data, and ask if they wish to continue with the price comparison using an estimate for the missing data, as outlined above.**

Do you agree with this approach? If not, why not?

As stated in question 2, information around the accuracy of an estimate being contingent on the data provided and the customer's ability to switch usage will need to be detailed to the customer during the process. Red flags however may impede the likelihood of customer using these tools. Rather, it is important that before or during the tariff choice pathway, the customer is educated on what will inform the best results for their needs.

In addition, if a property is CTF below 2, and this is an ongoing issue for that customer, then the ability to transmit data will be continuously compromised. For example, rural areas where walls block signal. However, in normal circumstances where CTF is restored to then transmit data, that 'missing' data should simply catch up in time when comms is restored. Our view is that the CRU should follow up with ESN to determine if this is a material cohort of customers that would warrant such a warning. If the missing data is a persisting issue, how the issue can be addressed with customers to help them understand the impacts of the missing data is necessary.

Question 5 Is there anything else CRU should consider with regards to this matter?

Question 6 The CRU would be interested in hearing whether respondents believe there is added value or not in allowing PCWs to ask consumers additional questions to identify their consumption behaviour, and tailor price comparisons. For example, whether a consumer has

an Electric Vehicle. If you believe there is added value in this approach, what guidelines, if any, do you believe the CRU should implement to ensure a minimum standard across PCWs?

We feel that the Smart meter data will already be reflective of the customer's consumption patterns, and more value would be obtained from questions around whether the customer can shift their demand to a different time band.

The aim of this consultation should be to capture customers who are not currently engaged in the energy transition and questions such as the ones suggested may cause further disassociation i.e., those with EVs for example are less likely to gain the highest benefit from this initiative and therefore we would question whether this is a key priority for this initiative at this time.

Our focus is on ensuring the customer journey is simple and accessible to all customers, while providing prompts for the customer to engage in possible savings based on consumption behaviour change. This behaviour change could be compared to the annual consumption data provided by the customer without a behaviour change on their current tariff.

We support a framework being implemented to guide the inputs/questions posed and feel the samples relating to behaviour change outlined in the consultation are appropriate as they are appropriate illustrative examples for a customer that can serve a dual purpose of guiding and informing a customer on how to change their consumption patterns and partake meaningfully in a Smart TOU tariff to their advantage. This would potentially add to the customers understanding of the benefits of TOU tariffs with behaviour change. For example we suggest that the following are referenced,

1. Ask if the consumer can start their dishwasher at off-peak times or to do their washing at weekends.
2. Ask if a customer can move cooking their meals to off-peak times.
3. Ask if a customer can use electric heaters or boilers outside of peak times in the winter.

We do not feel that there should be an exhaustive list of questions as this may discourage the customer who may disengage from the process.

We are of the view that PCWs and suppliers offering price comparisons should be mandated to ask these questions, however the customer should not be mandated to answer them. If these questions are not answered the customers should be made aware that the tariffs may not reflect the financial benefits of a TOU tariff. Which are predicated on consumption switching.

Question 7 The CRU proposes to require PCWs to implement the functionality to allow consumers to upload their smart meter consumption data (via HDF) from 1 January 2024. Do you agree with this approach? If not, why not?

Instead of a launch date suggested at the outset, we would like to see a proposed timeline which allows for discussion of a launch date based on the date of the decision paper, engagement with PCWs, suppliers and consumer representatives, agreement on data transfers between suppliers and PCWs and an education and communication plan being developed. A situation whereby a tool is rushed through that leads to possible confusion or disengagement should be avoided. This tool needs to include functions which account for behaviour change options from the outset to further customers understanding of TOU tariffs.

Question 8 Are there any other issues that you believe the CRU should take into consideration with regards to the timeline?

We feel that testing should be included in the approach taken in determining the timeline and that the functionality agreed is consistent across suppliers and PCWs. EAI members are keen to collaborate with the CRU to decide upon an agreed methodology to be used regarding the above.

Question 9 The CRU proposes to amend the PCW accreditation framework to allow consumers to access price comparisons for Microgeneration export tariffs between suppliers. It proposes consumers should be able to do this in one of two ways, either by submitting their actual (historical) export volume, or by submitting their deemed calculation. Do you agree with this approach? If not, why not?

EAI members welcome the introduction of this feature for actual export volume and deemed volume, where technical limitations prevent actual export data, noting that a Microgen customer must accept a Smart Meter in a circumstance where it is available to them. Currently, export volume cannot be compared without looking at import volume, however we are expecting these to be separated in the anticipated enduring Microgen scheme. Given the enduring Microgen regime is expected to be finalised by the CRU in the coming year, we are of the view that this aspect of the project is a Day 2 priority until such time as the enduring approach for Microgen is determined.

Question 10 Are there any other issues that you believe the CRU should take into consideration with regards to this functionality?

Consideration will need to be given to this functionality's engagement with a TOU tariff and a Microgen tariff i.e. how the exports and imports expected at specific times of day will work together.

Question 11 The CRU proposes to extend the requirement for an EAB to all tariffs available on the market, including time of use tariffs. Do you agree with this approach? If not, why not?

EAI members feel that EABs, while a useful tool for comparing average bills with static consumption can be useful, they should not be regarded as the optimal methodology for

decision making. This is particularly significant given that EABs were introduced at a time when tariffs were static in terms of changing customers behaviours. Smart tariffs on the other hand aim to demand shift customer demand to times when energy is more cost effective.

Relying on the EAB as a cross supplier tool to compare prices may result in the customer being misled in their final decision on their tariff. EABs for smart may mislead the customer as they do not consider behavioural change, which is the most influential factor in receiving a financial benefit from a TOU. EABs are counter-intuitive to what TOU tariffs aim to do and will become increasingly less useful for the customer the more TOU tariff options come on the market.

EAI members support a coordinated educational material that aims to assist customers in understanding shifting their behaviour and interpreting how they can manage their data. While EABs aim to bring clarity and simplify insights for customers and should remain for SSTs we believe EABs have too many limitations to be useful as representative of dynamic TOU tariffs. In particular, past consumption patterns and averages inform customer profiles used for EABs and in smart tariffs past behaviour is a poor indicator for potential benefits from future changes in consumption by customers.

Question 12 The CRU proposes to implement an EAB for all time of use tariffs from 1 January 2024. Do you agree with this timeline? If not, why not?

No, see comments above.

Question 13 With regards to the methodology for calculating an EAB for all time of use tariffs, the CRU proposes to use the demand-weighted approach, which is the same that is currently used for the Standard Smart Tariff and Day/Night tariff. Do you agree with this approach? If not, why not?

If EABs are required for TOU tariffs we agree that the methodology for calculating EABs needs to be consistent across all users. Avoiding discretion within calculations should be central to designing this functionality and we are keen to work with the CRU in workshops before any potential launch date.

We do not support option 3 as this would allow for different methodologies to be used by different suppliers and PCWs.

As per our answer to Question 11, we strongly feel EABs for TOU tariffs are not an effective metric and should not be considered. TOU bills should be focused on customer specific demand profiles and behaviour change. These metrics would be difficult to standardise across a variety of TOU tariffs.

Question 14 Are there any other issues that you believe the CRU should take into consideration with regards to implementing an EAB for all time of use tariffs?

Please see our comments above.

We strongly feel that the education of customers is necessary to understand how their homes energy efficiency, size, Microgen capabilities and consumption profile has an impact on their EAB. EAI would like to work with the CRU on any potential messaging to consumers before launching this functionality.

Question 15 The CRU proposes to increase the limit on the maximum number of time of use tariffs from four to eight from 1 October 2023. Do you agree with this approach? If not, why not?

EAI members feel that the increase will allow for a more accurate reflection of the market. Acknowledging that the market is more dynamic than illustrated by the EABs and load profiles, we see a greater number of tariffs as being useful to capture how a person may use their energy. Removing barriers to personalisation of tariffs which enables load shifting should be prioritised.

Focus should be placed on the educating customers of the benefits of shifting their demand and including more customers in the digital transition. Without this education, increasing the number of tariffs will not lead to more uptake of TOU.

Question 16 The CRU proposes to end the limit on the maximum number of time of use tariffs from 1 April 2025. Do you agree with this approach? If not, why not?

Yes, we agree contingent on the success of these new proposals and the details which will be worked out in workshops on engaging with PCWs.

Call for Evidence

Question 17 CRU would welcome any views on whether respondents consider it appropriate to schedule a review on the structure of the Standard Smart Tariff ahead of the completion of Phase 2 of the NSMP (currently scheduled for the second half of 2024).

We do not consider it appropriate to reschedule a review, the SST is still in its infancy and changing the peak hours, or other parameters may only confuse customers. SST serves a good purpose in the market and is a good point against which benefits in shifts in consumption can be measured.

Question 18 CRU would also welcome views from respondents on which issues should be considered in such a review. Respondents can specifically focus on the following questions, or provide their own views

- a. **Is the Standard Smart Tariff achieving its purpose to be an easy to understand 'entry-point' to time of use tariffs for consumers?**

We do feel that the SST is working as an entry point tariff for customers. The CRU should consider a 24-hour smart enabled tariff as a more accessible structure, which would allow the customer to view their usage through their electricity supplier on their normal tariff which

many suppliers offer. From this, customers would be able to further understand their usage without interacting with the ESNB portal directly.

b. Do you have any concerns or recommendations in relation to the Day/Night/Peak structure of the Standard Smart Tariff, including the hours assigned to each time band?

The CRU could look at incentivising the other time bands by offering financial incentives in order to reduce consumption during peak-times. For example, the Network Tariffs decision 2022/23 saw a greater differentiating of the time bands.

While the wholesale market has a role to play in giving the correct signals to customers and suppliers play their role by reflecting these wholesale costs in the price that customers pay for their electricity supply at different times of the day, network tariffs which makes up a significant component of the electricity cost also must provide the right signals to customers. We believe enhanced sculpting and differentiation of the network tariffs at different times of the day and the week, would allow greater price incentives to be passed onto customers. For example, in addition to Day/Night/Peak in network tariffs, other time bands such as weekends should be considered. This solution would support achieving a greater shift in behavioural consumption. Greater sculpting of these network tariffs would facilitate the right incentives to be passed onto customers which would facilitate greater ToU uptake.

c. In light of the proposed measure to extend the maximum number of time of use tariffs for each supplier from four to eight, do you see a continued need for the Standard Smart Tariff?

Yes. Particularly as a useful entry level benchmark for customers.

d. Are there any other issues related to the Standard Smart Tariff you believe the CRU should take into consideration in a future review?

As stated in our introduction, we feel that the full benefits of the Smart Meter Program will be fully realised with increased use of Smart Meter data. In order to achieve this supplier's request access to day/night/peak data through the implementation of MCR1208.

Question 19 CRU would welcome any additional suggestions to incentivise the uptake of time of use tariffs.

Centrally Organised Awareness Campaign - EAI believe that misconceptions regarding usage of personal data needs to be addressed. Suppliers operate under highly regulated codes of practice in managing customer data outlined in the Supplier Handbook, a future Data Access Code and GDPR legislation generally. We feel it is important that customers trust their Supplier

and so a campaign regarding this could boost customer confidence and uptake of smart services.

Within this centrally organised awareness campaign we would like to see the customer portal signposted more, encouraging customers to engage with their smart meter data. This could include helpful 'how to' or step by step guides on downloading a HDF file from the ESNB Portal.

The benefits of TOU in terms of environmental benefits, system cost benefits and security of supply should also be stated in this campaign which we would like to see spearheaded by the regulator, the Distribution System Operator (DSO) and the Department.

Smart Tariffs as Standard - As we move towards try and move to further integration of smart meter capabilities, measures such as an 'opt out' model may become useful. This would automatically place customers who have had a meter replaced on a smart tariff with the ability to opt out. This would allow for increased flexibility in the near term, reducing the need for investment into the local network to accommodate high penetration rates of EVs and solar connections.

Retirement of Meters – It may be useful to communicate to customers the timeline for MCC01, MCC02 and MCC03 meter configurations to be retired.

Kind regards,
Jason Herbert

A handwritten signature in black ink, appearing to read 'Jason Herbert', written in a cursive style.

Policy Analyst
Electricity Association of Ireland.