



**REGULATOR'S 2013 NATIONAL REPORT TO THE EUROPEAN
COMMISSION**

COMMISSION FOR ENERGY REGULATION (CER) - IRELAND

JULY 2014

1. Foreword

Introduction of the report signed by Chairman \ President \ Director General



Chairperson Garrett Blaney Commissioner Paul McGowan

The Commission for Energy Regulation (CER) is Ireland's independent energy regulator, with a wide range of functions in economic regulation, safety regulation and customer protection.

Our key objective as an economic regulator is to protect energy customers. As the country's energy safety regulator our core focus is on protecting lives and having a world-class safety record.

The CER has also been given a new role as the economic regulator of the Irish public water and wastewater sector which took effect in early in 2014.

The CER's economic role and associated energy policy developments in 2013, including those related to Europe, are detailed in this annual report to the European Commission.

Both the I-SEM (Integrating the SEM wholesale market into European markets) and the National Smart Metering Programme represent major transformational projects across energy wholesale and retail markets; both of these projects also saw significant progress in 2013. The operational aspects of the CER's functions are equally significant to delivering consumer benefits across the energy market and in public safety and on the progress made in various areas including wholesale and retail markets regulation, networks regulation and energy safety oversight.

We report here on the progress made in various areas including wholesale and retail markets regulation, networks regulation and energy safety oversight. The CER looks forward to the operational and project challenges of 2014. Building on our achievements to date and looking forward to new challenges, the CER will continue to endeavour to provide a first-class regulatory service to all its customers in a cost-effective manner.

A handwritten signature in black ink, appearing to read "G. Blaney".

Garrett Blaney
Chairperson

A handwritten signature in black ink, appearing to read "Paul McGowan".

Paul McGowan
Commissioner

2. Main developments in the gas and electricity markets

Main conclusions of the report and a general evaluation of market development and regulation.

Economic Regulation of Energy: Our aim is to protect the interests of energy customers, maintain security of supply, and to promote competition covering the generation and supply of electricity and supply of natural gas. As part of this role, the CER jointly regulates the all-island wholesale Single Electricity Market (SEM) with its counterpart in Northern Ireland, the Utility Regulator. The SEM is governed by a decision-making body known as the SEM Committee, consisting of the CER, the Utility Regulator and an independent member.

During 2013 the SEM Committee developed a Consultation Paper on the High level Design of the SEM from 2016. There was significant stakeholder engagement in this process culminating in the publication of the Consultation Paper on the Integrated SEM (I-SEM) High level Design Options in February 2014, and a draft decision in June 2014. The proposed re-design of the SEM is taking place in the light of developments at EU/ACER level on the application of network codes in areas such as capacity allocation congestion management, balancing, inter-operability etc. to ensure compliance with the EU Target Model.

In natural gas, following the completion of Price Control 3 in 2012, the CER continued its operational focus to ensure that gas was safely and securely delivered to customers and that charges were efficient and customer service levels were maintained to the best international standards.

In July 2013 the CER decided to grant BGÉ preliminary certification as an ITO, subject to the completion of all outstanding ITO items identified in the CER's preliminary certification decision. The rationale for the delay in full ITO certification was due to the impending sale of Bord Gáis Energy, which would result in BGE becoming Fully Ownership Unbundled (FOU). Specifically, the CER was of the view that the imposition of a full ITO model, such as rebranding, would impose unnecessary transaction costs on BGE in the likely event that BGE became FOU by 2014.

Significant progress was made in 2013 with the CER publishing its proposed decision on the High Level Design of the Smart Metering solution in December 2013. The national rollout strategy will be decided upon post the publication of the decision paper on the High Level Design in 2014.

In 2013, CER publicly consulted on the Market Monitoring Framework to support its role in promoting competition in the gas and electricity retail markets. The framework has been developed to provide the CER with effective sight of the market.

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In December 2013, the Irish Government confirmed that a preferred bidder was selected for the purchase of Bord Gáis Energy, with the final sale to be concluded in 2014. Consequently, in 2014, the CER will be working towards reviewing BGE's FOU certification application, and certifying BGE in accordance with Directive 2009/73/EC (concerning common rules for the internal market in natural gas) and Regulation (EC) 715/2009 (conditions for access to the natural gas transmission network).

During 2013, the development of a number of Framework Guidelines and Network Codes were progressed. The CACM Network Code moved into comitology phase with a number of other network codes awaiting comitology phase.

The CER had a significant role to play in 2013 in progressing PCI (European Projects of Common Interest) applications under the European Infrastructure Regulation. The European Commission published the Energy Infrastructure Regulation and the list of PCI projects was finalised in October 2013. There are 14 Irish Electricity PCIs, ranging from a proposed France Ireland interconnector and pumped hydro projects in Mayo, to the North Atlantic Green Zone Smart Grid Project being conducted by ESNB and EirGrid in conjunction with the Northern Ireland SOs. In 2013 the CER continued its PCI work by contributing to:

Input to European Commission and ACER on the development of the enduring arrangements for selection of projects of common interest and carrying out the tasks assigned to NRAs

Development of methodology and the criteria that will be used to evaluate investments in electricity and gas transmission projects and the higher risks associated by them. The CER contributed to the development of a Cross Border Cost Allocation methodology, and Cost Benefit Analysis methodology developed by ENTSO-E and ENTSO-G; the European organisations for the electricity and gas network operators,

3. The electricity market

Background in Electricity

The CER is responsible as a member of the SEM Committee for the regulation and oversight of the wholesale electricity market in Ireland, the SEM. The CER also regulates the electricity network companies in Ireland as well as monitoring competition in the retail electricity market.

3.1. Network regulation

The CER's responsibilities involve regulating the level of revenue which the monopoly electricity network operators and owners can recover from customers to cover their costs. ESB Networks owns the entire network; it also operates the lower voltage distribution network, while EirGrid operates the higher voltage transmission network. If unregulated, these monopolies could be inefficient and impose prices that were too high so, as set out in legislation, the CER regulates the network utilities' activities and income. This is in order to protect the interest of electricity consumers, while ensuring that they can fulfil their obligations and deliver secure electricity supplies.

The nature of such regulation is that every five years the CER sets the amount of money that the utilities can collect from electricity customers for the following five years. The revenue is set at a level that would allow a well-run business to fund its activities. It is set through a combination of examining the specific underlying costs of the relevant utility and benchmarking against best international companies in this field. Through this review the utilities are incentivised to operate efficiently, to make cost reductions, and to provide high levels of customer service. The allowed revenue is collected from suppliers via Transmission and Distribution Use of System charges - TUoS and DUoS - which are then recovered from final customers. These form approximately 7% and 25% of the final electricity bill respectively.

This five year approach is best international practice, and is used by nearly all other energy regulators as well as in a number of other regulated sectors. It ensures that consumers are protected, while offering the regulated businesses a clear and stable environment. This allows the network utilities to make the necessary investments to ensure modern and efficient transmission and distribution systems and high levels of customer service.

In November 2010, the CER completed its review of the revenue that the electricity transmission and distribution network utilities can recover from their customers over the 2011 to 2015 period. The review involved an assessment of the utilities' investment plans and operational costs for that period, and an assessment of their performance over the previous five years. The allowed revenues and tariffs are updated annually to take account of changed assumptions such as levels of forecast demand or new issues which have arisen.

3.1.1 Unbundling

Unbundling and Certification for Third Package - *Electricity*

Under Directive 2009/72/EC (the "Directive"), transposed in Ireland by S.I. No. 570 of 2011, National Regulatory Authorities are required to certify the unbundling arrangements of Transmission System Operators in each Member State in a form consistent with the Directive. Unbundling refers to effective separation of networks from activities of generation and supply. There are three available models described in the Directive: full ownership unbundling (FOU); independent system operator (ISO); independent transmission operator (ITO); while Article 9(9) of the Directive allows for a derogation from these models provided that the existing transmission arrangements can be shown to guarantee more effective independence for the

TSO than would be possible under the ITO model. The procedure for this certification process is further outlined in Regulation 714/2009. The SEM Committee determined that TSO Certification is a SEM matter and accordingly this process was carried out by the CER on behalf of the SEM Committee.

On 12th February 2013 the SEM Committee issued its Preliminary Decision on ESB's application, in addition to all of the supporting documentation, to the European Commission. The European Commission issued its decision on the 12th April 2013; this decision is available on the European Commission's website and CER's website.

In accordance with Article 1 of the European Commission Decision of 12th April 2013 the CER certified EirGrid as the transmission system operator for Ireland. This certification had immediate effect. It shall be implemented and monitored in accordance with the requirements of Article 1 of the European Commission's Decision.

3.1.2 Technical functioning

- Balancing services (Article 37(6)(b), Article 37(8))

System balancing in the Single Electricity market is carried out by the TSOs, with market participants not directly responsible for their balance positions. Services such as reserve are procured by the TSO on an annual basis, with reserve requirements set against the loss of largest infeed (500 MW East West Interconnector). The SEM Committee is currently considering the appropriate design of the balancing market under the new I-SEM market design.

- Security and reliability standards, quality of service and supply (Article 37(1)(h),)

There is a requirement on the Distribution System Operator (DSO) to submit an annual report to the CER detailing quality of service targets met, reasons for not meeting targets (if appropriate) and recommendations for improving the targets for the future. The CER reviews these reports and decides on appropriate action and also on what targets are required to be met for the next submission. The table below provides information on the total duration (minutes/yr) of interruption for the average customer for the period 2007 – 2012:

Duration of interruption for average customer 2007-2012 (minutes/year)

SAIDI	2007	2008	2009	2010	2011	2012	2013
Planned interruptions - Min per customer/Yr	79	61	59.3	64.1	47	45	42
Unplanned interruptions - Min per customer/Yr	115	94	81.3	82.1	70	60	87
Planned and unplanned interruptions - Min per customer/Yr	194	155	141	146.1	116	105	129

Customer Interruptions

In 2013 the average number of customer interruptions per customer per year was 1.308, with 0.05 due to major renewal programmes, 0.111 other planned outages and 1.142 due to unplanned interruptions.

System Minutes lost

In 2013 the System Minutes lost as a result of faults on the Main System was 0.4

System frequency

The TSO aims to maintain the frequency target operating range of 50 Hz +/- 0.1 Hz. The frequency was maintained within the target operating limits for 99.3% of the time in 2013.

- Monitoring time taken to connect and repair (Article 37(1)(m))

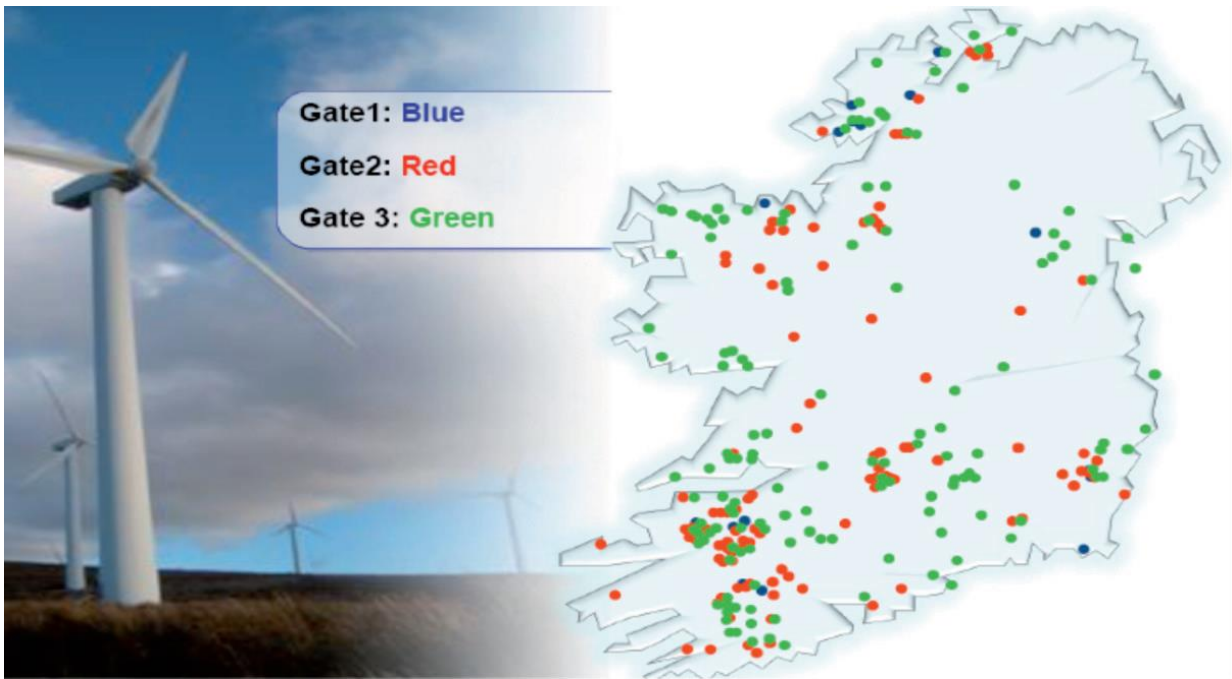
The CER monitors the activities of the transmission and distribution companies with regard to making connections and repairs. These are reviewed every five years as part of the CER's revenue control mechanisms. If concerns are identified, appropriate action including the establishment of incentives will be taken. There is not a definition in Ireland for "time to connect" for consumers and for producers.

Background on Connection Offers to Renewable Generators

The Government has set a national target for Ireland to achieve 40% of electricity consumption from renewable sources by 2020. The CER is responsible for developing generator connection policy in Ireland. On foot of the Government's targets and following public consultation, the CER published its decision on Gate 3 renewable generator connections in December 2008. Gate 3 is essentially the third round of connection offers for renewable generators such as wind-farms, processed under a system known as the Group Processing Approach. The Gate 3 renewables direction allowed for the issuance of connection offers by the System Operators to over 150 new renewable projects, with a combined capacity of about 4,000 MW. In addition to new renewable connections, the CER also published a direction to the System Operators on new non-renewable (conventional) generators offers which will be processed as part of Gate 3. This direction was published in December 2010.

Since then, the CER has been working with the electricity industry and the System Operators to ensure that Gate 3 offers roll out in accordance with the agreed offer issuance schedule and that Gate 3 parties remain fully up to date with the Gate 3 programme. The underlying aim of the CER's efforts in this area remains the achievement of Ireland's renewable targets by 2020 in the most efficient and cost effective manner possible. Gate 3 involves the connection of an unprecedented level of renewable generation in Ireland. The programme involves the issuance of around 3,200 MW of capacity to on-shore wind projects, with a further almost 800 MW of capacity to off-shore wind projects.

If all of these Gate 3 projects develop through to connection to the electricity system, on top of Gate 1 and 2 renewable generators, Ireland will have approx. 6,000 MW of renewable power connected. By any standards, this will be a significant level of mainly intermittent wind power. The location of the Gate 3 renewable projects is shown below, along with Gate 1 and 2.



To allow for the connection of all of these new renewable projects, the CER has sanctioned more than a billion euro investment in the electricity transmission system over the years 2011 to 2015. This includes the construction of new transmission capacity as well as the upgrading of existing capacity to allow these renewable projects to export their power. Delivery of this new infrastructure by the System Operators will be a key component of the success of Gate 3 and achievement of Ireland's renewable targets.

Already about 20% of our electricity consumption comes from renewable sources - mostly wind farms - one of the highest levels in the EU, and this has been facilitated by the connection of Gate 1 and Gate 2 renewable generators in recent years. All offers were issued to Gate 3 parties by 12th August 2011. Generators have already begun accepting their offers with just over 1,400 MW of renewable offers accepted by Q3 2013. All generators in the Gate will be required to accept or reject their offer by October 2013.

To ensure all Gate 3 generators remain fully up to date with the roll-out of Gate 3 the CER facilitates the Gate 3 Liaison Group. The Liaison Group continues to deal with a large volume of Gate 3 issues and is working effectively as a communications forum and information exchange between the CER, the System Operators and the electricity industry.

The uptake of Gate 3 has been very high, approximately 130 offers have been accepted for renewable projects which is approximately 3,400 MW of renewables.

3.1.3 Network tariffs for connection and access

Electricity Network Tariff Structure

The CER uses an incentive based model to determine the DSO and TSO allowed revenue. The CER sets the revenue for the DSO and TSO in a price control every five years. The CER reviews the allowed revenue on an annual basis, allowing for any updates since the five year review, and approves the revenue and sets the distribution and transmission tariffs. Part of the annual revenue and tariff setting process entails analyse historic data and forecast data submitted by the system operators. Benchmarking is also undertaken of cost and performance against international best practice of international comparators, top down and bottom up benchmarking was used in the five year review.

Transmission tariffs consist of postalised demand tariffs and locational generator tariffs, which recoup 75% and 25% of the “wires component” of the allowed transmission revenue (the vast bulk of the revenue) respectively. All allowed “non-wires” costs, such as ancillary services, are recovered through demand tariffs.

The network charge recovered from demand customers is not recovered solely on a capacity basis but is split between energy and capacity. 40% is recovered on an energy basis and 60% is recovered on a capacity basis through the ‘Network Capacity Charge’. This is allocated on a fixed basis through a per MW, Network Capacity Charge. This amounts to approx. 45% of wire costs being allocated to the network capacity charge.

The 40% of wire related costs that is allocated on an energy basis is recovered through an MWh Network Transfer Charge, as a result demand users are charged consistent with their associated usage.

There is also a capacity margin charge in place for recovering costs associated with demand side management schemes. This is recovered fully from demand users and does not form part of the TUoS revenue.

The 25% of the total allocation of network related costs that is allocated to generation users is recovered through the Generation Capacity Charge. Generators connected directly to the transmission system or indirectly via the distribution system pay locational use-of-system charges which are capacity based (Reverse MW-mile methodology).

Distribution connected generators with a capacity <10 MW have a locational Network Capacity Charge rate of zero. Generators equal to or greater than 10 MW pay a site specific Generator Network Capacity Charge.

Generators who can be called upon to offset flows and who have the potential to reduce the need for future investments are credited by the TSO. This could result in some of these generators having a negative overall TUoS charge; however a lower bound of zero has been set for generators who do not provide system security from a planning perspective – wind generation and ‘emergency’ generators.

3.1.4 Cross-border issues

- Access to cross-border infrastructure, including the procedures for the allocation of capacity and congestion management (Article 37(6)(c), Article 37(8), Article 37(9), use of revenues for interconnectors (article 37(3)(f))

This is discussed in detail in Section 3.2.1.

Report in particular on cases where specific cross-border cooperation between NRAs happened besides the general activity of the NRA in the frame of ACER/FG

With regard to the use of revenues for interconnectors, the CER approved the use of revenue statement for the East - West interconnector for 2012/13, indicating that revenues from congestion charges have been used in line with the requirements of Regulation (EC) No. 714/2009.

- Monitoring technical co-operation between Community and third-country TSOs (Article 37(1)(s))

Not applicable.

- Cooperation (Article 37(1)(c))

Other relevant cooperation agreements/activities of the NRA besides the RI

The CER continues to actively cooperate with the Northern Ireland Utility Regulator (UR) and the SEM Committee in relation to the development and monitoring of the Single Electricity Market. CER and UR also cooperate on cross border transmission and distribution network issues including the ongoing planning and development of the second north - south interconnector and the DS3 project. CER also engages with the British regulator Ofgem on cross border issues related to the East West interconnector and further proposed electricity links between Ireland and Great Britain including through the PCI process.

3.1.5 Compliance

The CER monitors the performance of the Transmission and Distribution companies and their compliance with the relevant Community legislation. No compliance issues were identified in 2013.

3.2 Promoting Competition

3.2.1 Wholesale markets

Please provide a brief illustration of the state of competition of wholesale market and the main changes in the recent year

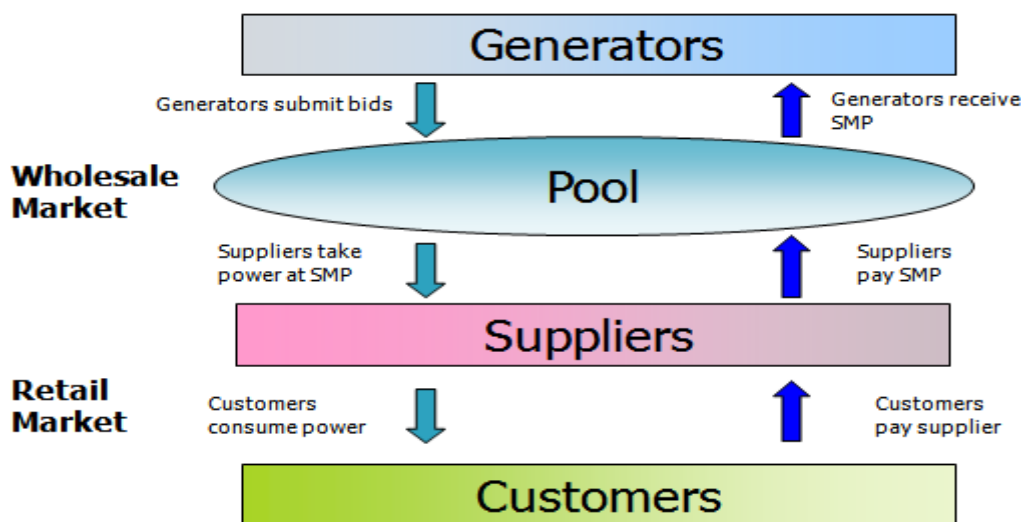
This section provides a summary of the key developments in the Irish electricity and natural gas sectors during 2013. It covers many of the key issues requested in the CEER's paper detailing the structure of this report in 2012, though account is taken for the specific structure of the Irish energy sector and market. The following items were identified as key tasks in the all-island Single Electricity Market (SEM) for 2013:

- Publish a decision paper outlining the SEM Committee recommendations to the Departments, DCENR and DETI, on the next steps in the process of implementing the European Target Model in Ireland/Northern Ireland;
- Procure international market design experts to advise the RAs on the High Level market design changes required to implement the European Target Model in SEM;
- Engage in an inclusive consultation process with all stakeholders on the changes to the High Level design and endeavour to publish a decision on same by end 2013;
- Progress annual work streams such as Directed Contracts and generator charges/losses;
- Complete Capacity Payments Review; and,
- Implement regulatory changes decided on from the market power and liquidity review.

SEM Background

The SEM is the wholesale electricity market for the island of Ireland which was opened on 1st November 2007. Comprising two separate jurisdictional electricity markets, the SEM is one of the first markets of its kind in Europe. It is designed to provide for the least-cost source of electricity generation to meet customer demand at any one time across the island, while also maximising long-term sustainability and reliability.

The SEM includes a centralised all-island gross mandatory pool (or spot) market. In this pool, electricity is bought and sold through a market clearing mechanism, whereby generators bid in their marginal cost and receive the System Marginal Price (SMP) for each trading period for their scheduled dispatch quantities, with the cheapest possible generator run to meet demand across the island. Suppliers (to electricity customers) that purchase energy from the pool, pay the SMP for each trading period along with capacity costs and system charges. This is illustrated below, with the detailed rules set out in the Trading and Settlement Code.



The SEM is regulated jointly by the CER and its counterpart in Belfast, the Northern Ireland Authority for Utility Regulation (Utility Regulator), and together referred to as the Regulatory Authorities or RAs. The decision-making body which governs the market is the SEM Committee, consisting of the CER, the Utility Regulator as well as an Independent Member (who also has a deputy), with each entity having one vote.

During 2013 the Regulatory Authorities continued to monitor and oversee the SEM and the suite of regulatory rules governing it, actively supervising the SEM and representing the interests of all-island consumers. Key SEM updates for 2013 are shown below.

SEM Dispatch and Scheduling: Tiebreaks

In late 2011, the SEM Committee published its decision on the Treatment of Price Taking Generation in Tie-breaks in Dispatch in the SEM. This paper set out the rule-set for the dispatch down of price taking generation in the event of a tie-break situation i.e. where there was no market indicator to distinguish between competing plant. This decision related to both the treatment of constraints and curtailment. However in March 2012, the SEM Committee decided to withdraw the element of its decision related to curtailment. A communication was issued to the industry on this, which was followed up by a consultation paper on the treatment of curtailment in tie-break situations in April 2012.

Following this review, the SEM Committee published a Proposed Decision paper which outlined its favoured option for the treatment of curtailment in tie-break situation. The SEM Committee, in early 2013 arrived at final decision on this matter. This decision outlined that all generators in the tie-break situation would be turned down on a pro-rata basis for the treatment of curtailment and that Dispatch Balancing Cost (DBC) compensation for curtailment will be available until 31st December 2017 but would no longer be available from 1st January 2018. The SEM Committee also published an approved rule-set provided by the TSOs to distinguish between constraints and curtailment.

As part of its decision on the treatment of constraints in tie-break situations published in December 2011, the SEM Committee required the TSOs to model constraint groups on the island and to provide a report to the SEM Committee. This was carried out in 2012 and the SEM Committee carried out a consultation on the proposed constraints groups. This identified a constraint group in the Donegal region and the South-west of Ireland. The SEM Committee subsequently approved the constraint groups modelled by the TSO, in early 2013.

European Market Integration

At the February 2011 European Council meeting, Member States committed to deliver a fully-functioning, interconnected and integrated internal energy market by 2014. The Communication on the Internal Energy Market published by the European Commission on 15th November 2012 highlighted the benefits of a truly integrated European market and identified the need for further action in a number of areas including consumer protection, enforcing the existing rules and investing in the modernisation of energy infrastructure.

In this context, a key focus for the CER during 2013 was to develop plans to integrate the SEM into this pan-European electricity market to promote cross-border competition and deliver significant benefits to consumers.

The EU “Target Model” for electricity evolved out of the EU’s Third Energy Package in 2009, which is a set of legislative measures that aim to create a single competitive European energy market. The Agency for the Cooperation of Energy Regulators (ACER), established under the third Package of EU energy legislation, has identified a number of key elements to the design of the Target Model to facilitate market integration. These include methods for calculating interconnector capacity available across borders and determining appropriate market zones. These also include methodologies for allocating cross border capacity in different timeframes namely forwards, day ahead and intraday.

SEM Market Integration Project (I-SEM)

Due to its centralised structure and gross mandatory pool design, it seems likely that the SEM will require significant modifications in order to implement the Target Model. In recognition of this, the SEM market was granted a two-year derogation, an additional two years to implement the Target Model, i.e. from 2014 to 2016.

In January 2012, the SEM Committee published a Consultation Paper seeking views on options for the implementation of the Target Model in Ireland and Northern Ireland in a manner that is consistent with national and EU policy objectives. In addition, the RAs hosted a number of industry workshops and engaged with a wide range of stakeholders including Government Departments, System Operators, Ofgem and ACER to discuss the issues involved in integrating SEM into the European market.

The SEM Committee published a proposed decision paper on the next steps in the process of market integration in November 2012 and a final decision paper in February 2013. The main conclusions of this decision paper include:

- The establishment of a set of high-level principles which will govern the design and implementation of the new market;
- The establishment of project governance arrangements with strengthened stakeholder engagement to ensure that consumer groups and market participants are adequately involved in the project.
- A commitment to maintaining the current structure of the SEM until 2016 and to carrying out an impact assessment on the new market design in line with best practice; and,
- A working assumption that the new market will continue to be based on transparent, centralised trading arrangements with least-cost dispatch.
- The total remuneration from energy payments, capacity payments and ancillary services will be sufficient to ensure security of supply.

Following the publication of the Next Steps decision paper the Regulatory Authorities (RAs) initiated the project to develop a new SEM High Level Design. The RAs procured consultancy support to advise the RAs on this project in September 2013. As part of the development of the Consultation Paper, the RAs established a High Level Design (HLD) Review Group consisting of experts from across the energy industry and consumer groups. The HLD Review Group met on four occasions from October 2013 to January 2014 and discussed various elements of the European Target Model and how SEM could be changed to meet its requirements.

In early February 2014 the SEM Committee published a consultation paper on the 'High Level Design for Ireland and Northern Ireland from 2016'. This consultation paper contains four distinct options for energy trading arrangements, including a qualitative assessment of each option against the High Level Design criteria. These four options allow full consideration of the choices facing the SEM in achieving compliance with the European Target Model. The consultation paper also contained a description of possible approaches to the explicit remuneration of capacity that can be used to support any of the four proposed options for the high-level energy trading arrangements. As per the Consultation Paper, the SEM Committee has named the new market to be in place from 2016 the Integrated SEM (I-SEM). A draft Decision Paper on the High Level Design was published in June 2014.

Framework Guidelines and Network Codes

The detailed rules of the Target Model are developed by the Agency for Cooperation of Energy Regulators (ACER) and the European Network of Transmission System Operators for Electricity (ENTSOE) and are finalised by the European Commission.

ACER initiates the process by developing Framework Guidelines. Based on these Framework Guidelines, ENTSOE develops detailed Network Codes. This is all done in consultation with interested stakeholders. The final Network Codes will be made into binding Regulations following a comitology process. More information on this process and the individual Framework Guidelines and Network Codes is available on the ACER and ENTSOE websites.

There are nine proposed Network Codes on:

- Capacity Allocation and Congestion Management

- Requirements for Generators
- Electricity Balancing
- Forward Capacity Allocation
- Demand Connection
- Operational Security
- Operational Planning and Scheduling
- Load Frequency Control and Reserves
- High Voltage Direct Current

ACER finalised the last Framework Guideline in 2012 and therefore the focus during 2013 was on providing Reasoned Opinions on ENTSOE Network Codes. In addition to this, a number of Network Codes have entered the informal stages of the comitology process.

In March 2013 ACER issued Recommendations to the European Commission to adopt the Network Code on Capacity Allocation and Congestion Management, the Network Code on Requirements for Generators, and the Demand Connection Code. The Capacity Allocation and Congestion Management Network Code entered the comitology process in December 2013.

In September 2013 the final Network Code on Operational Security and the final Network Code on Operational Planning and Scheduling were resubmitted to ACER by ENTSOE-E, following amendments being made in light of ACER's opinions and stakeholder comments.

In September 2013 ACER issued a positive reasoned opinion and recommendation to adopt the Network Code on Load Frequency Control and Reserves.

In October 2013 ENTSOE-E delivered the Network Code on Forward Capacity Allocation to ACER. In December 2013 ACER published its Opinion on this Code, outlining a number of issues on which it considers adjustments are required. The main issues raised by ACER related to firmness of cross border capacity and timelines for implementation. ENTSOE is currently reviewing ACER and other stakeholder comments with a view to resubmitting the code in 2014.

In December 2013, ENTSOE-E delivered the Network Code on Electricity Balancing to ACER. ACER has a period of three months to provide a Reasoned Opinion.

EC Consideration of Generation Adequacy in the EU

In late 2012 the European Commission (DG Energy) published a Consultation Paper on generation adequacy in the EU in the context of their communication on the Internal Energy Market.

In particular it had become apparent that there are plans in some Member States to take steps to secure new generation capacity to ensure security of supply. One key message of that Communication is the importance of allowing the market to work and ensuring that any interventions are well designed and effective. The consultation paper put forward for consideration potential criteria on assessing capacity remuneration mechanisms and other related interventions.

The EC subsequently published a Communication in November 2013 entitled "Delivering the internal electricity market and making the most of public intervention". In the communication, the EC assessed the main features of public interventions to correct market failures and considers how they can be designed or respectively adapted in order to increase their effectiveness. A key message in the EC document was that Well-designed, targeted and proportionate public intervention allows the competent public authorities to achieve public policy objectives without distorting markets beyond what is necessary.

Also in later 2013, the EC (DG Competition) published a Consultation Paper entitled “Draft Guidelines on environmental and Energy State aid for 2014-2020” in late 2013. The paper was open for consultation until 14 February 2014. The draft guidelines consultation sought to set out the conditions under which state aid measures may be declared compatible with the internal market. The EC are due to publish the final Guidelines on environmental and energy state aid in April 2014.

SEM GB Cooperation

In order to enable an efficient transition to the single European market, a number of regional initiatives were launched in 2006. These initiatives bring together Regulators, TSOs, the European Commission, Member State Governments, industry and stakeholders to develop and implement common policies for the trading of electricity across borders in each region. Ireland is part of the France-UK-Ireland (FUI) region.

The SEM Committee continued to progress work related to increasing electricity market integration with Great Britain throughout 2013. Key areas of cooperation include:

- Liaising between Regulators on progress with implementation of the European Target Model and ensuring coordination between developments in energy and capacity market designs.
- Progress by TSOs in the region on developing more robust countertrading and balancing arrangements in region.
- Approval with access rules for East West and Moyle interconnectors including rules on curtailment and auctioning of capacity.

3.2.1.1 Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

- Article 37(1)(i),(j) (k), (l) (u) and Article 40 (3)

Report separately the three issues: prices, transparency and effectiveness of competition. In particular regarding prices report on fundamentals, price developments and liquidity. Regarding transparency report on the access to prices and on how robust prices are and if at national level transparency obligations regarding pricing exist.

3.2.2 Retail market

Please provide a brief illustration of the state of competition of retail market and the main changes in the recent year

Increased competition and deregulation in retail markets requires a more comprehensive framework to monitor the state of competition and assess if consumers are benefitting from it, as required by the 3rd Package, which has been transposed into Irish legislation. The 3rd Package refers to a package of EU legislation on European electricity and gas markets, which places a renewed emphasis on customer protection. National regulators (including the CER) are required to monitor retail markets across a range of indicators, to take action where necessary, to prevent distortion or restriction of competition in the supply of electricity and gas to final customers, and to ensure that final customers are benefitting from competition in the supply of electricity.

3.2.2.1 Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

- Article 37(1)(i),(j),(k),(l),(u) and Article 40 (3)
- The CER has been developing a new retail market monitoring framework in order to meet the new requirements set out in the 3rd Package and to respond to the increased competition resulting from the deregulation of the electricity and gas markets. This monitoring framework will be crucial in ensuring that consumers continue to benefit from competition. In December 2013, the CER published a consultation on an enhanced market monitoring framework (the second of two consultation papers on this topic). A final decision on the market monitoring framework is to be published in July 2014.
- Throughout the course of 2013 the CER has continued to apply its existing market monitoring framework which covers a number of key indicators such as market share, switching rates, complaints, disconnections, suppliers' compliance with Codes of Practices and supply licences, and direct customer experiences (via annual survey and complaints). A number of reports were published over the course of the year providing stakeholders with market indicators in the above areas. These market monitoring activities in conjunction with the general customer protection measures will ensure that consumers benefit through the efficient functioning of the retail markets and in doing such fulfil the key retail aims of the 3rd Package.
- *Retail Market Shares*
- Competition continued to develop in the electricity retail market in 2013. Pinergy entered the domestic electricity market.
- In electricity, Electric Ireland continues to be the largest supplier in terms of customers across all segments and in terms of MWhs (except in the medium business market). Energia remains the largest supplier (in terms of MWhs) in the medium business market but is no longer the largest supplier in consumption terms in the small-business market. The domestic market share (MWhs) of Electric Ireland (57.2%) is under the threshold at which it was deregulated (60%).
- The following charts show the market shares of the key energy suppliers in the electricity domestic markets at the end of 2013:

Domestic Electricity Market

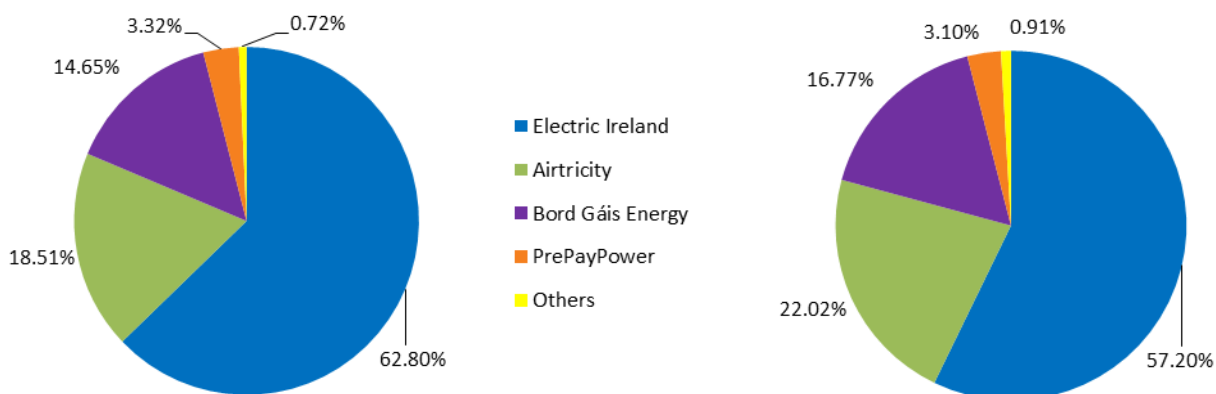


Figure Customer numbers share, domestic

Figure Consumption (MWh) share, domestic

- *Customer Switching*
- Switching is an important metric of competition and consumer engagement in the retail markets. Switching is continuing in both the electricity and gas markets and switching rates are above 10% in both markets. Under the VaasaETT description of the levels of switching, the Irish electricity market is considered a “warm active” market and switching activity is sufficient. The Irish gas market is considered a “hot market”. Ireland ranks very well globally in terms of switching rates.
- The total number of switches completed in the electricity market in 2013 was 266,224. This represented an increase in the total number since 2012 of +5.6%. Increases were experienced in all market segments. The level of switching in electricity has been at a relatively stable level since September 2011.

3.2.2.2. Recommendations on supply prices, investigations and measures to promote effective competition

The CER is responsible for the promotion and monitoring of competition in the electricity and gas retail markets. The CER has overseen the liberalisation and the full market opening of both the electricity and gas markets. The introduction and growth in competition in both markets has reduced the necessity for the CER to regulate the prices of the incumbent suppliers in each market. For each market segment in electricity and gas the CER identified the various conditions that must be met in order for deregulation to take place. These conditions are measured using the metrics contained in retail market reports (market share and switching). With the continued development of competition, the only market yet to meet the criteria for deregulation (and will remain subject to regulation until 01st July 2014) is the domestic NDM retail gas market.

Deregulation in Electricity

All market segments in electricity are deregulated. Business markets were deregulated in October 2010 and the domestic market was deregulated in April 2011.

The following were the criteria for deregulation in the domestic electricity market:

- At least 3 suppliers active in the market;
- A minimum of 2 independent suppliers, each of which has at least 10% share of load (GWhs) in the market;
- Switching rates greater than 10%;
- Deregulation at market share of 60% conditional on ESB removing the ESB brand.

All criteria for the deregulation of the domestic and business electricity market segments continue to be met.

Customer Protection

It is the CER’s statutory obligation to ensure a high standard of protection for final customers in the electricity and gas markets. In compliance with the Code of Practice on Disconnections, suppliers must ensure that disconnection is always the last resort.

The [Supplier Handbook](#) sets out the minimum service levels that electricity and gas suppliers must provide to their customers.

The Supplier Handbook stipulates minimum assistance that must be provided to customers in genuine financial hardship in managing their bills and suppliers are required to treat disconnection as a last resort. As part of these provisions, suppliers must offer customer payment plans that take the customer's ability to pay into account and no supplier may disconnect a domestic customer without offering them a free PAYG meter. In 2013, the CER audited suppliers' compliance with these provisions. The results of the audit are published on the CER's website (see [CER/13/248](#)) and showed that suppliers provided at least the minimum required assistance to customers in arrears to manage their bills. The CER's ongoing market monitoring also showed that in 2013, 26,591 electricity PAYG meters were installed. In December 2013, the CER extended, to the end of 2014, the requirement that suppliers can only pass on 50% of the charge for a disconnection or reconnection for reason of non-payment to a customer experiencing financial hardship.

In addition to ensuring that suppliers are adhering to these requirements of the Supplier Handbook, the CER continued to work further with industry and customer support and advocacy groups to ensure that customers are aware of them. This work was conducted through a working group, which SVP, MABS and DSP were members of. The working group developed guides on the general assistance available to customers in arrears and also on Pay As You Go meters. The guides have been used as information aids to assist the members of the working group to further disseminate information. An example of this is the publication of information on the "*Supports for Customers with their Energy Bills*" by the DSP.

Debt flagging was introduced in light of on-going concerns from energy suppliers and consumer organisations that, in the current economic climate, customer and industry debt levels are being exacerbated by some customers changing supplier in order to avoid paying their arrears or to avoid disconnection. This practice of "debt hopping" is considered to raise costs for energy suppliers, and consequently for all consumers, and further compounds an individual's debt situation making it more difficult to manage in the long run. Debt flagging sees the losing supplier raising a debt flag where a customer is seeking to switch away from them and the customer has an outstanding debt above amounts set by the CER. The gaining supplier, having received the debt flag, can then either choose to proceed with the switch or cancel it. The rules for this process are set out in CER/11/181, the Debt Flagging Industry Code. With the operation of debt flagging since October 2011, the CER conducted a review of its processes. This review showed that suppliers were adhering to the rules of the process and that no more than 0.8 % of customer switches in any market sector were being cancelled due to a debt flag. The review also showed that reducing the current thresholds by even 20 % would extend debt flagging to only a small percentage of customers (up to 4 % of any market sector). On the basis of these findings, the CER reduced the debt flagging thresholds. The debt flagging threshold for domestic customer was reduced from € 250 to 225 (for > 60 days from due). It was not reduced further as it would have approached the average bimonthly bill of a domestic customer, which on balance (between the interests of the consumer and the supplier) the CER believed would have been a little restrictive whilst also ensuring that large debts are not accumulated by debt hopping. The new thresholds, which went into effect on 1st July 2013, can be seen on the CER's website ([CER/13/135](#)).

Article 37(1)(o)

*Report on recommendations at national level on supply prices and competition
Describe system of regulated prices (if they exist)*

Article 37(4)(b)

Report on investigations carried out, main results and possible measures adopted

Report on tariff deficit if it exists

3.3 Security of supply (if and insofar as NRA is competent authority)

Implementation of safeguard measures Art. 42

The increase in renewable electricity generation has reduced Ireland's use of fossil fuel. In 2013 20.1% of electricity supplied in Ireland was renewable electricity. In 2010 gas accounted for 64% of electricity produced in Ireland, in 2013 this figure fell to 48%, this is a result of relative fuel prices, the addition of the East-West Interconnector, and increased renewables on the system. The CER must emphasise that while use of gas has reduced in recent years Ireland is still highly dependent on gas as a fuel for power generation. Gas powered generators are required to be flexible in their output and must make up for any shortfall in intermittent renewable power generation, often at short notice.

In 2012 the TSO (EirGrid) completed the installation of the 500MW East-West Interconnector between Ireland and the UK. The completion of this project has significantly increased Ireland's security of supply of electricity; additionally the EWIC has provided broader market access for the Irish consumer and has contributed to a reduction in electricity prices.

Due to the importance of gas as a fuel for electricity generation the CER require that in the event of a gas supply disruption base load gas powered plants are required to stock 5-days of secondary fuel while peaking plants are required to stock 3-days of secondary fuel. In its decision paper on Secondary Fuel Obligations in 2009 the CER committed to keep secondary fuel obligations under continuous review to address potential issues arising from gas supply sources and the increase in intermittent renewable generation on the electricity network. In 2014 the CER commenced analysis to estimate the impact of the current policy under various potential future scenarios. This will be used to influence future policy decisions.

3.3.1 Monitoring balance of supply and demand

Article 4:

The CER has a role in monitoring security of supply/generation adequacy and, together with the EirGrid and the Department of Communications, Energy & Natural Resources (DCENR), putting in place appropriate arrangements to ensure that a satisfactory generation capacity margin is maintained and electricity supply is secured.

The continued monitoring of security of supply remains a key priority for the CER. In this regard the CER works closely with DCENR and EirGrid to monitor market changes and potential impacts on security of supply.

EirGrid expect that there will be an increase in surplus capacity in the coming years peaking between 2015 and 2020. The resulting positive adequacy levels are due to the continuing connections onto the system. In 2021 Tarbert 1,2,3,4 will be decommissioned resulting in a lowered adequacy which will be offset by the connection of plants at Great Island, Caulstown, Dublin Waste to Energy, Nore, Cuileen, & Suir.

3.3.2 Monitoring investment in generation capacities in relation to SoS

Article 37(1)(r)

Member states are required to establish a regulatory framework that provides investment signals for both the transmission and distribution system network operators to develop their networks in order to meet foreseeable demand from the market and facilitates maintenance and, where necessary, renewal of their networks.

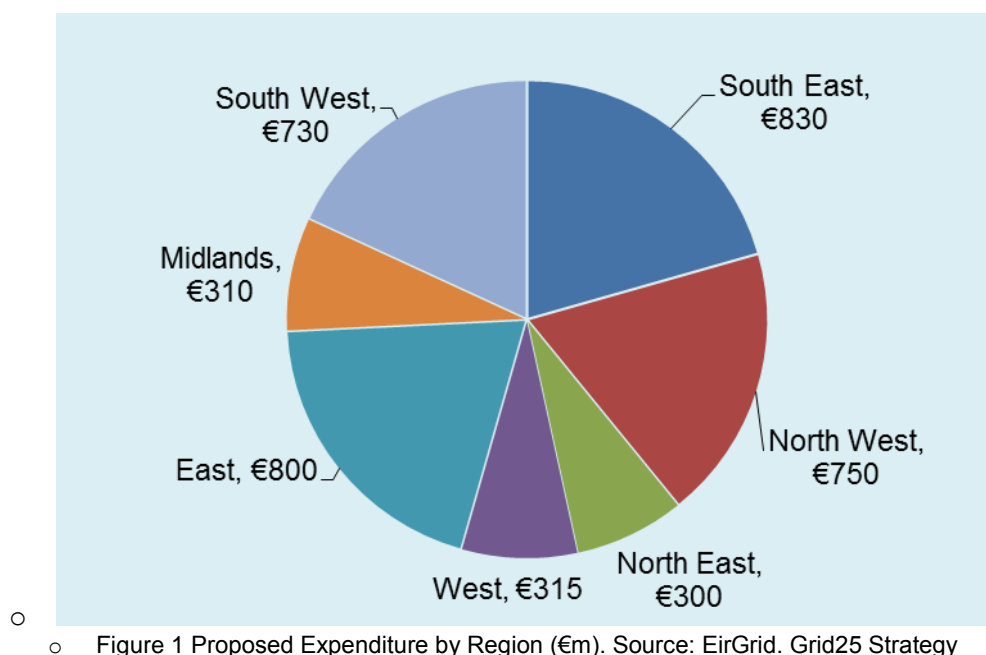
Grid 25 is a significant investment programme which relates to the upgrading of existing infrastructure and the construction of new stations and circuits where required. It represents an investment of €3.2 billion in the transmission system which will ensure that Ireland's Grid is

future ready. This nationwide investment is required due to the increasing amount of renewable energy being connected to the Grid at present. Grid 25 will allow for increased capacity to match the changing generation and demand landscape in Ireland.

There are specific investment projects in place under Grid 25. These include new 110kV and 400kV transmission lines and substations in addition to the strengthening of existing circuits.

The significant investment in strengthening capacity connections between regions allows regional demand to be met in the best way possible. This is of particular importance due to the geographical distribution of demand in Ireland. Whereas maximum wind potential is located along the West coast where wind levels are significant, Ireland's population is concentrated along the East coast. As a result it is of vital importance that the grid is capable of facilitating this regional increase in future generation on the network and successfully facilitate its transmission.

The successful rollout of an upgraded electricity network is a key requirement in achieving the ambitious renewable generation targets and for maintaining a secure and reliable system. To this end there will be significant investment in the transmission and distribution networks in the coming years. The timely rollout of Grid25 and the development of the network will require a joined up approach and co-operation between government bodies, market participants and electricity customers.



Article 7 2005/89/EC

EirGrid are currently undertaking a feasibility study of a 700MW interconnector between Ireland and France. If this project is to commence it would be expected to be completed by approx. 2025. This project has PCI status.

Article 7 2005/89/EC

EirGrid carried out an analysis of electricity requirements for the years up to and including 2023. In all scenarios total electricity requirements are expected to rise. In a low growth scenario growth demand is expected to grow by 1% in 2014, 0.7% in 2015 and 0.2 in 2016. In a median growth scenario a rate of 1% demand is expected in 2014 with 1.2% and 1.4% in the following years. Finally utilising a high demand scenario a rate of 1% growth would be expected for 2014 with this rising to 1.2% in 2015 and 1.4% 2016.

A new CCGT is due to connect at Great Island in 2014, four new OCGTs and one waste-to-energy unit have connection agreements, which if realised, would add 812 MW of generation capacity.

EirGrid state that generators powered by heavy fuel oil (HFO) are steadily disappearing from Ireland. Over the next 9 years, all the HFO units at Great Island and Tarbert are due to close, leading to a reduction in capacity of 802 MW.

Under Ireland's 20/20/20 commitments 40% renewable penetration is to be achieved by 2020. At present there is a total of 2093MW of connected wind generation on the Irish system with approximately 2120MW contracted for addition to the system.

Under Ireland's 20/20/20 commitments 40% renewable penetration is to be achieved by 2020. At present there is a total of 2093MW of connected wind generation on the Irish system with approximately 2120MW contracted for addition to the system.

3.3.3 Measures to cover peak demand or shortfalls of suppliers

- Article 4

Since November 2007 the Northern Ireland Authority for Utility Regulation (Utility Regulator) and the CER, together referred to as the Regulatory Authorities (RAs), have jointly regulated the all-island wholesale electricity market known as the Single Electricity Market (SEM) covering both Northern Ireland and the Republic of Ireland. Since its commencement, the SEM has been governed by the SEM Committee, consisting of the CER and the Utility Regulator, and an independent member, which has sole jurisdiction to make decisions on SEM on behalf of the RAs.

The SEM includes a centralised all-island gross mandatory pool (or spot) market. In this pool electricity is bought and sold through a market clearing mechanism, whereby generators bid in their marginal cost and receive the System Marginal Price (SMP) for each trading period for their scheduled dispatch quantities, with the cheapest possible generators run to meet demand across the island. Generators also receive separate payments for the provision of available generation capacity through a capacity payment mechanism, and constraint payments for differences between the market schedule and the system dispatch. Suppliers (to electricity customers) purchase energy from the pool and pay the SMP for each trading period along with capacity costs and system charges.

Wind farms are an example of electricity generators that have very low SRMC (Short Run Marginal Cost) - the wind is free and so typically they receive a higher rate of infra-marginal rent than other electricity generators, which in turn is needed to pay for their much higher fixed costs.

By closely reflecting customer demand and the underlying fuel costs associated with power generation, wholesale electricity prices in the SEM have been as would be expected in an efficient and competitive market.

The SEM is ensuring that the most efficient plants are run and, through the SMP, provides a clear price signal for new more efficient generators to enter the market as needed.

4 The gas market

4.1 Network regulation

4.1.1 Unbundling

Articles 10,11 2009/73/EC Article 3 Regulation (EC) 715/2009

Article 26

Report on TSO certification, DSO provisions regarding branding and resources and new developments regarding certification revisions. Report also on storage and LNG

The CER issued a letter to Bord Gais Eireann in July 2013 detailing the decision to certify Bord Gais Eireann as an ITO subject to certain conditions regarding the completion of ITO transfer tasks and resolving issues identified by the EU Commission in their opinion on the ITO establishment. The letter issued also referred to a likely sale of BGE generation, supply and retail businesses and the anticipation that BGE would submit a Full Ownership Unbundled application (FoU). The sale of the energy businesses was finalised during the end of June 2014 to a consortium including Centrica. A draft application for certification as a Fully Unbundled TSO has now been received and is currently being reviewed by the CER. A formal application is expected following the transfer of assets which is expected to be signed by the Minister in Sept 2014. Currently Gaslink is also the DSO for Ireland, with Bord Gais Networks as transmission and distribution network asset owner. The transfer plan (to be signed in Sept provides that all current licences will transfer to the newly established company Gas Networks Ireland.

Storage on the Irish gas system is provided at the Inch storage facility. This is operated by PSE Kinsale Energy an independent company. There is not yet an operational LNG terminal in Ireland.

4.1.2 Technical functioning

- Balancing services (Article 41(6)(b), Article 41(8))

The TSO in Ireland (Gaslink) currently provide balancing services through contractual purchasing of balancing gas. All shippers are currently obliged to hold a zero imbalance position and this minimises the requirement to purchase balancing gas. Imbalance charges are set as such to incentivise shipper to maintain a balanced portfolio and are effective in minimising the balancing costs on the system. All costs for balancing and scheduling actions taken by the TSO are cash neutral to the TSO and recouped from shippers through system imbalance mechanisms and charges. *Currently the TSO is limited to maximum daily quantities of Balancing Gas Buy of 15,000,000 kWh and the Balancing Gas Sell of 20,000,000 kWh.*

Monthly reports on balancing actions taken and imbalance costs are published on the TSO website.

Changes to current operations due to the implementation of the EU Balancing Network Code are being worked up by the TSO with stakeholder involvement to achieve implementation by Nov 2015.

- Security and reliability standards, quality of service and supply (Article 41(1)(h))

As required in licence conditions Gaslink supply an annual performance report to the CER which details security and reliability standards, quality of service and supply criteria. Annual performance is measured and reviewed against set KPI's. This report is reviewed in depth by

the CER and approved for publication if found satisfactory. Where it deems necessary the Commission may issue direction to Gaslink to improve or remedy poor performance standards. The Annual performance report for 2012 was submitted to the CER in Apr 2013 and following review and modification the CER gave approval to Gaslink to publish in July 2013. The CER also monitors adherence to the published Customer Codes of Practice on Customer complaints, Vulnerable Customers and Disconnection Procedures.

- Monitoring time taken to connect and repair (Article 41(1)(m))

In 2012, Bord Gáis Networks connected an additional 4,507 new distribution customers to the gas network. This represents an increase of 0.70% in the total number of distribution connected customers. CER monitors the level of appointments kept by BGN which surpassed the previous year at 98.1% compared with 97.5% in the previous year.

For temporary gas reinstatements BGN is required to indicate the level of such connections successfully completed within the 24 hour standard required. For 2012 this level is at 98.4% of 8,118 such reinstatements. For permanent reinstatements a 20 working day standard must be met. Of such reinstatements 96.6% were completed within the required timeframe which is an increase of 4% on the previous year.

CER monitors these performance standards and approves the publication of the Gaslink Performance Report. Where agreed standards are not being met the CER may issue directions to Gaslink.

- Monitoring safeguard measures (Article 41(1)(t))

In line with EU Regulation 994/2010 Member States are required to implement measures to safeguard gas security of supply, including, inter-alia, the development of a biennial national Risk Assessment. An integral part of the Risk Assessment is the ability of the EU Member State to meet the demand for gas in the event of failure of the largest piece of infrastructure supplying the country (i.e. Article 6: Infrastructure Standard). This is to be demonstrated by the application of the N-1 standard. In the event that a Member State cannot fulfil the N-1 standard on a national basis, the Regulation permits the adoption of a regional approach towards meeting the N-1. If the regional approach is adopted, there is an obligation on the Member States involved to produce on a regional basis a:

- Joint Risk Assessment;
- Joint Preventive Action Plan; &
- Joint Emergency Plan.

As part of its compliance with the Regulation, the Competent Authorities in the UK (i.e. DECC) and Ireland (i.e. CER) submitted their respective national Risk Assessments to the European Commission in Q4-2011. While the UK's Risk Assessment shows that it is able to meet the N-1 standard, Ireland's Risk Assessment confirmed that it is unable to meet the N-1 standard in 2014. Following a request from the CER, DECC(as the Competent UK Authority) have agreed to adopt a regional approach between the UK and Ireland towards meeting the N-1 standard, as permitted under the Regulation. This has been facilitated through the UK Ireland Emergency Group Forum which includes representatives from UK, Irish and Northern Irish Government Departments, NRA's, and Electricity and Gas TSO's.

The CER submitted its most recent National and Regional risk Assessments to the European Commission on June 3rd 2014. The CER is now developing the Preventative Action Plan and Emergency Plans for submission in December 2014.

- Monitoring access to storage, linepack and other ancillary services (Article 41(1)(n))

There is one storage facility in Ireland. This facility is exempt from regulated third party access. Further to a request from the facility operator, in 2014 the CER reviewed the arrangements

relating to access to this facility and following consultation with stakeholders, made minor changes to the regime.

- Monitoring correct application of criteria that determine model of access to storage (Article 41(1)(s))

See above.

- Regulated and negotiated access to storage 41(1)(s)

See above under answer to Article 41(1)(n)

4.1.3 Network tariffs for connection and access

The CER is responsible for setting the annual Transmission and Distribution tariffs that Gaslink apply for access to the gas system. These tariffs aim to recover the Allowed Revenues which are set out in a series of Price Controls over a 5 year period. Bord Gáis Networks is currently in its third Price Control.

These network tariffs are set annually in August for application from the beginning of the Gas Year in October. As part of each Price Control CER publishes the models that accompany the Price Controls. These models are updated annually in line with the setting of network tariffs and aim to provide transparency for stakeholders in how network tariffs are calculated.

With changes to gas flows in Ireland imminent¹, CER is currently working on reforming the gas entry tariff regime. It is proposed that such reform will consider the developments of the ACER Framework Guidelines on Tariffs and the ensuing ENTSOG Network Code on Tariffs.

At present Ireland does not have any LNG facilities. However, as part of the entry tariff reform process the CER will consider the implications of a potential LNG entry point which may be developed by Shannon LNG in Southwest Ireland.

As part of the Price Control for Bord Gáis Networks in an effort to accommodate an environment of innovation in the Irish gas industry, an Innovation Group has been established. The group comprises of CER, Bord Gáis Networks and key stakeholders. The Group aims to foster creativity, tailor innovation, and consider solutions to meet gas industry needs. The Group intends to fund both physical demonstration projects and related research activities in the area such as Compressed Natural Gas (CNG) and biogas.

- Prevention of cross-subsidies (Article 41(1)(f))

As stated above the Price Control for the Transmission and Distribution are set separately. As the Regulated Asset Base (RAB) and the ensuing Allowed Revenues are set separately the risk of cross-subsidisation is minimal. On the supply side up until 2014 CER regulated the residential tariff for Bord Gáis Energy. The Revenue Control Formula (RCF) set out a strict formula for calculating the Required Revenues for the residential sector based on inputs such as wholesale gas costs, network tariffs and an appropriate rate of return. The CER deregulated this market in July 2014 as the threshold for deregulation had been met.

- Regulated and negotiated access to storage 41(1)(s)

See answer to Article 41(1)(n) in the section above.

4.1.4 Cross-border issues

¹ Flows from the Corrib gas field are expected in 2015

The CER partakes in regular cross border co-operation through the form of bilateral and trilateral meetings where relevant with adjacent NRA's in particular on cross border implementation of the Network Codes on CAM, CMP and Balancing. In addition to these meetings the CER has a productive working relationship with cross border TSO's, Government departments and NRAs on issues relating to security of supply, reporting under Regulation 994 and cross border capacity issues

Other relevant cooperation agreements/activities of the NRA besides the RI

- Monitoring investment plans and assessment of consistency with Community-wide network development plan Article 41(1)(g)

The CER engages with the TSO and with ACER to monitor consistency between the Irish Network Development Plan and the TYNDP.

In 2013 Gaslink, as the relevant TSO published the Network Development Plan 2013. The CER held a two stage consultation on the NDP. The first, prior to the drafting of the NDP aimed to ensure that relevant stakeholders were consulted by Gaslink. A second consultation aimed to invite comments more widely from the public on the contents of the NDP. As per the requirements of Article 22 of Directive 2009/73/EC the NDP outlines the transmission investments that will be executed in the next three years as well as the main transmission infrastructure that needs to be built or upgraded over the next ten years.

The Gaslink NDP 2013 identifies two particular projects identified two longer term strategic projects. These projects are reinforcement of South West Scotland Onshore system (SWSOS), reinforcement of the ringmain from Goat Island to Curraleigh West. In addition, Gaslink identified that Midleton Compressor Station may require investment in the future to ensure positive pressures in the southern region.

4.1.4 Compliance

- Compliance of regulatory authorities with binding decisions of the Agency and the Commission (Article 41(1)(d)) and with the Guidelines (Article 43)

Not applicable

- Compliance of transmission and distribution companies, system owners and natural gas undertakings with relevant Community legislation, including cross-border issues (Article 41(1)(b), Article 41(1)(r), Article 41 (3) and Article 41(5)) + imposing penalties (Article 41(4)(d))

Not applicable

4.2 Promoting Competition

4.2.1 Wholesale markets

4.2.1.1 Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

- Article 41(1)(i) , (j), (k) (l) (u) and Article 44(3)

Report separately the three issues: prices, transparency and effectiveness of competition. In particular regarding prices report on fundamentals, price developments and liquidity. Regarding transparency report on the access to prices and on how robust prices are and if at national level transparency obligations regarding pricing exist.

There is a Market Monitoring Unit (MMU) within the Regulatory Authorities which among other things monitors wholesale prices within the Single Electricity Market (SEM). The MMU is one of the market power mitigation strategies implemented at the beginning of the SEM.

The MMU produces regular internal daily, weekly and monthly reports on wholesale prices, generation costs and other wholesale outcomes (for example interconnector flows). The MMU do not currently publish any reports, but has recently committed to the publication of a quarterly report on SEM outcomes. The primary purpose of this report is to increase the levels of transparency in the SEM for all stakeholders.

4.2.2 Retail market

Please provide a brief illustration of the state of competition of retail market and the main changes in the recent year

4.2.2.1 Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

- Article 41(1)(i),(j) (k), (l) (u) and Article 44 (3)

Report separately the three issues: prices, transparency and effectiveness of competition. In particular regarding prices report on fundamentals, price developments and liquidity. Regarding transparency report on the access to prices and on how robust prices are and if at national level transparency obligations regarding pricing exist. Make reference to dual fuel if necessary.

Increased competition and deregulation in retail markets requires a more comprehensive framework to monitor the state of competition and assess if consumers are benefitting from it, as required by the 3rd Package, which has been transposed into Irish legislation. The 3rd Package refers to a package of EU legislation on European electricity and gas markets, which places a renewed emphasis on customer protection. National regulators (including the CER) are required to monitor retail markets across a range of indicators, to take action where necessary, to prevent distortion or restriction of competition in the supply of electricity and gas to final customers, and to ensure that final customers are benefitting from competition in the supply of electricity.

- Article 41(1)(i),(j) (k), (l) (u) and Article 44 (3)

The CER has been developing a new retail market monitoring framework in order to meet the new requirements set out in the 3rd Package and to respond to the increased competition resulting from the deregulation of the electricity and gas markets. This monitoring framework will be crucial in ensuring that consumers continue to benefit from competition. In December 2013, the CER published a consultation on an enhanced market monitoring framework (the second of two consultation papers on this topic).

Throughout the course of 2013 the CER has continued to apply its existing market monitoring framework which covers a number of key indicators such as market share, switching rates, complaints, disconnections, suppliers' compliance with Codes of Practices and supply licences, and direct customer experiences (via annual survey and complaints). A number of reports were published over the course of the year providing stakeholders with market indicators in the above areas. These market monitoring activities in conjunction with the general customer protection measures will ensure that consumers benefit through the efficient functioning of the retail markets and in doing such fulfil the key retail aims of the 3rd Package.

Retail Market Shares

- Competition continued to develop in the gas retail market in 2013. Data showed that the incumbent supplier in the gas Non Daily Metered (NDM) retail market, Bord Gáis Energy, continued to lose market share.
- In gas, Bord Gáis Energy remains the largest supplier in terms of customers and consumption in domestic, IC and FVT markets. In the RTF market Energia has the highest GWhs and customer number share. While Bord Gáis Energy had a 57.19% share of customers in the domestic gas market in Q4 2013, it has experienced significant decreases in share over the past year. Bord Gáis Energy is expected to reach the threshold for deregulation (55% without rebranding) in June 2014 and will be deregulated in July 2014.
- The following charts show the market shares of the key energy suppliers in the gas domestic market at the end of 2013:

Domestic Gas Market

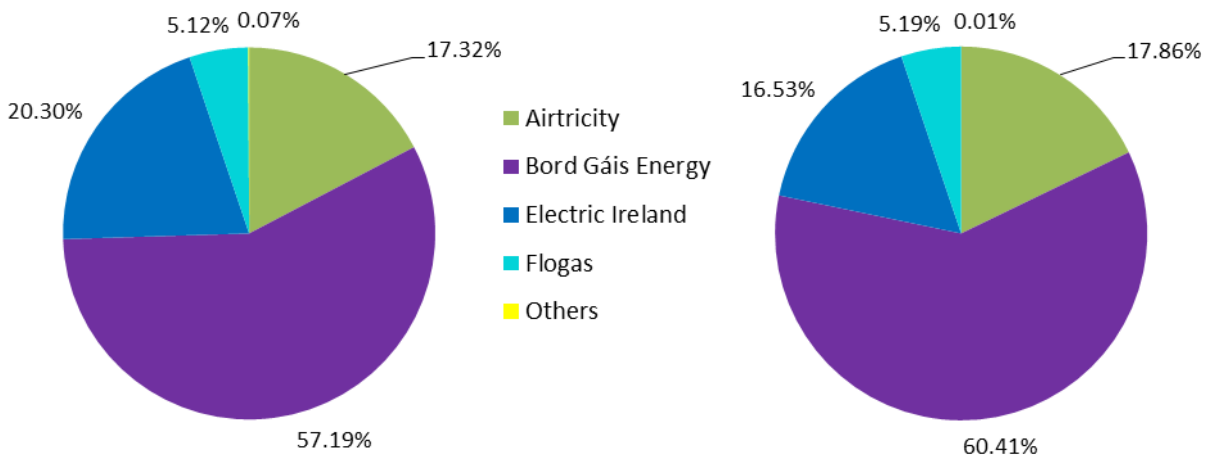


Figure Customer Numbers, Domestic Gas Market, Q4 2013

Figure Consumption, GWh, Domestic Gas Market, Q4 2013

- *Customer Switching*
- Switching is an important metric of competition and consumer engagement in the retail markets. Switching is continuing in the gas market and switching rates are above 10%. Under the VaasaETT description of the levels of switching, the Irish gas market is considered a “hot market”. Ireland ranks very well globally in terms of switching rates.
- The total number of switches complete in the gas market in 2013 was 117,002. This represented an increase in the total number since 2012 of +5.8%.

- The [Supplier Handbook](#) sets out the minimum service levels that electricity and gas suppliers must provide to their customers. With regard to prices, all suppliers are required to publish details of the tariff plans that are available to domestic customers. Suppliers are required to notify customers of any price change at least one month in advance of the change taking effect. These measures help in ensuring that there is transparency in the market and that customers are aware of prices.
- In 2011 the CER published its decision on the accreditation framework for price comparison websites. Under the accreditation framework, a website providing an energy price comparison service is only accredited by the CER if it meets defined standards for accuracy, transparency, and reliability. An accredited site will also be audited at least annually by the CER to ensure that it continues to provide a high standard of service. In addition to these annual audits the CER conducts regular spot checks. The accreditation system provided by the CER gives energy customers the confidence to use price comparison websites, assisting them in comparing tariff offers and getting the best tariff deal. In 2012, the CER accredited the first price comparison website. The website in question was Bonkers.ie. In 2013, the CER conducted its first annual audit of Bonkers.ie. The results of this audit can be found on the CER's website; see [CER/13/280](#). During 2013, the CER accredited a second price comparison website, uSwitch.ie.
- Overall, latest data shows that domestic Irish gas prices are around the EU average for the dominant consumption band in Ireland, with lower and higher prices depending on consumption band. Prices increased across suppliers towards the end of 2013 and in early 2014.

4.2.3 Recommendations on supply prices, investigations and measures to promote effective competition

The CER is responsible for the promotion and monitoring of competition in the electricity and gas retail markets. The CER has overseen the liberalisation and the full market opening of both the electricity and gas markets. The introduction and growth in competition in both markets has reduced the necessity for the CER to regulate the prices of the incumbent suppliers in each market. For each market segment in electricity and gas the CER identified the various conditions that must be met in order for deregulation to take place. These conditions are measured using the metrics contained in retail market reports (market share and switching). With the continued development of competition, the only market yet to meet the criteria for deregulation (and will remain subject to regulation until 01st July 2014) is the domestic NDM retail gas market.

Deregulation in Gas

The gas business markets were fully deregulated in October 2011. The domestic gas market was deregulated on 1st July 2014.²

- A decision paper CER 13/096 NDM Retail Market Review was published in April 2013. This paper outlined the CER's decision with regard to the development of competition in the domestic retail gas market and identified the market share thresholds at which deregulation would occur:
- At least 3 suppliers, of which two are non-Bord Gáis Energy suppliers;

² [CER/14/117](#) Domestic Gas Market Deregulation Decision.

- Each non-Bord Gáis Energy supplier has a market share is in excess of 10%;
- Customer switching rates in excess of 10% per year;
- Threshold for deregulation is 60% (customers) with rebranding of its retail business and without rebranding the threshold is 55%.

All these conditions were deemed to have been met in June 2014 and the market was deregulated on 01st July 2014.

The CER is continuing to monitor the development of competition in all electricity and gas markets.

Customer Protection

It is the CER's statutory obligation to ensure a high standard of protection for final customers in the electricity and gas markets. In compliance with the Code of Practice on Disconnections, suppliers must ensure that disconnection is always the last resort.

The [Supplier Handbook](#) sets out the minimum service levels that electricity and gas suppliers must provide to their customers.

The Supplier Handbook stipulates minimum assistance that must be provided to customers in genuine financial hardship in managing their bills and suppliers are required to treat disconnection as a last resort. As part of these provisions, suppliers must offer customer payment plans that take the customer's ability to pay into account and no supplier may disconnect a domestic customer without offering them a free PAYG meter. In 2013, the CER audited suppliers' compliance with these provisions. The results of the audit are published on the CER's website (see [CER/13/248](#)) and showed that suppliers provided at least the minimum required assistance to customers in arrears to manage their bills. The CER's ongoing market monitoring also showed that in 2013, 18,519 gas PAYG meters were installed. In December 2013, the CER extended, to the end of 2014, the requirement that suppliers can only pass on 50% of the charge for a disconnection or reconnection for reason of non-payment to a customer experiencing financial hardship.

In addition to ensuring that suppliers are adhering to these requirements of the Supplier Handbook, the CER continued to work further with industry and customer support and advocacy groups to ensure that customers are aware of them. This work was conducted through a working group, which SVP, MABS and DSP were members of. The working group developed guides on the general assistance available to customers in arrears and also on Pay As You Go meters. The guides have been used as information aids to assist the members of the working group to further disseminate information. An example of this is the publication of information on the "*Supports for Customers with their Energy Bills*" by the DSP.

Debt flagging was introduced in light of on-going concerns from energy suppliers and consumer organisations that, in the current economic climate, customer and industry debt levels are being exacerbated by some customers changing supplier in order to avoid paying their arrears or to avoid disconnection. This practice of "debt hopping" is considered to raise costs for energy suppliers, and consequently for all consumers, and further compounds an individual's debt situation making it more difficult to manage in the long run. Debt flagging sees the losing supplier raising a debt flag where a customer is seeking to switch away from them and the customer has an outstanding debt above amounts set by the CER. The gaining supplier, having received the debt flag, can then either choose to proceed with the switch or cancel it. The rules for this process are set out in CER/11/181, the Debt Flagging Industry Code. With the operation of debt flagging since October 2011, the CER conducted a review of its processes. This review showed that suppliers were adhering to the rules of the process and that no more than 0.8 % of customer switches in any market sector were being cancelled due to a debt flag. The review

also showed that reducing the current thresholds by even 20 % would extend debt flagging to only a small percentage of customers (up to 4 % of any market sector). On the basis of these findings, the CER reduced the debt flagging thresholds. The debt flagging threshold for domestic customer was reduced from € 250 to 225 (for > 60 days from due). It was not reduced further as it would have approached the average bimonthly bill of a domestic customer, which on balance (between the interests of the consumer and the supplier) the CER believed would have been a little restrictive whilst also ensuring that large debts are not accumulated by debt hopping. The new thresholds, which went into effect on 1st July 2013, can be seen on the CER's website ([CER/13/135](#)).

4.3 Security of supply

(Article 5) (if and insofar as NRA is competent authority)

4.3.1. Monitoring balance of supply and demand

In Ireland Natural gas is used for power generation, industrial & commercial sectors and residential. Gas demand for power generation averages at 56% (rising as high as 85% in summer). The industrial/commercial sectors make up on average 19% of gas demand, while the residential sector accounts for approximately 25% of gas demand.

The majority of the gas demand (96%) in Ireland is supplied by GB gas imports through Moffat, with the remainder being supplied from production gas from an off-shore gas field at the Inch entry point. Additionally, a storage gas facility at this entry point can provide up to 10% of Ireland's demand on a high demand day. GB imports through Moffat are delivered into this facility in the summer in order to refill the storage supplies for use during the winter period. The Inch entry point, therefore can contribute up to 15% of demand on a winters day. The facility can store up to 60 days of gas demand but at present the deliverability is at a rate of 2.55mscm/d (27.6GWh/d).

Ireland's dependence on gas imports from GB will decrease in the short term when the Corrib gas field comes on stream. Corrib is expected to meet approximately 47% of annual system demands over the first two years of operation, and 25% of peak day gas demands. First gas from Corrib is expected to flow in early/mid 2015. Corrib has a short production profile and is expected to rapidly deplete within 6 years of its commencement. Therefore, initial peak production of Corrib (forecasted to be 92.7 GWh/d) is expected to decline to 52.1 GWh/d. Given Irelands position on the extremity of the European gas network and the high level of dependence placed on natural gas for electricity generation the CER is cognisant of the importance of secondary fuel obligations at Power stations for Ireland's security of electricity supply. In its decision paper on Secondary Fuel Obligations in 2009 the CER committed to keep secondary fuel obligations under continuous review.

The CER is currently about to consult on proposed changes to the Secondary Fuel obligation to address potential issues arising from gas supply sources and the increase in intermittent renewable generation on the electricity network.

4.3.2 Expected future demand and available supplies as well as envisaged additional capacity

See above.

4.3.3 Measures to cover peak demand or shortfalls of suppliers

- Art 41(1)(t): implementation of safeguard measures

See above and also answer to Article 41(1)(t) in section 4.1.2

5 Consumer protection and dispute settlement in electricity and gas

5.1. Consumer protection

- Compliance with Annex 1 (Article 37(1)(n)) and (Article 41(1)(o))
- Ensuring access to consumption data (Article 37(1)(p)) and (Article 41(1)(q))

This section outlines specific consumer protection measures which have been put in place by the CER for the benefit of consumers. Customer protection obligations are binding on all suppliers. Though broadly similar the requirements vary for domestic and business customer, with greater requirements placed on suppliers of domestic customers – for example they must obtain CER approval of their Terms and Conditions.

Customer protection measures take the form of supplier codes of conduct and supplier charters (contracts). These measures are broadly equivalent for electricity and gas.

Quality of Supply

In electricity, under condition 13 of the ESB Distribution System Operator's licence, in 2001 the ESB submitted to the CER a report setting out the criteria against which the performance of the Distribution Business would be measured. These criteria included data on the number of disconnections, the number of customer minutes lost etc.

Every year since 2001, the DSO has submitted an annual performance report outlining performance against these criteria. This report is published by the CER in September of every year. The CER can amend these performance criteria from time to time. Condition 11 of the Transmission System Owner's licence and condition 16 of the Transmission System Operator's licence include equivalent conditions. The TSO does not submit an annual performance report. However, transmission performance indicators are provided for in the regulated accounts.

In 2004, the CER issued gas transmission and distribution system operator licences to BGE Networks (at that time known as BGE Transportation). Conditions 14 and 18 of the distribution licence and conditions 15 and 19 of the transmission licence refer to quality and safety obligations. To facilitate legal unbundling as required by 2003/55/EC the CER granted Transmission and Distribution Operator licences to Gaslink the newly established Independent System Operator in 2008.

Supplier Codes of Conduct & Customer Charters - Gas & Electricity

Suppliers are currently required to produce the following Codes of Practice in order to provide their customers with a level of customer protection:

- Code of Practice for Marketing;
- Code of Practice for Billing, Payment and de-energisation / disconnection;
- Code of Practice on Complaints Handling;
- Code of Practice for Vulnerable Customers – if serving domestic customers;
- Code of Practice for Budget Controllers/ Prepayment metering – if serving domestic customers; and
- Customer Charter – if serving domestic customers.

The CER issued guidelines in relation to all of these Codes of Practice and the Customer Charter to ensure consistency in their production. The early 2007 the first version of these codes were published by suppliers. Changes to the Codes of Practice for de-energisation /

disconnection were introduced in 2010, which introduced a greater level of assistance to customers to avoid disconnection in these testing economic times – for example a requirement on suppliers to offer a free “pay as you go” meter prior to moving to disconnection for non payment. In 2011 the CER consulted on the amalgamation of the various Codes of Practice into a single document to be called the Supplier Handbook. At the same time the Codes of Practice were reviewed and changes put forth. A decision on the Supplier Handbook was published in June 2012. The updated requirements for suppliers Customer Charter, Codes of Practice and Terms & Conditions came into effect in September 2012.

Contract Transparency - Gas & Electricity

Under condition 12 of the natural gas supply/shipping licence BGS is required to publish the terms on which it supplies natural gas to eligible customers. In addition, condition 23 of the gas supply/shipping licence states that all suppliers of domestic customers must supply the CER with all relevant contracts or arrangements set out in a standard form, which shall be approved by the CER.

Condition 7 of the electricity supply licence underlines that detailed terms ‘as are appropriate for the purpose of the agreement’ are to be set out by the licensee in making an offer to enter into an agreement for the provision of relevant metering equipment. Also condition 19 of the electricity supply licence states that all suppliers of customers, ‘whose consumption of electricity at any single premises in any 12 month period is estimated and calculated to be or likely to be less than 10,000 kWh or such other figure as the CER may substitute must supply the CER’, must supply the CER with all relevant contracts or arrangements set out in a standard form, which shall be approved by the CER.

Complaints Arbitration - Gas & Electricity

The CER has legal remit to independently resolve disputes between customers and licensed suppliers, the distribution system operator in electricity and, in the case of natural gas, natural gas licence holders. Statutory Instrument SI 463 of 2011 (replacing SI 452 of 2004 for Natural Gas and SI 60 of 2005 for Electricity) increases the CER’s responsibility in the area of customer protection to take account of relevant changes in the Third Package and increases the CER’s powers in relation to complaints arbitration, to allow the CER to apply any decision which it considers affects more than one customer to all affected customers.

The CER has established a dedicated Energy Customers Team which provides this independent complaints resolution service for small business and domestic customers. If a customer cannot resolve their complaint with their supplier or network operator following completion of their complaints handling process, they may refer their complaint to the Energy Customers Team for consideration. The team examines the complaint interacting with suppliers and network operators to determine the root of the problem. Following completion of any necessary investigation the Energy Customers Team issues a decision in relation to the matter on behalf of the CER. Where appropriate the CER may direct a supplier or network operator to undertake an action or compensate a customer in relation to their complaint.

Energy Customers Team

The CER has a statutory responsibility to provide a complaints resolution service to customers with an unresolved complaint with their supplier or network operator. The CER’s Energy Customers Team (ECT) fulfils this role for domestic and small business customers through a dedicated complaints resolution service.

Additionally, the Team provides a customer awareness and information service via the customer care section of the CER website www.cer.ie/customer-care. The website, aims to

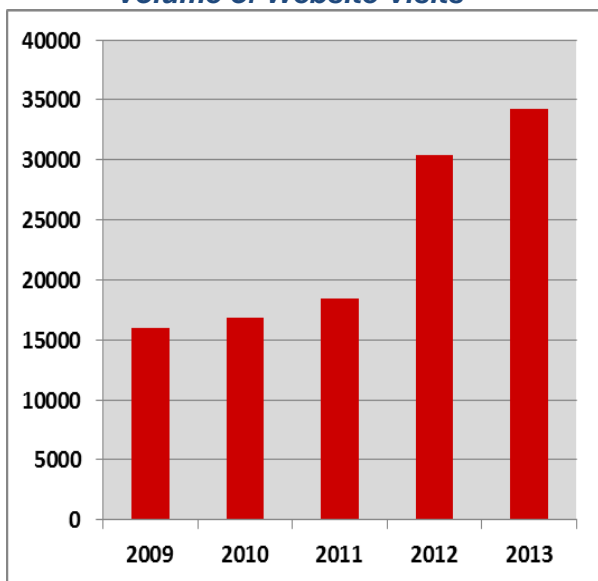
provide clear information, to empower customers to make informed choices as competition develops in the energy industry. This includes information on their rights, energy suppliers' Codes of Practice and also explains what to do if they experience problems with their bills, their connection to the electricity or natural gas network or other energy supply related issues. The website also provides guidance and assistance to customers wishing to access the CER's transparent, free and easy to use complaint resolution service for domestic and small business customers with unresolved complaints.

Awareness of the role of the Energy Customers Team has increased in recent years and with an increase in the number of visits to our website each year since 2009. In addition to increased volumes of website visits, the Energy Customers Team has seen a significant increase in the number of customer contacts over the past few years. Customer contacts include any contact made by consumers, whether by phone, email or letter.

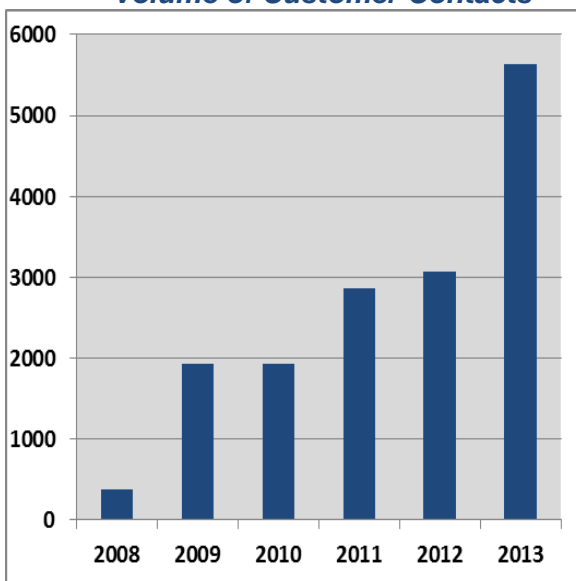
The number of customer contacts has increased year on year as customers become more familiar with the CER's role. The number of recorded customer contacts increased by over 80% in 2013 compared with 2012. This is in part due to new requirements for CER contact details to be included on customer's bills and in part due to improved recording of customer contacts by the CER in 2013. The total number of customer's contacts in 2013 was 5,631.

The graphs below illustrate the increase in the volume of website visits to the Customer Care section of the CER website and number of customer contacts that the Energy Customers Team has experienced over the past several years.

Volume of Website Visits

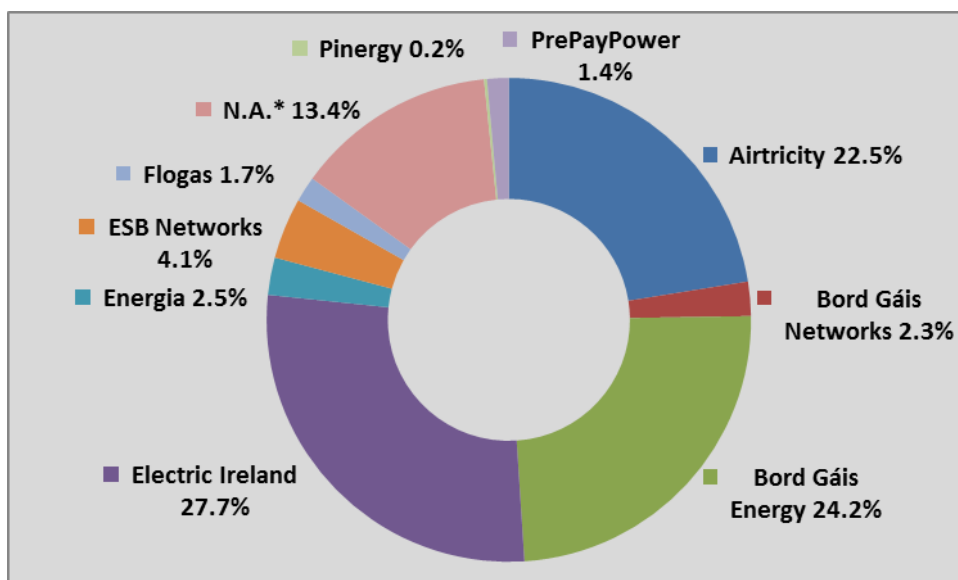


Volume of Customer Contacts



The graph below provides breakdown of which supplier or network operator customers were contacting the Energy Customers Team in relation to. As can be seen the larger supplier (Airtricity, BGE and Electric Ireland) accounted for the majority of customer contacts, but increasingly we are receiving contacts in relation to the other suppliers in the market, reflecting the increase in competition in the domestic markets.

Breakdown of Customer Contacts in 2013



* The N.A. or Not Applicable contacts are those where the customer did not state their supplier or network operator or may have contacted the ECT with a general query that was not related to any specific supplier or network operator.

Supplier of Last Resort for Electricity & Gas

Further to S.I. 60 of 2005, the CER may appoint and direct an electricity Supplier to Last Resort (SoLR) to serve customers where either a supplier has exited the market or where specific exceptional circumstances (i.e. safety concerns) warrant such a direction. It is anticipated that similar conditions will be legislated for in the gas market.

In April 2005, the CER published a paper of SoLR options for both the electricity and gas markets including proposed rules for the allocation and duration of the role, as well as principles governing the recovery of extraordinary costs by the SoLR(s). In addition this paper specified the circumstances that would trigger such this process. The CER considered that ‘triggers’ such as abrupt supplier exit, supplier bankruptcy and supply licence revocation would be considered here.

A decision on this matter was issued in April 2006 which appointed ESB PES and BGE as SoLRs for the electricity and gas markets respectively.

The CER consulted on possible changes to SoLR rules and policy in the electricity sector to take account of changing market rules and conditions arising from the commencement of the SEM in November 2007. A decision on this matter was issued prior to the commencement of the SEM. In 2011 and the transition to full deregulation of the electricity retail markets (which occurred in April of that year) the CER published a decision paper on how the role of the SoLR would be fulfilled in the deregulated market place. The decision will see the role of the SoLR be offered to the market in a competitive process. The CER is to consult further on the details of this process. In the interim Electric Ireland (formerly ESB Customer Supply) will maintain the role of the Public Electricity Supplier.

Universal Service / Supply Obligation

Under S.I. 60 of 2005 and under its supply licence, ESB PES, as the “default supplier”, must meet all reasonable requests for supply (duty to offer supply). The CER determines what constitutes a reasonable request for supply. No such obligation to supply is placed on the BGE in the gas market. As noted above the ESB PES must serve customers according to standard terms and conditions and shall charge tariffs approved by the CER.

In 2011 and the transition to full deregulation of the electricity retail markets (which occurred in April of that year) the CER published a decision on how the duty to offer supply would be fulfilled in the deregulated marketplace. The decision will see a duty to offer supply for domestic and small business customers placed, through licence condition, on suppliers actively supplying these customer categories. The CER subsequently consulted on modifications to the licence to supply electricity in 2011 to implement this decision. A decision on the licence modifications is to be published in 2012.

Network Access for Rural Customer’s

The Electricity Regulation Act, 1999, states that the CER should take into account the needs of rural customers. Condition 2 of the Distribution System Operator’s licence (Connection to and use of the distribution system) stipulates that the DSO shall publish, and make available on their website, a statement of charges for connection to the distribution system. These charges include standardised connection charges for domestic rural customers and are approved by the CER.

Again, no such obligation to supply is placed on the BGE in the gas market.

Information on Energy Sources for Electricity

As required by Directive 2003/54/EC and S.I. No. 60 of 2005 all suppliers must provide reliable information on all bills/ promotional material sent to customers regarding the contribution of each energy source to the overall fuel mix of the supplier concerned over the preceding year. In July 2009 the SEM Committee published a decision on the Interim Arrangements for fuel mix disclosure. These interim arrangements have since been replaced by a new methodology which was required due to the introduction of guarantees of origin for renewables in Ireland. The new methodology is set out in a SEM Committee decision which was published in November 2011.

These interim arrangements will be superseded by the arrangements which will be introduced following the transposition of the new RES directive (2009/28/EC) into Irish and UK law.

- Ensuring access to consumption data (Article 37(1)(p)) and (Article 41(1)(q))

Consumers must be properly informed of actual electricity/gas consumption and costs frequently enough to enable them to regulate their own electricity/gas consumption. In tandem with the Energy Efficiency Directive 2012/27/EU Smart meters will greatly assist in the fulfilment of this obligation. CER as the Competent Authority is planning to rollout smart meters to all residential Electricity and Gas customers in the coming years.

Smart meters are the next generation of meters, which can replace existing electro-mechanical and diaphragm meters. They offer a range of benefits for both the individual electricity and gas consumer and for the electricity and gas systems in general. The implementation of a smart metering system encompasses more than just metering. It is essentially a hybrid technology

consisting of three high level layers; physical meters and associated devices, communications layer covering data transport and communications network management, and IT systems which manage the data, applications, and services.

In particular, smart meters can provide customers with more real-time energy consumption recording and information services, with one the following benefits:

Better Customer Information and Choice: Smart meters can record customers' use of energy over short intervals, for example every 30 minutes. Suppliers can use this to provide customers with detailed information regarding their actual electricity and gas consumption and costs, through Smart Bills. In addition, an In-Home Display screen can be used with smart meters, providing customers with more real-time information on their energy consumption. Customers will also have access to a harmonised downloadable file which will detail their consumption data. All of this information will empower customers to reduce their energy consumption and manage their bills better.

5.2. Dispute settlement

- Article 37(11), 37(5)(c), Article 37(4)(e)
- Article 41(11) and Article 41(4)(e)

Following the CER's decisions (CER/08/260 and CER/09/191) regarding the scope and criteria for issuing offers under Gate 3, In 2013 over 140 offers for connection to distribution and transmission system were due for acceptance. Six of these offers were referred to the CER as part of the dispute resolution process set out under Section 34(6) of the Electricity Regulation Act, 1999. The disputes pertained generally to the terms and conditions of the connection offers.