

# **Single Electricity Market**

## **Interim Arrangements: Fuel-Mix Disclosure in the SEM**

### **Consultation Paper** SEM – 09 – 052

NIE Energy Supply's Response

19 June 2009



NIE Energy Supply (NIEES) welcomes the opportunity to respond to the Regulatory Authorities' consultation paper on interim arrangements for Fuel Mix Disclosure. We note and appreciate the additional points of clarification provided by NIAUR during the consultation period and have based our response on our understanding of the information provided in both the paper and clarification note.

## **Options**

### Option 1

NIEES agrees with the RAs that this is not a viable option.

### Option 2

NIEES's view is that, with the exception of out of market 'de minimis' trades, Option 2 most closely reflects the contracted fuel mix resulting from the SEM. However we appreciate that the RAs wish to implement arrangements which enable suppliers to offer renewable (or low carbon in the form of CHP) energy products to customers.

### Option 3

Based on the points of clarification provided by both the consultation paper and NIAUR, our understanding of the proposal is as follows:

- I. De Minimis bilateral arrangements will be allocated to the appropriate supplier.
- II. The vast majority of electricity generated and sold into the SEM pool will be counted into the residual mix.
- III. The only exceptions to point II. in relation to pool generation are outlined below:
  - Renewable electricity generated in Northern Ireland which is covered by a Relevant Arrangement as defined in the consultation paper.
  - Renewable electricity which was contracted pre-SEM between a supplier and generator through a PPA, either in NI or RoI which is now being traded into the pool as the supplier acting as an Intermediary under approval from the relevant RA.
  - Renewable electricity in RoI which has a REFIT agreement with a supplier (we infer this from the final point on page 13 of the paper).
  - Electricity generated from Good Quality CHP (in NI or RoI) that qualifies for Levy Exemption Certificates.

Based on this understanding, whilst it does not provide the full accuracy and transparency of Option 2, NIEES believes that this may provide the most appropriate compromise solution which reflects the pool mechanism (to a significant level) but still allows suppliers wishing to offer a renewable (or low carbon) product to do so and reflect it in their fuel mix.

## **Presentation of information**

NIEES is concerned that the requirement to provide information on the actual bill does not provide a workable solution, and understands that the Directive requires the display of information either on the bill or on a separate insert which is included with the bill. It is NIEES's preference, based on customer research, to keep bill fronts simple and clear. The backs of bills are already being fairly congested with information that is essential. NIEES therefore suggest that an insert would be more practicable and useful.

With increasing access to the internet, and with current (keypad) and future tariff options likely to be paperless, NIEES asks the RAs to consider that directing customers to a website to obtain the fuel mix information would be appropriate. This also aligns with an environmental objective to reduce unnecessary paper based mailings.

It is also noted that Member States can choose to oblige suppliers to refer to a website where the environmental information can be found rather than obliging suppliers to include that information on the bill itself. NIEES would ask the RAs to consider this as a practical option.