



Natural gas providers

The natural gas market was deregulated in 2007, which means that consumers can switch their supplier. So with winter fast approaching, *Consumer Choice* compares providers.

Natural gas – the most environmentally friendly of all fossil fuels – was first brought to shore in Ireland in 1976. Since then the demand for supplies has grown year on year, with over 600,000 consumers currently using it across the country. Until 2007, consumers only had one provider from which they could buy their natural gas. However, as with the electricity market, the retail gas market has been opened to competition and all residential natural gas customers are now eligible to switch supplier.

Providers

While competition has developed successfully in the supply of natural gas to commercial customers who have four suppliers to choose from, the development of competition is still in the very early stages in the residential market. At this point, consumers can buy their natural gas from only two suppliers:

- **Bord Gáis Energy Supply (BGES)**
BGES is the leading natural gas

supplier in Ireland. BGES also provides other energy related products and services such as appliance servicing and repairs.

- **Flogas Natural Gas** Flogas is the only competitor to BGES and offers a full natural gas service to residential customers throughout Ireland. It is available through the existing Bord Gáis Energy Supply natural gas pipelines.

Switching

In 2004 the Commission for Energy Regulation implemented a business separation plan which essentially broke Bord Gáis up into two different businesses, each operating independently of the other. Bord Gáis Energy Supply – the one you receive your gas bill from and Bord Gáis Distribution – the one that distributes natural gas.

Bord Gáis Distribution is responsible for building, operating and maintaining

gas pipelines throughout the country. They are responsible for bringing gas to your home or business regardless of who your chosen supplier is.

This means that consumers do not need to change any aspect of their meter, piping or gas usage in order to switch to a different supplier. Meter readings will still be carried out by Bord Gáis Distribution, there will be no disruption to your gas supply and there is no need for any work to be carried out on your home.

Consumers who are considering switching will be glad to know that the process is simple and straightforward. All you need to do is to contact your chosen supplier with details of your Gas Point Registration Number (GPRN) and meter reading. New customers of Flogas Natural Gas will need to complete and return a Residential Customer Agreement Form. You do not need to notify your current supplier of your decision to switch and your new supplier will process your

AT A GLANCE

Switching.

Tariffs.

Is it worth it?

are not required to sign an annual contract so you can switch again at any time. Switching does not affect any issues that arise with the gas supply. These are still the responsibility of Bord Gáis Distribution.

Comparing tariffs

Comparing the standard tariff of providers, Flogas is 0.0755c cheaper per kWh of gas than BGES. This represents approximately 1.4% or a saving of €3.50 on €250 of gas usage. Standing charges for standard tariffs are the same for each supplier.

Both providers also have special wintertime tariffs to help mitigate the consumer impact of higher gas bills during the colder months. However they are structured differently.

BGES has a Winter Saver Tariff which charges a standing charge of €241.80 per year and a unit gas price of 5.464c per kWh. This is higher than the 3.8354c unit price Flogas charge on its Equalizer Tariff. However, BGES allocates 3,420 free units of gas to its customers for use over the winter months.

This makes it hard to compare, as costs really depend on your individual gas use. However, if a consumer used 20,000 units a year it would cost €1,033.78 under Flogas' Equalizer tariff. According to BGES's own online tariff calculator, the same gas usage costs €1,147.73 under BGES Winter Saver tariff.

BGES also has a No Standing Charge Tariff where units are charged on two tiers: 7.254 per kWh for the first 3,550 units of gas used, and 5.464 cent per kWh thereafter. Under this tariff an annual gas usage of 20,000 units would cost €1,156.35 according to the BGES tariff calculator.

Is it worth switching?

So is it worth switching? Well, that depends on several factors. When looking purely at the tariffs of the suppliers Flogas is marginally cheaper. However, before deciding to switch it's important to remember that for some consumers, the tariff they pay for their domestic electricity supply may be affected. This is because Bord Gáis Energy has been offering its BGES natural gas customers extra discounts if they purchase both electricity and natural gas.

Consumers who pay by direct debit and are already BGES natural gas customers receive an additional 2% discount off their electricity tariff. Given

TARIFFS				
Supplier	STANDARD TARIFF Standing charge (€ per year)		EQUALIZER/WINTER SAVER TARIFF Standing charge (€ per year)	
	Unit price (cent per kWh)		Unit price (cent per kWh)	
BGES ¹	59.02	5.464	241.80	5.464 ²
Flogas	59.02	5.3885	266.78	3.8354

NOTES: Tariffs include VAT. ¹ BGES also operates a No Standing Charge Tariff where units are charged at 7.254c per kWh for the first 3,550 units of gas used, and 5.464c per kWh thereafter. ² 3,420 free units are allocated to the Winter Saver Tariff.

COSTS COMPARED: ANNUAL CONSUMER COST OF 20,000KWH GAS		
Provider	Tariff	Annual cost (€) ¹
BGES	Standard	1,152
	Winter saver	1,148
	No standing charge	1,156
Flogas	Standard	1,132
	Equalizer	1,034

NOTES: Tariffs include VAT. ¹ Annual cost for BGES tariffs were calculated using online tariff calculator.

OTHER CHARGES AND CONDITIONS		
	BGES	Flogas
Deposit for cash payments ¹	€400	€390
No. of days to pay bill	14	14
Bill frequency	bimonthly	bimonthly
Contract term	-	-
Termination notice	7 days	7 days
Monthly payment plan option?	✗ ²	✓

NOTES: ¹ Security deposit for rented accommodation. ² Winter tariff option available instead.

that the Flogas standard tariff is only 1.4% cheaper than the BGES standard tariff, switching could actually end up costing you more money than you are saving. However, for consumers who buy their electricity from Airtricity or ESB switching to Flogas is cheaper overall.

Other issues that may influence consumers' preference of provider include company-specific practices such as online facilities. Both Flogas and BGES accept bill payments online, however BGES has a more extensive online account management service. This allows consumers to view bills, transactions and set up direct debits.

2008 TOP EU GAS PRICES ¹	
Country	€ per GJ ²
Portugal	16.54
Luxembourg	15.81
Sweden	14.77
Spain	13.78
Germany	13.32
Ireland	13.29
Austria	12.38
France	12.29
Slovenia	12.14
Italy	12.03
EURO AREA AVERAGE 12.75	

NOTES ¹ Information based on Eurostat data. ² Average national price in € per Giga Joule (GJ) without applicable taxes for medium size households.

Useful contacts

Energy Customers Team
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24
1890 404 404
email
energycustomers@cer.ie
www.energycustomers.ie

Flogas
Dublin Road
Drogheda
Co. Lough
1850 306 800
email info@flogas.ie
www.flogasnaturalgas.ie

Bord Gáis Energy
PO Box 10943
Dublin 1
1850 632 632
email info@borgais.ie
www.bordgaisenergy.ie

Useful websites

www.change.ie

www.powerofone.ie

Report by
Mark Channing 

choice comment

While some competition is better than no competition, it is clear that much remains to be done before the consumer has a true choice of natural gas suppliers. The commercial market already has four providers to choose from but the domestic user is limited to just two. Also, the small difference in tariffs means that many consumers may find little reason to switch, which ultimately hinders the competitive process. The fact that many BGES consumers also purchase their electricity at discounted rates from this provider acts as a further disincentive to switch.

The CAI would like the Regulator to apply pressure to gas providers operating solely in the commercial market to start offering supply to domestic customers. Not only this, but the Regulator should direct that BGES continues to give consumers the discounts on their electricity even if they switch gas provider.