



Power to switch

With the entry of Bord Gáis Energy into the residential electricity market Irish consumers now have three providers to choose from. *Consumer Choice* outlines prices and plans to empower your choice.

According to European Commission research body Eurostat, Ireland has the highest electricity prices in Europe. Excluding government taxes, at 2008 prices, electricity here costs 29% more than the EU average. Even when VAT is included prices are still 8% dearer. This will hardly surprise most readers who have seen their bills rise steadily over the last number of years. However, what makes price increases even worse for consumers is that up until quite recently they have been powerless to change electricity providers as ESB has had

virtual monopoly in the residential market.

Since February 2005 the electricity market opened fully to competition meaning that new suppliers can enter and compete for both residential and commercial business. While competition has developed successfully in the market for business customers it has been slow to take hold for domestic suppliers. Thankfully this situation is improving.

Summary of providers

There are three providers currently

servicing the Irish residential electricity market:

- **ESB** Founded in 1927, the Electricity Supply Board is 95% owned by the Irish State with the remaining shares held by an employee share option trust. ESB operates as the Public Electricity Supplier offering a supply of electricity to over 2 million consumers on terms approved by the Commission for Energy Regulation (CER).
- **Airtricity** Airtricity is both a generator and supplier of electricity and currently has over 38,000 customers in Ireland.

AT A GLANCE

The providers.

Switching.

Who's best?

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

Airtricity

Ravenscourt Office Park
Sandyford
Dublin 18
1850 40 40 70
email customerservice@airtricity.com
www.airtricity.com

Bord Gáis Energy

PO Box 10943
Dublin 1
1850 48 58 68
email
elecinfo@bordgais.ie
sales@thebigswitch.ie
www.thebigswitch.ie

ESB Customer Supply

Lower Fitzwilliam St.
Dublin 2
Ireland
1850 372 372
email service@esb.ie
www.esb.ie

Department of Social and Family Affairs

Free Schemes Section
Freeport, College Road
Sligo
tel (071) 914 8371
email reeschemes@welfare.ie

Sustainable Energy Ireland

Glasnevin
Dublin 9
tel (01) 836 9080
fax (01) 837 2848
email info@sei.ie
www.sei.ie

Useful websites

www.change.ie
www.powerofone.ie



top tips to save on your bill

- **Switch to a cheaper provider** Your cooker, fridge and television don't mind who provides their power so why should you? The majority of Irish consumers are ESB customers, but after comparing the tariffs this is the most expensive provider. Switching is seamless, and by not doing so, you could be denying yourself savings of up to 14% on your monthly bill. The more consumers that switch, the better competition works, so we could see even more price reductions in the future. And there is nothing to stop you from switching again if you find a better deal.
- **Lighten your light bill** One of the easiest things consumers can do to reduce their electricity use is to start using energy efficient light bulbs. Although they are more expensive than the traditional bulb they use 80% less energy and can last up to 15 times longer. ESB estimates that changing to energy efficient lighting can create savings of up to €170 over the lifetime of each bulb. Also, the government will soon be turning out the lights on the sale of traditional incandescent bulbs with the phase-out process due to begin from 1 September 2009. We tested energy saving light bulbs in last September's *Consumer Choice*, p349.
- **Insulate** Did you know that up to 30% of heat lost from a house is through the attic? Many houses, especially those built prior to 1980 are energy inefficient and poorly insulated. If you heat your home using electricity, installing adequate insulation can make a dramatic difference to your bill. Laying sheep's wool or other insulating material in your attic pays for itself within two or three

years. By fitting a lagging jacket to your water tank you can keep water hotter for longer and recoup the cost in lower electricity bills within three months. Draught-proofing doors, windows and skirting boards costs almost nothing.

- **Buy A-rated** The electricity an appliance uses varies greatly between different models. Energy efficient appliances use less electricity and save you money on your bill. Energy Ratings labelling has been compulsory in Ireland since 1995. The ratings require that household appliances be rated from A – G with A being the most energy efficient and G, the least. An A-rated appliance uses roughly 55% less electricity than a similar D rated appliance. There are also other voluntary labels to look out for such as the EU Energy Star label. *Consumer Choice* produced a guide on labelling in 2008 in our July issue, p248.
- **Make your own electricity** While this technology is still in its infancy, there are an increasing number of renewable energy sources for residential consumers to use. Roof mounted solar panels convert the energy from the sun into heat which can be used to provide hot water or even heat a room. Solar panels have a life expectancy of 30 years and pay back installation costs in 8 – 20 years. Domestic turbines are another way consumers can generate their own electricity. The turbine's efficiency is heavily dependent on the average wind speed, and is therefore not suitable for many houses, but when successful can reduce electricity bills by 50 – 90%.

79% of electricity supplied by Airtricity comes from renewable sources with 14 wind farms in operation in Ireland, Scotland and Northern Ireland.

Airtricity aims to sign up 500,000 over the next five years.

- **Bord Gáis Energy** Bord Gáis Energy entered the commercial electricity market in 2001 and currently supplies 8% of businesses in this market. In February 2009 Bord Gáis Energy entered the residential electricity market offering guaranteed discounts on ESB prices. Bord Gáis has over 600,000 existing natural gas customers.

Switching

In 2005 the Regulator implemented its ESB Business Separation Plan. This essentially broke ESB up into a number of different businesses, each operating independently of the other; ESB Customer Supply – the one you receive your Electricity bill from, ESB Power Generation – the one that generates electricity, and ESB Networks.

ESB Networks is responsible for building, operating and maintaining overhead electricity powerlines and

underground cabling throughout the country. They are responsible for bringing electricity 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, wiring or electricity usage in order to switch to a different supplier. Meter readings will still be carried out by ESB Networks, there will be no disruption to your electricity 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 meter number and meter reading. You do not need to notify your current supplier of your decision to switch. Your new supplier will process your application and bill you henceforth. You are not required to sign an annual contract so you can switch again at any time.

If you are currently an ESB residential customer your options for switching are Bord Gáis Energy or Airtricity.

- **Bord Gáis Energy** You can switch to

Bord Gáis Energy by completing an online switching form or over the phone. You will need your Meter Point Reference Number (MPRN) which you can find on the top right-hand corner of your ESB bill. There is no minimum contract and you can end the agreement by giving 28 days notice. You do not have to be a natural gas customer in order to switch however you can avail of a further discount if you are. You can use the same payment methods as with ESB (Direct Debit, Laser, cheque, cash). More discounts are available for consumers who pay by Direct Debit and/or are existing Bord Gáis natural gas customers (see our table on p148).

- **Airtricity** Switching to Airtricity can also be done online by completing the customer agreement form or you can have it posted out to you. Again, you will need your MPRN and there is no minimum contract. The same payment methods as with ESB are available, with the discount on ESB prices depending on which payment method and plan you choose (see p148). Switching does not affect any issues that arise with power supply, which is still the

2008 TOP EU ELECTRICITY PRICES¹

Country	€ per kWh
Ireland	0.1559
Cyprus	0.1528
Belgium	0.1500
Luxembourg	0.1421
Portugal	0.1410
United Kingdom	0.1394
Germany	0.1299
Hungary	0.1277
Austria	0.1271
Netherlands	0.1270
EU Average	0.1211

1. Information based on Eurostat data. Ranking calculated on average national price per kWh excluding taxes for medium size household consumers. When taxes are included Ireland ranks in 6th place overall.

responsibility of ESB Networks. Standing charges – which are the same across suppliers – are deducted as normal from your bill and paid to ESB Networks. If you receive the Electricity Allowance you still get this, but it is paid to you in a monetary payment as opposed to being credited directly to your bill (See *Electricity allowance*). You are free to switch to a new provider, or back to ESB at any time.

Who should I switch to?

Deciding which provider to switch to depends on various factors. In terms of pure price, Bord Gáis Energy guarantees a minimum saving of 10% on whatever ESB charges in the first year. During the second and third year, Bord Gáis Energy guarantees its prices will be at least 5% lower than ESB. These guarantees apply to the Bord Gáis Energy standard tariff. Further savings can be made if you are an existing gas customer of Bord Gáis Energy and/or if you pay by Direct Debit. Consumers who agree to pay their bills by Direct Debit save 12% on ESB prices. Existing natural gas customers of Bord Gáis Energy also save 12% regardless of how the bill is paid. Consumers who buy their gas from Bord Gáis Energy and pay by Direct Debit pay a tariff which is 14% cheaper than ESB rates.

So what's the catch? Well, if you are an existing Bord Gáis Energy customer and you pay by Direct Debit anyway, there is little reason not to avail of the cheaper tariff. The switching process is seamless and free. However, if you switch to Bord Gáis Energy, but are not an existing customer and do not wish to pay by Direct Debit, you still get the 10% discount but you must submit a deposit

STANDING CHARGES (€)¹

	Annually	Per day	Average 2-month	Annual night storage heating ²
Urban 24 hr	104.40	0.2520	15.37	8.03
Urban NightSaver	143.34	0.3460	21.11	n/a
Rural 24hr	139.20	0.3360	20.50	8.03
Rural NightSaver	181.45	0.4380	26.72	n/a

¹ Correct as at 20 February 2009. Residential suppliers are not bound to apply the same standing charges to residential consumers. However, they are currently the same regardless of which supplier you are with. ² Available with 24hr tariffs if you have a night storage-heating appliance.

OTHER CHARGES (€)

	ESB	Airtricity	BGE
Deposit for cash payments ¹	300 ²	300	100 ³
No. of days to pay bill	14	14	14
Bill frequency	Bimonthly	Monthly	Bimonthly
Contract term	None	None	None
Termination notice (days)	7	28	28
Monthly payment plan option?	No	Yes	No

Information correct as at 20 February 2009. ¹ When not paying by direct debit. ² Deposit refunded after 12 months. ³ Further €100 required if you live in rented accommodation. ⁵ ESB reserve the right to charge interest on unpaid bills.

of €100. Also, if you are living in rented accommodation, there is a further €100 deposit required. While these deposits are refundable, they could wipe out the first year's saving by switching, estimated by Bord Gáis Energy to be between €100 and €140.

What about switching to Airtricity?

Well, the tariff is cheaper, but how much cheaper depends on the payment plan you sign up to. Paying by cash or cheque delivers a 5% reduction on ESB prices or 6% if you sign up to receive electronic bills only. Consumers who pay their Airtricity bills by Direct Debit save 12% on ESB prices. However, a 13% saving is available to consumers who sign up to the Level Payment Plan and receive their bills electronically. The Level Payment Plan staggers your annual bill amount over 12 equal monthly payments and is collected via Direct Debit (See *Smoothing out the seasons*).

For environmentally conscious consumers, Airtricity claims to be nine times greener than ESB and five times greener than Bord Gáis Energy. But again, prospective Airtricity consumers should be aware that payments by means other than Direct Debit require a deposit to be paid. This refundable amount is €300 and is more than you would expect to save on your annual electricity bill.

It's also important for consumers to know how arrears are treated by the suppliers. According to the terms and conditions of all the providers, interest on unpaid bills may be charged. This

would be calculated daily from the bill's due date until payment is made. Both Bord Gáis Energy and Airtricity specify these interest payments as being a minimum of 3% on top of the interbank overnight rate. ESB does not specify exactly how much it would charge.

Consumer Choice contacted CER regarding this matter and was told that it was 'not aware of any situation where interest has ever been charged on a residential electricity or gas bill by any supplier'. We also contacted the suppliers themselves who told us that charging interest on unpaid bills was entirely discretionary, and that they do not impose interest on any unpaid bill amounts in practice. However, it is important for consumers to know exactly the terms and conditions of the contracts they sign.

Smoothing out the seasons

One of the longstanding consumer complaints when it comes to electricity bills has been the problem that arises out of estimated billing and seasonal electricity use. ESB Network's policy is to take four meter readings per year. However, as bills are more frequent this means that estimated bills are calculated for two months of the year with any adjustment made when the meter reading is next obtained.

A further problem arises when consumers face extremely large bills due to higher winter heating costs. Obviously, this can cause financial difficulties during

TARIFFS FOR ESB, AIRTRICITY AND BORD GÁIS ELECTRICITY ¹

	ESB	Airtricity Cheque	Airtricity Cheque with eBill	Airtricity Direct Debit	Airtricity Level Payment Plan with eBill	Bord Gáis Electricity Standard	Bord Gáis Electricity with Direct Debit or natural gas	Bord Gáis Electricity with Direct Debit and natural gas
RURAL 24HR								
General units – 24 Hr	16.40	15.58	15.42	14.43	14.27	14.76	14.43	14.11
Night storage heating units	8.67	8.24	8.15	7.63	7.54	7.80	7.63	7.46
RURAL NIGHTSAVER								
Day units	17.52	16.64	16.47	15.42	15.24	15.77	15.42	15.01
Night units	8.67	8.24	8.15	7.63	7.54	7.80	7.63	7.46
URBAN 24HR								
General units – 24 Hr	16.40	15.58	15.42	14.43	14.27	14.76	14.43	14.11
Night storage heating units	8.67	8.24	8.15	7.63	7.54	7.80	7.63	7.46
URBAN NIGHTSAVER								
Day units	17.52	16.64	16.47	15.42	15.24	15.77	15.42	15.01
Night units	8.67	8.24	8.15	7.63	7.54	7.80	7.63	7.46
SAVINGS ON ESB								
€ saving on €250 bill	-	5%	6%	12%	13%	10%	12%	14%
	-	12.50	15	30	32.50	25	30	35

NOTE: ¹ Prices quoted are in cent, per unit (kWh), exclusive of VAT at 13.5% Prices correct as at 4 March 2009.

“Having only had ESB to choose from for much of the past 80 years, at last consumers have a real choice when it comes to their electricity provider.”

the colder months or when previous electricity use has been badly underestimated.

In an effort to mitigate the effects of unpredictable bill amounts, consumers with ESB were able to choose an ‘Equalizer’ payment plan which calculated their monthly bills based on the previous year’s electricity use. This way they could be certain of their bill amount and pay the same amount every month. However, ESB withdrew this facility last year from new customers so this is now a switching issue only.

Airtricity is currently the only electricity provider that gives consumers this option. The Airtricity Level Payment Plan levels out payments to make your monthly bill more manageable. It is based on your previous electricity consumption. For example, if your anticipated bill for 12 months is €1,200 your payments will be €1,200/12 or €100 per month. This may only be paid by Direct Debit.

Consumer Choice was told by Bord Gáis Energy that it is not currently offering switchers this sort of payment facility.

However we were told that it is something that it will be considering in the future. A spokesperson for ESB told us that while ‘Equalizer’ payments are no longer available to new customers, existing customers who pay this way are not affected. If you are currently on an ‘Equalizer’ plan with ESB, switch to a new provider, but then decide at a later date to switch back to ESB, you will not be able to have a new ‘Equalizer’ calculated.

Electricity allowance

Consumers who qualify for the Department of Social and Family Affairs Household Benefits Package can, among other benefits, claim the Electricity Allowance. The Electricity Allowance covers up to 2,400 units of electricity each year or 400 units of electricity in each two-monthly billing period. It also includes VAT, standing charges and any PSO levy that is charged. Consumers should note that you cannot avail of this benefit along with the Natural Gas Allowance – you must choose either one or the other.

If your application for the benefit is approved, the Department notifies your electricity provider, which in turn applies the allowance to your bill. However, if you switch providers to Bord Gáis Energy or Airtricity, your Electricity Allowance is paid directly into your bank account or in cash at your Post Office. You can then use this towards paying your electricity bill. You do not need to reapply for the household benefits package.

Report by
Mark Channing 

choice comment

Having only had ESB to choose from for much of the past 80 years, at last consumers have a real choice when it comes to their electricity provider. And there really are savings to be made, with the cheapest offering from Bord Gáis Energy being 14% cheaper than the ESB price. Airtricity too compares favourably with their best offer being 13% cheaper than ESB. These are savings which can be made in addition to the Regulator’s announcement of a 10% cut in all suppliers’ electricity prices which is due to come into effect 1 May.

As for the increase in cheaper competitors, where does this leave the ESB? Well, as the country’s Public Service Electricity Supplier and the former monopoly player in the market, ESB can only change its tariff on terms approved by the Regulator. And if consumers continue to switch in the numbers they have been, the Regulator may have to relinquish control over fixing ESB’s prices in order to allow it to compete. At one point Bord Gáis Energy said it was taking calls from 1,000 consumers an hour itching to switch from ESB.

All this can only be good news for consumers. The more competition in the market, the more likely it is that prices will come down across the board. Having three electricity providers is a good start, but for true choice more are still needed. Not forgetting that a fully competitive natural gas market is still to be delivered.