

## Dearbhla McCarthy

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**From:** jdockrell@flogas.ie  
**Sent:** 05 November 2010 12:41  
**To:** Sean Mac an Bhaird  
**Cc:** mgannon@flogas.ie; mmccabe@flogas.ie  
**Subject:** Fwd: Re: Fwd: FAO Sean mac an Bhaird

Dear Sean

Reference \*CER Consultation Paper (customer disconnections - review of cost allocation & code of practice)

Upon review of the consultation paper issued for suppliers on the 22nd of October 2010, ref CER/10/189 Flogas Natural Gas would respond as follows:

### Option 1 Q1

Flogas would be in favour of Option 1 in that the fees associated with the cost of reconnection and disconnection are reviewed with the intention of reducing the cost imposed by BGN onto the suppliers and thus passed to the customer. We would also urge the investigation of costs associated with incomplete locks/unlocks. In the case of no access the supplier is provided with little or no reasoning for non access to lock a site - in most cases there has been no previous problem in obtaining actual meter reads and thus access should be available for the lock.

In the case of refused access - perhaps this charge should remain in place as a deterrent for the won't pay customers who do not enter agreement and prevent access for disconnection.

Flogas would also like to see the cost associated with the Cut off from street sitework reduced.

### Option 2 Q2

Flogas do not agree with an increase in the tariff structure to recover the cost of disconnection/reconnection. Flogas would feel that this increase would be a hindrance to competition. Flogas also do not accept that the supplier should be forced to absorb the cost of the lock/unlock in light of customers non payment of account. In line with this it will effectively reduce a suppliers margin and thus force suppliers to perhaps increase their overall tariff to recoup the cost and thus place more financial pressure on the customers.

Flogas only place a lock on a premise whereby all efforts to secure either payment or an arrangement for payment have failed. The suggestion that Flogas bear the cost of the disconnection/reconnection to decrease the number of locks is non-sensical. Should a supplier that is currently only locking a premise as a means of last resort hesitate further in making the decision to lock or not, the supplier could merely be pro-longing the process and thus forcing the customer who is not paying into further debt.

### Option 3 Q3a

Flogas would not be in agreement with this.

How can the industry determine which locks are for non payment? It has been apparent that some suppliers also use shipper locks for the reason of securing new account holder details in the cases of Change of End User - there may or may not be a debt accrued at the premise in this scenario.

Flogas believes that an increase in cost for each customer would be unfair in that a lot of customers currently in financial difficulties are just managing to pay this utility bill. Further increase which may be un-necessary could be too much to bear and push such customers into indebtedness.

Flogas notes that the issuance of a disconnection notice which includes details relating to the cost associated with the lock/unlock of a meter acts as a major prompt for customers to contact us and agree to a repayment plan. Flogas would feel that the disconnection notice has an effect in urging contact not only for the inconvenience of the disconnection process but also for the further costs associated with same. To remove this deterrent could lead to a decrease in effectiveness for the disconnection notice.

Flogas do not see the cost as an incentive and do not agree that removing the cost would lead to an increase in disconnections for non payment. Flogas as per other suppliers is in the market to sell gas, and clearly if the the meter is locked no gas is consumed. Flogas would not like to see in increase in locks.

#### Option 3 Q3b

As per above Flogas would not be in agreement. How would the market determine financial hardship especially as a lot of this customer grouping do not contact the supplier until after the lock has taken place.

#### Option 4 Q4

Flogas would not be in agreement with this option. Flogas do not believe a customer should be stopped for switching supplier because of debt. How would the industry activate this process? What would be the overall cost to the industry for the IT system changes to allow for same? What would be the process and cost for policing such an action to ensure that there is no abuse of same? All suppliers would equally have to agree on a industry wide credit policy - same would also potentially require policing.

Flogas would however be in favour of investigating the possibility of the system identifying different lock types and whereby a premise is credit locked for non payment the customer cannot change supplier until the existing supplier removes the lock.

#### Option 5 Q 5

Flogas are not in agreement with the 50/50 option. As per Option 2 Q2.

As an annex to the above Flogas feel that the majority of the current issues relating to the difficulties and increase in locks/unlocks reflects directly on the electricity market and not the gas market, therefore we would feel that a single solution policy will not fit both energy markets.

Flogas

have not noted an increase in locks/unlocks to date. Also the gas industry has yet to take part in the pay before you lock trial and thus any changes may made to the disconnection/reconnection process may be better implemented on gas following the results of the trial are shown.

Regards

Jennie Dockrell  
Flogas Natural Gas

