

CCPC OPENING STATEMENT TO THE INTERNATIONAL ENERGY AGENCY – APRIL 2023

Introduction

- We welcome this opportunity to contribute to the International Energy Agency's latest review of the energy and climate policies of Ireland. My name is Síona Ryan and I am the Director of Policy, Research and International in the Competition and Consumer Protection Commission (CCPC). I am joined by my colleagues Cathal Hanley, Head of International and Jonathan Small, Head of Policy.
- The CCPC is the statutory body responsible for promoting compliance with, and enforcing, competition and consumer protection law in Ireland. We co-operate with the Commission for Regulation of Utilities (CRU) on matters related to the electricity and natural gas sectors as formalised under a memorandum of understanding.
- We would like to focus on three areas in this opening statement. They are competition in the energy markets in Ireland, the key issues for consumers, including greenwashing and switching, and our views on reforms to make the energy markets operate more effectively.
- To begin, I would like to briefly outline recent energy market related analysis and research conducted by the CCPC.

Analysis of fuel price movements

- In 2022, we conducted an analysis of the retail motor fuel sector with particular focus on a specific period in March 2022. We conducted the analysis as a result of a large number of complaints that we received from consumers who were impacted by significant increases in fuel prices at the pump. The analysis involved research, market surveillance and on premises inspections.
- Our findings were published last November and we concluded that higher international prices drove price increase at the pump rather than a lack of competition or general

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price coordination. Our analysis showed that across multiple locations there was price differences and competition between stations and suppliers.

Competition

- The CCPC, along with our predecessor agencies, have advocated for the opening up of energy markets to competition with liberalisation.
- The electricity wholesale market has benefited from greater competition and it will be important to retain a strong competitive approach to generation markets including capacity, system services and energy which aligns with the approach adopted by the CRU.
- Consideration should be given to contestability in networks, particularly in large projects where the net benefits may be worthwhile.
- A number of new companies have entered retail markets and consumers have a range of options to choose from if they decide to switch supplier. It is encouraging to see an increase in switching rates in the past year.
- We note that a number of smaller players have exited the markets over the past year due to the sudden and significant increase in prices on the wholesale markets. The former monopoly incumbents, Electric Ireland and Bord Gáis Energy, retain very significant market shares and their position in the markets may have been strengthened by their roles as supplier of last resort.
- A key enabler for new entrants in energy markets, potentially with new business models will be ensuring that Smart Meter data is made available to third parties.
- Market power mitigation measures should remain an important tool to ensure markets work effectively and consumers are protected.

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Electric Vehicles

- In 2022, we provided views to the authors of the European Commission's *Competition Analysis of the EV recharging market* which was published this week. This study found that the Irish recharging market is still in development and while highly concentrated is becoming more competitive over time. The CCPC is currently seeking interest from academic researchers in order to develop reports on the EV charging market with a focus on competition and consumer issues. It is expected that the reports will inform recommendations on any identified issues.

Consumer issues

- Energy costs increases have been a major concern for Irish consumers over the past year. The Government has introduced measures to assist consumers with their energy bills and the CRU has implemented a number of measures to support consumers, as have the energy suppliers.
- The ability to switch easily is very empowering for a consumer and we recognise that switching rates in the electricity and gas markets in Ireland have been comparatively high. However, there are still a large number of consumers who have never switched or have never considered switching. Therefore, more can be done to encourage and facilitate consumers seeking better prices and services.
- We see the rollout of smart meters has several potential benefits for consumers and could result in them using less energy and therefore reducing their energy bills. It is important that no opportunity is missed in providing consumers with useful and easily comprehensible information on switching and for getting value from their smart meters. The CCPC will publish a report this year where we focus on the experience of consumers in a number of markets, including electricity and gas retail markets. We will engage with developments and regulatory measures to assist consumers to exploit the potential of smart meters.

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Greenwashing

- In November 2020, as part of the EU Consumer Protection Cooperation Network, we undertook a screening of websites – or a sweep – that focused on green online claims from various business sectors such as garments, cosmetics and household equipment. It found that in more than half of the cases, the trader did not provide sufficient information for consumers to judge the claim's accuracy and in over a third of cases, the claim included vague and general statements such as “sustainable” which aimed to convey the unsubstantiated impression to consumers that a product had no negative impact on the environment.
- Arising from the *Circular Economy Action Plan* published in 2020, European consumer law is currently evolving to assist consumers to make more sustainable choices and the CCPC expects that these developments will be of increasing importance for our remit and functions in the future. Greenwashing and green claims can be misleading to consumers and can occur across large sections of the economy including in energy markets.

Energy market reform

- As with many countries, Ireland has to ensure its energy market is secure and helps it to meet ambitious and necessary climate change targets. We believe that affordability should always be a key consideration when new energy related policies are being introduced and that policymakers should always aim deliver market reforms that will ultimately benefit consumers.
- Given the significant changes foreseeable to the use of fossil fuels (e.g. natural gas) as energy/heat sources, policies should ensure that consumers are not asked to cover significant costs for new technologies that could become obsolete in the medium term.

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- We note concerns relating to the planning system and the length of time it takes to build crucial energy infrastructure here. It could become increasingly difficult to attract the necessary investment to upgrade and build new infrastructure if investors feel projects could be stuck in the planning system for an inordinate period of time.
- Delays in the planning and permitting processes could act as barrier to entry to the electricity generation market. As the OECD noted in their recent Economic Survey of Ireland, a major energy project can take three to four years in planning and permitting and then be subject to judicial review before construction work commences. We note a number of recent policy developments and legislative proposals intended to make the planning system more responsive and help to facilitate the rollout of renewable generation projects.
- It is important that the electricity market auction process is designed to allow new entrants to participate. Having a range of companies supplying low carbon energy will be helpful in ensuring Ireland meets renewable energy targets at the lowest cost to consumers.

We hope the points that we have raised are helpful to the IEA and we look forward to discussing them further.

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