

BE WINTER READY



Important Notice

You will have noticed in recent months that your heating rates have increased significantly as a result of soaring gas prices. We felt it was important to provide you with some context as to why this is happening, how it will affect your heat costs and outline some of critical actions you can take to help manage your energy usage & costs as we come into the winter.

What have gas costs got to do with me, I use communal heat?

You are connected to a communal heating system which supplies your home with heating and hot water. Kaizen Energy operate the system on behalf of the management company and are responsible for operation and energy billing of the communal heating system. The fuel source for the communal heating system is natural gas which is on a commercial gas tariff due to the physical size of the development gas connection. The gas supplier to the development is either Bord Gais Energy, Flogas or Energia.

Why are gas costs at record high levels?

As a direct result of the War in Ukraine, gas prices in Europe have soared by 1500% to record highs over the last 18 months where the lack of supply of gas from Russia into Europe is being used as a political weapon which is affecting everyone financially.

But buying gas in bulk should be cheaper, right?

Historically yes, commercial rates were ~ 50% cheaper and the purchasing of gas via a commercial tariff had provided the system with an affordable fuel source which compared favourably to a standard domestic gas tariff. However, due to the purchasing strategies available to gas suppliers, domestic gas rate increases have been gradual and are currently cheaper (€0.074/kWh¹ Vs €0.300/kWh²). This will however change over the coming weeks and months as domestic gas rates continue to play catchup. As seen in recent days, domestic fuel suppliers have already started to announce massive rate increases to compensate for this movement in the gas market. This trend of increasing domestic gas rates will continue until such time that the market normalises again whereby commercial rates are again lower than domestic rates. Unfortunately, this new market normal is bad news for all gas customers, both commercial and domestic.

Some FAQs Answered:

- Kaizen Energy do not supply or sell gas, we are engaged by the management company to operate the communal heating network for which we are paid a fixed annual fee.
- Your home does not have a gas supply or a gas boiler, the development you reside in has a single commercial gas connection with large gas boilers.
- Our fee's to operate your system have not increased.
- Domestic gas rates and communal heat rates are not directly comparable; gas is an input fuel and heat is the delivered energy at your apartment meter.
- Commercial natural gas is now 1500%² higher than 18 months ago;
Dec'22 gas cost:
 - Jan'21: €0.018/kWh
 - Aug'22: €0.300/kWh
- The systems we operate are run and budgeted to be cost neutral; heat rates are adjusted to account for the incoming cost of gas (up or down).



How will the gas cost increase affect my heat rates?

Communal heating systems are intended to be self-financing and are budgeted to be cost neutral. Historically this has enabled these systems to provide your home with a very low cost of energy but due to these external factors way beyond our control, to keep the system running, there is currently no other option than to purchase the gas at these elevated rates and pass on these costs to you as customers of the system.

Are we always going to be dependent on a fossil fuel source for our heat?

In the governments climate action plan 2021 they intend to start the rollout of low carbon district heating that use renewable and waste heat sources. These are proven and effective systems used in many countries to provide affordable and sustainable heating and hot water for homes. Communal heating systems such as yours could connect to these networks and break this dependence on fossil fuels but this is potentially years away.

1) www.bonkers.ie, Bord Gáis Energy 18% Gas Only Offer, available:

<https://www.bonkers.ie/compare-gas-electricity-prices/bord-gais-energy/2DQZDJ/18pc-gas-only-offer/>, accessed [26/08/2022]

2) Intercontinental Exchange Inc., UK Natural Gas Futures Dec22, available:

<https://www.theice.com/products/910/UK-Natural-Gas-Futures/data?marketId=5351155&span=3>, accessed [24/08/2022]

Winter 22/23

Based on the current projected gas rate for the coming winter you are likely to see an increase in winter heating costs of between 300-400% when compared to previous years. This may come as a shock to you however we felt it was important to notify you of just how bad the situation is so that you can act now to reduce your energy consumption and limit this cost.

We are hopeful that the government will step in and provide much needed subsidies to the sector to help those most in need. We assume this will come in the form of a significantly increased one-off energy credit and rate caps.

What can we do to help:

- Provide you with up-to-date information on the gas market
- Lobby on your behalf to state agencies to appeal for the introduction of subsidies. To date we have formally written to two government departments and raised with charitable organisations appealing for their help to highlight this issue
- Continue to work with the Irish District Heating Association to call for the rapid deployment of low carbon, highly efficient district heating schemes
- Assure you that immediate rate reductions will be implemented when the gas market normalises
- Work with the management company to introduce local renewable technologies and provide the option of a pre-pay facility to customers
- Expedite the rollout of the Kaizen Energy app to provide all customers with more visibility on their usage and costs

What you can do limit your cost:

- Reducing your heating setpoint temperature will limit your kWh usage. Links to your instruction manuals can be found on our website
- Turn off radiators in rooms that are not in use
- Only use your heating when needed and ensure it is programmed off when you are not at home
- Limit the run time and temperature of showers / taps
- It's important that you act now to repair any faulty equipment such as thermostats, heating valves etc. If you are a tenant and suspect that there is an issue with your heating system, then please raise this with your respective landlord or agent so it can be resolved prior to the heating season
- Highlight this issue with your public representative in order to help ensure government subsidies are introduced to protect the customers, particularly the most vulnerable

The Kaizen Energy App

Coming Soon for our bill pay Customers

- See your daily kWh usage
- See a detailed breakdown of daily / weekly / monthly energy cost
- Access to all future bills for 100% paperless
- Currently rolled out to our Pre-pay customers
- Rolled out to our bill pay customers in Q4 2022
- We will contact you with further information when rolled out to your development

