

Erroneous Transfer Customer Charter

Review Document

October 2003

Summary

Suppliers implemented the Erroneous Transfer Customer Charter (ETCC) in February 2002. This document is the second review by Ofgem of the performance of gas and electricity suppliers in resolving cases in accordance with the ETCC standards, where a domestic customer's energy supply has been transferred against their will to a new supplier.

In October 2002 Ofgem reviewed the performance of the industry in meeting the requirements of the ETCC. The findings of the October 2002 report indicated that the adoption of the ETCC performance standards and the supporting agreed industry procedures had led to an overall improvement in performance in dealing with ETs.

Although suppliers had made considerable efforts to implement the ETCC there remained concern that the industry was unable to claim that they could deal with a customer complaint about an erroneous transfer (ET) reliably, quickly and efficiently in all cases. The report concluded that the ETCC has set realistic and achievable targets for suppliers that were able to fulfil customers' expectations. Some suppliers came close to achieving these targets but were reliant on the performance of others.

The October 2002 report concluded that Ofgem would undertake a second review of suppliers' performance against the ETCC. Ofgem also challenged suppliers to look at their escalation procedures and introduce a compensation scheme for customers.

This report reviews the performance of the industry in meeting the requirements of the ETCC. In doing so, Ofgem has been supplied with data tracking the operation of the ETCC and has analysed energywatch complaints made by customers. Ofgem thanks all those who have co-operated with this initiative.

The findings of the report indicate that suppliers have further improved their performance against the targets set out in the ETCC. It is still clear that some suppliers are performing better than others. Ofgem welcomes work undertaken by suppliers to implement and improve the operation of the escalation process. However, particular attention is still required to make sure that customers are transferred back promptly to their original supplier at the end of the process. Ofgem also welcomes the introduction of a voluntary compensation scheme in August 2003. Whilst it is too early to see the full impact of this scheme on the behaviour of suppliers it is expected to lead to further improvements.

The report concludes that the ETCC continues to be fit for purpose and that suppliers in the main are performing well. As such Ofgem does not intend to introduce any specific regulatory measures at this point but will continue to monitor and seek to develop the ETCC with the industry. It is Ofgem's intention to conduct a further review of supplier performance against the ETCC in October 2004.

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1. Rationale

Issue

- 1.1. Ofgem is committed to reviewing suppliers' performance in resolving customer complaints concerning erroneous transfers (ETs). An ET occurs where a customer has been transferred to a supplier without a valid contract being in place.
- 1.2. ETs are typically caused by poor selling or administrative failures by suppliers and are a source of inconvenience, frustration and in some cases distress for customers. Although the vast majority of customers change their gas and electricity supplier without problem, ETs are a serious and costly issue. Around 8,500 ETs are reported each month¹ (around 1.4% of transfers). Customers complain to energywatch when their ET is not resolved quickly. energywatch have indicated that 14% of all complaints that they received between April and August 2003 related to ETs. For the same period in the previous year energywatch reported that 26% of all complaints that they received related to ETs, this represents a decrease of nearly 50% in ET related complaints.
- 1.3. ETs cause considerable inconvenience and distress for customers. In particular customers have complained that once an ET has been identified it can take a significant amount of time and effort to return them to their previous supplier. Customers do not choose to be erroneously transferred. In this instance they are transferred against their wishes to a supplier with whom they do not have a valid contract. ETs are therefore not an area where competitive forces, in customer choice, service and price, are seen to work to reduce their incidence and to resolve them in a timely and efficient manner.
- 1.4. In June 2001 energywatch and Ofgem challenged the industry to adopt a standard approach for resolving customer complaints and ensuring that a customer's supply was returned to their original supplier quickly and with the least fuss following an ET. This approach was set out in the Erroneous Transfer Customer Charter (ETCC) agreed by energywatch, Ofgem and suppliers in

¹ Based on an average of the data received from gas and electricity suppliers for June to August 2003.
ETCC Review

October 2001. All suppliers agreed to the ETCC and committed to work to its requirements. The ETCC was fully implemented at the end of February 2002.

Objective

- 1.5. The purpose of this review is to consider the performance of suppliers against 4 key success criteria. These are;
- ◆ Have all suppliers adopted the ETCC?
 - ◆ Have suppliers performed to the ETCC standards?
 - ◆ Has the ETCC had a positive impact on customers?
 - ◆ Is the ETCC fit for purpose?

Policy

- 1.6. Ofgem expects that the industry should have in place and operate to a standard set of requirements to ensure that customers who are transferred against their will are returned to their previous supplier quickly and with the minimum of fuss.

Options

- 1.7. Having considered performance against the key success criteria noted above this review will establish whether further work, including regulatory measures, is required to deliver an appropriate outcome for customers.

The Way Forward

- 1.8. Ofgem considers that the ETCC is fit for purpose and notes that suppliers remain committed to provisions set within it. The experience of customers who are erroneously transferred has continued to improve under the ETCC. This is demonstrated by a significant fall in related complaints to energywatch.
- 1.9. Ofgem remains concerned about the performance and internal monitoring conducted by some companies and will conduct site visits shortly to review issues raised in the Ofgem data sampling exercise.

1.10. At this stage Ofgem is not proposing further regulatory action. Ofgem will conduct a further review of the ETCC in October 2004. In this review Ofgem will consider the impact of the voluntary compensation scheme and the further work to improve the escalation of missing data flows by suppliers. The 2004 review will also consider the requirement to mandate compliance with the ETCC supporting processes in the gas market, if this has not already been achieved under the Supply Point Administration Agreement² (SPAA) governance arrangements by making it a condition of gas suppliers' licences.

² SPAA is a gas governance framework developed by the gas industry. Compliance with the SPAA and the mandatory provisions within may become a condition of gas suppliers licences.

2. Timetable

2.1. The timetable for the key events identified in this document is as follows:

12th December 2003 Responses requested to issues raised in this document

October 2004 Publish 3rd ETCC Review

Views invited

2.2. Comments are invited on the issues raised in the document and in particular Ofgem's proposed next steps. It would be helpful to receive these by 12th December 2003. Responses should be sent to:

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Contact

2.3. If there are any questions regarding this document please contact either Andrew Wallace (Tel: 020 7901 7067, email: andrew.wallace@ofgem.gov.uk) or Joanne Taylor (Tel: 020 7901 7254, email: joanne.taylor@ofgem.gov.uk).

Confidentiality

- 2.4. All responses will normally be published on the Ofgem website and held electronically in the Research and Information Centre unless there are good reasons why they must remain confidential. Respondents should try to put any confidential material in the appendices of their responses. Ofgem prefers to receive responses in an electronic form so they can be placed on the Ofgem website.

3. Background

- 3.1. An ET occurs where a customer has been transferred to a supplier without a valid contract being in place. For the avoidance of doubt this document concentrates on instances where a customer has been erroneously transferred and not for example where a customer has changed their mind after they have switched supplier.
- 3.2. ETs have a number of root causes. The four main causes are shown in detail in Appendix 1 and are summarised as follows:
- ◆ Proven forgery
 - ◆ Suspected misleading information, fraudulent practice and / or training issues
 - ◆ Incorrect MPAN/MPRN selected
 - ◆ Cancelled contract not actioned

Developing the ETCC

- 3.3. The Improving Customer Transfer (ICT) project was initiated by Ofgem during summer 2000. The project reviewed the process for customers transferring between suppliers and made recommendations about key areas where improvements could be made in the ICT Way Forward document³ published in June 2001. This document proposed a draft ETCC and noted key issues which Ofgem and energywatch believed would need to be considered to put in place the processes to support the ETCC. The draft ETCC was developed as a joint initiative between Ofgem and energywatch.
- 3.4. The industry established the Erroneous Transfer Working Group (ETWG) to develop the industry arrangements needed to support the ETCC. MRASCo⁴ facilitated the ETWG. Both Ofgem and energywatch have attended the ETWG.

³ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/73_26june01.pdf

⁴ MRASCo is the company established by signatories to the MRA to be responsible for managing the day to day operation of the MRA. Genserv have been contracted to provide these services on behalf of MRASCo.

3.5. Appendix 2 provides details of the ETCC and the supporting processes.

Implementing the Charter

3.6. By October 2001 all licensed domestic gas and electricity suppliers had confirmed to Ofgem that they intended to comply with the ETCC. In electricity the details of the ETCC supporting requirements were agreed by the industry in November 2001. In gas the equivalent documentation was signed off in January 2002.

3.7. At the start of January 2002 the industry implemented the ETCC in spirit. This meant that they complied with the intent of the ETCC where possible but it was understood that they might not be fully compliant in all aspects.

3.8. From 28th February 2002 all domestic gas and electricity suppliers agreed to implement fully the ETCC and supporting documentation.

ETCC Implementation Review - October 2002

3.9. The October 2002 ETCC Implementation Review⁵ considered the performance of the industry in meeting the requirements of the ETCC. It tracked the operation of the ETCC using data supplied by companies and, in addition, analysed customer complaints.

3.10. The findings of the report indicated that although suppliers had made considerable efforts to implement the ETCC there remained concern that the industry was yet to be able to claim that they could deal with customer complaint about an ET reliably, quickly and efficiently in all cases.

3.11. The report concluded that the ETCC had set realistic and achievable targets for suppliers that could fulfil customers' expectations. Some suppliers came close to achieving these targets but were reliant on the performance of others. The report expressed disappointment that, where a supplier's performance inhibited the achievement of the ETCC targets, the prescribed arrangements for escalating problems had not been used to full effect.

⁵ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/74_29oct02.pdf
ETCC Review
Office of Gas and Electricity Markets

3.12. The October 2002 review recommended:

- ◆ that a second review of the ETCC should be carried out in September 2003,
- ◆ that suppliers should by April 2003 devise a scheme of compensation to be paid to a customer where a supplier has failed to meet the requirements of the ETCC, and
- ◆ that a guaranteed standard of performance should be introduced to support the operation of the ETCC if suppliers fail to make a substantial further improvement in their performance in relation to the ETCC or not put in place an appropriate compensation scheme for customers.

4. Voluntary Compensation Scheme

- 4.1. This report does not provide analysis on the impact of the voluntary compensation scheme on customers and the performance of supplies. It is intended that this will be covered in the 2004 ETCC review. This chapter summarises the development, implementation and content of the voluntary compensation scheme.

Background

- 4.2. In the October 2002 review Ofgem recommended that by April 2003 suppliers should develop and implement coherent and visible arrangements for paying compensation to customers where their ET has not been resolved within the standards defined in the ETCC.
- 4.3. Customers who have been erroneously transferred should have the problem resolved quickly, reliably and with the least fuss. Where this fails to happen there is the potential for considerable inconvenience and distress to be caused to customers. In such cases, Ofgem considers that suppliers should pay appropriate compensation to customers on the basis that they have committed to, but failed to meet, the standards set by the ETCC.
- 4.4. Ofgem considered that the level of compensation should reflect the length of the delay beyond the ETCC timescales and the inconvenience experienced by the customer.

The Scheme

- 4.5. Following meetings of the ETWG in April and May 2003, the majority of domestic gas and electricity suppliers agreed to develop and implement an ETCC compensation scheme on a voluntary basis. The suppliers who have signed up to the voluntary compensation scheme are: Atlantic Electric and Gas, British Gas, EDF, npower, Powergen, Scottish Power and Scottish and Southern Energy⁶.

⁶ Scottish and Southern have entered into the scheme on the basis that as the initiating supplier they will pay compensation where the failure to send the 20 day letter is due to their performance.

Overview

- 4.6. Suppliers who have signed up to the voluntary compensation scheme have agreed that £20 compensation should be paid to all erroneously transferred domestic customers who had not received a letter within 20 working days informing them that their transfer was erroneous, and that they would therefore be returning to their old supplier. For this letter to be sent both suppliers will need to have agreed that the customer should be returned to their previous supplier.
- 4.7. Compensation under this scheme is only required to be paid in cases where the customer has been erroneously transferred and not for Customer Service Returners⁷.
- 4.8. Where the £20 payment is due the supplier whom the customer initially contacted and thereby initiated the erroneous transfer return procedure will make the payment. Although the contacted supplier is reliant on the other supplier to determine that the customer is to be returned, they are able to manage the process and escalate where the other supplier has not provided the required information.

Timetable

- 4.9. Suppliers agreed to initiate the voluntary compensation scheme from 4th August 2003. From this date any customer who had been erroneously transferred and who contacted either their old or new supplier would receive £20 compensation where they were not sent a letter within 20 working days confirming that both suppliers had agreed that the transfer had been erroneous and that the customer would be returned to their previous supplier.

Compensation – Future Developments

- 4.10. The ETWG have committed to continue to develop the ETCC compensation scheme. Areas that have been identified for further attention include paying

⁷ Customer Service Returners occur at the discretion of suppliers where the customer has not been erroneously transferred (see Appendix 1 definition) but wants to return to their previous supplier, for example where they have changed their mind outside of the contract cooling off period.

compensation where the customer has not been re-registered in a timely manner. Transferring the customer back as quickly as possible is important so that the old supplier can recommence billing the customer for their energy use. Where this does not happen then customers may build up significant levels of debt.

- 4.11. Some suppliers consider that there are potential issues with paying compensation at this point. For example, there are concerns that the receipt of certain industry data flows in the electricity industry is outside of their control and will affect their ability to re-register the customer in a timely fashion in all cases. Ofgem considers that the industry should continue to work towards resolving issues that are preventing the smooth return of the customer to their previous supplier.

Ofgem View

- 4.12. Ofgem publicly welcomed the new voluntary compensation scheme⁸, commenting that customers should be compensated where the supplier fails to meet their promise to confirm quickly that they have been erroneously transferred and that they will be returned to their previous supplier.

⁸ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/3705_r5403_20June.pdf
ETCC Review
Office of Gas and Electricity Markets

5. Supplier Performance

- 5.1. Ofgem considers that there are significant benefits in adopting a standardised and predictable approach to dealing with customers who have been erroneously transferred. This allows the new and old supplier, the customer and energywatch (where they have been contacted by the customer) to understand better the likely course of events and any subsequent problems with the swift return of the customer to their previous supplier.
- 5.2. Ofgem has monitored the performance of suppliers since the introduction of the ETCC. The following chapter provides a summary of the information received and shows that in general performance has improved, but that there still remains concern with the time it takes to transfer back some customers and with the varied performance between suppliers.
- 5.3. Ofgem has collated information from supplier monthly reports, a separate data request to suppliers for the purpose of this report and from energywatch.

ET Performance

- 5.4. A summary of the information provided by suppliers on the rate of ETs and their root cause is shown below.

ET Rate

- 5.5. In August 2003 the ET Rate was 1.14% of gas transfers and 1.35% of electricity transfers. This compares with 2.5% in gas and 3.9% in electricity reported in August 2002.

ET Root Causes

- 5.6. Analysis of the root causes of ETs in figure 2 reveals a broad correlation between the gas and electricity industries. Since the report published in 2002 it is noticeable that the proportion of ETs caused by poor marketing has decreased from approximately 45% to 40% whilst the proportion caused by suppliers selecting the incorrect MPRN or MPAN has increased from around 34% to 43%.

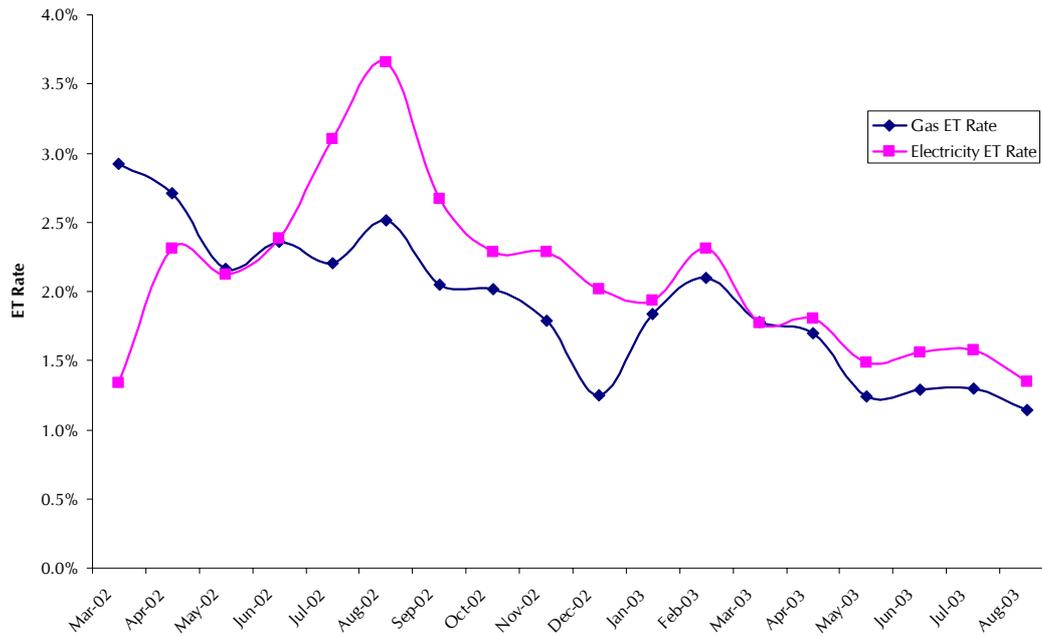


Figure 1: ET Rate in domestic gas and electricity markets – March 2002 to August 2003

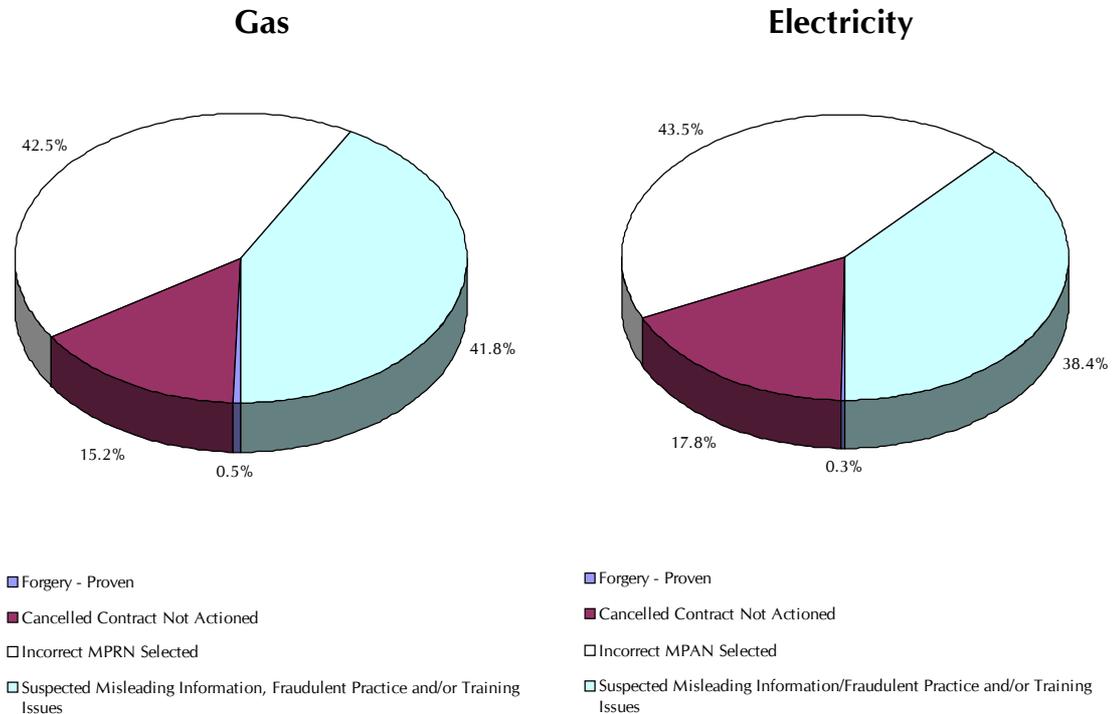


Figure 2: ET root causes in domestic gas and electricity markets – March to August 2003

Data Request

- 5.7. On 5th August 2003 Ofgem wrote to all domestic gas and electricity suppliers requesting further information to help understand better the performance of the ETCC.
- 5.8. Ofgem received responses from 8 domestic suppliers. A list of respondents is shown in Appendix 3.

Data Request A: Supplier initiated ETs on 2nd and 3rd June 2003

- 5.9. The following is a summary of the data provided by suppliers on the return of erroneously transferred customers that they initiated on 2nd and 3rd June 2003. A detailed analysis is provided in Appendix 4.
- 5.10. During the sample period suppliers reported that a total of 1,267 ETs were initiated. 674 ETs were initiated in the electricity market, 477 by the new supplier and 197 by the old supplier. In the gas market 593 ETs were initiated, 369 by the new supplier and 224 by the old supplier.
- 5.11. The majority of ETs are initiated by the new supplier following contact with the customer. Since last year's review the proportion of customers who have initiated the ET process by contacting the old supplier has risen from 16.1% to 33.2%.
- 5.12. The 5-day letter was sent to the customer within the required timescales in 82.3% of cases where sufficient data was provided. In 3.4% of cases the letter was not sent to the customer. This was largely due to an error by Powergen. Powergen has confirmed that this error has now been rectified. One supplier noted that there were particular problems in meeting the required timescale where they were the new supplier and had selected the incorrect MPAN/MPRN to transfer. In these instances they needed to ensure that they were sending the letter to the correct address and this typically took 7 to 8 working days.
- 5.13. Where the new supplier has been contacted by the customer, they are required to investigate whether an ET had occurred and send a message to the old supplier within 8 working days of this customer contact asking them to take the

customer back. Suppliers met this target in 93.1% of cases. In no instances did suppliers report that this message had not been sent.

- 5.14. Where the customer has contacted the old supplier, their details should be passed to the new supplier within 2 working days to investigate whether an ET has occurred. In 82.4% of cases suppliers met this target. Again, in no instances did suppliers report that this message had not been sent.
- 5.15. Once the new supplier has sent an initial request, the old supplier should respond within 2 working days to confirm that they will or will not take back the customer. As with last year, suppliers are having difficulties in getting a response back promptly from the old supplier in every case. However, these difficulties appear to be less significant than in the 2002 data with 36.3% meeting the performance target where sufficient data was provided and 69.3% of responses being received within 5 working days.
- 5.16. On receiving an initial request from the old supplier, the new supplier is required to investigate whether an ET has occurred and if so request, within 8 working days, that the old supplier take the customer back. In 53.8% of cases where data was provided suppliers met this target and 78.9% of cases were responded to by the new supplier within 15 working days.
- 5.17. When both suppliers have agreed that an ET has taken place and that the customer should be returned to their previous supplier then the supplier whom the customer originally contacted should confirm this to the customer in writing. The ETCC states that this letter should be sent within 20 working days of the initial customer contact. Suppliers met this target in 80.5% of cases where data was provided compared to 45.3% in the 2002 review. In 4.5% of cases suppliers reported that the letter had not been sent to the customer. These were largely the result of problems experienced by Powergen. This compares with 39.5% of cases in 2002.
- 5.18. Once the two suppliers have agreed that the customer has been erroneously transferred and should be returned to their previous supplier, the old supplier is required to initiate the customer transfer process. In the 2003 data sample, the customer was re-registered by their old supplier in less than 30 working days in 81.3% of cases where sufficient data was provided. This is an improvement from

the roughly equivalent figure of 71.9% re-registered in less than 40 calendar days in the 2002 review.

- 5.19. The proportion of cases where the re-registration was not made has also fallen from 14.5% in 2002 to 4.7% in 2003.
- 5.20. The ETCC supporting requirements state that once both suppliers have reached agreement that an ET has occurred then the old supplier should re-register the customer with 10 working days. In 24.2% of cases, re-registration did not occur within 10 working days of the response from the other supplier, as required by the ETCC supporting arrangements. In the 2002 review, this figure was 19.4%. As with last year's review, there appear to be more delays occurring where the ET process was initiated by the old supplier. In a further 5.9% of cases the registration was made either without the other supplier responding or where the response date was not known.
- 5.21. In 19.1% of cases overall the re-registration has been made before the other supplier responds. As with last year's data, this may suggest that the ETCC protocols surrounding the re-registration are not being followed in some cases or the customer has contacted both suppliers and made different arrangements with each.
- 5.22. The data provided shows that the customer was transferred back within 30 working days of their initial request in 61.6% of cases where data was provided, while 89.0% were transferred within 50 working days. This represents a considerable improvement from the 2002 review. In 2002 15.9% of cases where data was provided were reported as not yet having transferred back to the previous supplier. This has reduced to 3.5% in this review.

Data Request B: Transferring the customer back to their previous supplier

- 5.23. Ofgem asked suppliers to produce a report on the time it took from a customer's initial contact to them having been transferred back to their previous supplier. The following is a high level summary of the data received. A detailed analysis is provided in Appendix 5.

5.24. In total, 5,577 ETs were identified between 12th and 23rd May 2003. Figure 3 below shows the time taken for the customer to be transferred back to the old supplier following their initial contact.

5.25. Under the terms of the ETCC, the old supplier should re-register the customer within 10 working days of the customer contact. Following registration, it takes a minimum of 15 working days to transfer the customer in the gas market. In electricity, it is possible to transfer the customer in 1 working day although it typically takes longer in practice. In the majority of cases (62.6%), the customer was transferred back within 30 working days while 79.6% were transferred within 50 working days. 16.2% of cases had to wait more than 50 working days to be transferred and in 4.3% of cases the transfer was yet to be made at the time of Ofgem’s data request. In the 2002 data sample, suppliers reported that 6% of registrations had not been made.

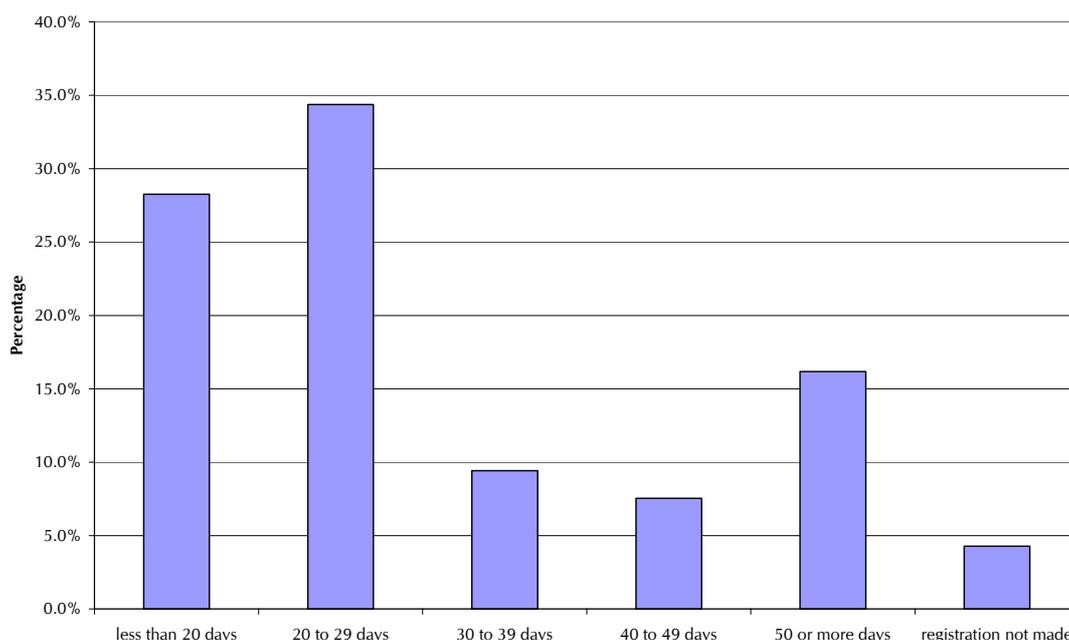


Figure 3: Time taken to transfer the customer following initial customer contact

energywatch Complaints

5.26. energywatch have provided information on complaints that they have received from customers relating to ETs. energywatch define a complaint as being an instance where a customer has attempted to resolve a problem with a supplier,

they have failed to reach a satisfactory conclusion and the customer has contacted energywatch to help resolve the problem. Where a customer has complained to their supplier that they have been erroneously transferred and the supplier has not provided a satisfactory resolution by ensuring that the customer is returned within the ETCC timescales then this is a cause of complaints to energywatch.

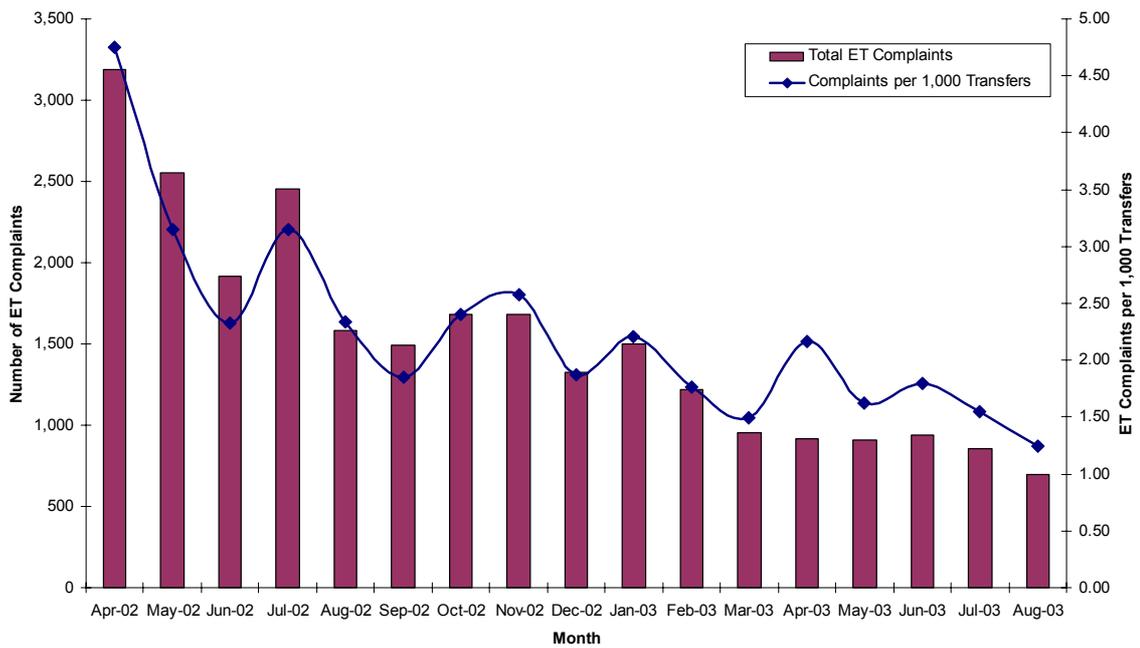


Figure 4: ET complaints received by energywatch

5.27. Figure 4 shows that there has been a fall in ET related complaints reported by energywatch since the introduction of the ETCC⁹. In April 2002 there were 4.75 complaints per 1,000 transfers. The October 2002 review reported a fall to 2.40 complaints per 1,000 transfers by August 2002. The total number of ET complaints to energywatch has continued to decline and was 1.25 complaints per 1,000 transfers in August 2003.

⁹ In February 2003 energywatch changed the basis for its calculation of the number of electricity transfers. Prior to February 2003 energywatch used non half hourly data now they only use domestic transfer figures. This gives an approximate reduction in the number of transfers of 10% and will lead to a comparative increase in ET rate after this date.

Supplier Performance

5.28. Some suppliers appear to have performed poorly or shown weaknesses in their procedures in dealing with the ETCC. This has been borne out by analysis of the data provided by suppliers to Ofgem for the purpose of this report. In particular, issues were identified with Powergen and npower which are discussed below. Energywatch have also commented on the performance of suppliers and provided a series of recommendations for industry review.

Powergen

- 5.29. Analysis of the data provided by Powergen showed significant discrepancies in performance between the information provided in Data Request A and B. In particular, parts of the data pointed to large backlogs of cases where Powergen as the old supplier were yet to re-register the customer following an ET.
- 5.30. Subsequently Powergen has indicated that the majority of reported non re-registered customers were caused by an error in their initial data analysis rather than in their performance against the ETCC standards. Revised data has been provided.
- 5.31. In the gas market, Powergen's TXU brand failed to send 5-day and 20-day letters over the period covered by the data sampling exercise for customers who contacted them as their old supplier. Powergen has assured Ofgem that this problem has been rectified and TXU has been sending letters in accordance with the ETCC timescales.
- 5.32. Ofgem remains concerned about the quality of Powergen's internal ETCC performance monitoring across all of their brands. Powergen has notified Ofgem that improvements have been made and of their continued commitment to the standards set out in the ETCC and supporting documentation. It is Ofgem's intention to conduct a performance assurance visit with Powergen shortly.

npower

5.33. Analysis of the data provided by npower showed that, whilst it reported sending the required communication flows between suppliers, escalating data flows that had not been received and re-registering customers, for some of the data

supplied it was not able in all cases to demonstrate conclusively whether and when the 5 and 20-day customer letters had been sent. This was because not all of the ETs processed were being recorded on a central database at the time.

- 5.34. npower confirmed that it was confident both that these letters had been issued and in the manual procedures that were in place to support the ET Charter process. In Figures 7 and 12 shown in Appendix 4 the npower data related to the issuing of 5 and 20-day letters has been shown in the category “insufficient data provided”.
- 5.35. Further analysis suggested that npower had, in the case of ETs initiated by the new supplier, been sending some 20-day letters before receiving confirmation that the ET would be accepted back by the old supplier. The 20-day letter should inform the customer that they will be returned to their original supplier and should only be sent once both suppliers have reached this agreement.
- 5.36. npower has subsequently provided a further data sample of ETs for dates in September 2003. This data shows that npower is now recording dates for the sending of letters. npower has also confirmed that they are no longer sending the 20-day letter until it has had a response to the ET flow. Where npower do not receive agreement from the other supplier within the agreed time period, they send a letter to the customer explaining the delay. When agreement is reached between both suppliers then npower have stated that they then send the 20 day letter to the customer confirming the ET and that they will be returned to their original supplier.
- 5.37. npower has reiterated its commitment to the ETCC to Ofgem. It is Ofgem’s intention to conduct a performance assurance visit with npower shortly.

6. Success of ETCC

Success Criteria

6.1. In the October 2002 review Ofgem considered that there were four key criteria against which the ETCC should be judged: These are as follows:

- ◆ Have all suppliers adopted the ETCC?
- ◆ Have suppliers performed to the ETCC standards?
- ◆ Has the ETCC had a positive impact on customers?
- ◆ Is the ETCC fit for purpose?

6.2. The same four criteria are reviewed in this chapter.

Have all suppliers adopted the ETCC?

6.3. All domestic suppliers with customers have confirmed that they have adopted the standards set out under the ETCC. In the electricity market suppliers agreed to mandate the supporting requirements under the Master Registration Agreement (MRA)¹⁰. It is anticipated that consideration will be given to mandating the supporting arrangements in the gas market under the SPAA gas governance arrangements once they are in effect. If the SPAA is not in place by the 2004 ETCC review, Ofgem will consider whether adherence to the supporting requirements should be mandated through the gas licence.

Have suppliers performed to the ETCC standards?

6.4. This review indicates that the vast majority of suppliers have operated to the standards set out in the ETCC. Ofgem remains concerned that some suppliers do not yet appear to have in place sufficient monitoring procedures to allow them to track the ET return through to completion and that in some cases it is taking an unacceptable period of time to transfer the customer back to their previous

¹⁰ A legally binding, multi-lateral agreement established on 1 June 1998 to govern the provision and use of metering point administration services by market participants for the development, maintenance and operation of an efficient system for the supplier of electricity in England, Wales and Scotland.

supplier. Ofgem considers that there is benefit in a standardised approach to dealing with customers who have been erroneously transferred. It is disappointing that, 18 months after its full implementation, some suppliers have not been sending out the letters required by the ETCC in the correct circumstances.

Has the ETCC had a positive impact on customers?

- 6.5. Ofgem considers that the introduction of the ETCC and its improved operation over the last year has had a positive impact on customers. In the majority of cases customers are returned to their previous supplier in an acceptable time period, resulting complaints to energywatch have decreased and the introduction of a voluntary compensation scheme will provide financial recompense to customers where the contacted supplier has failed to meet their promise to return the customer quickly and with the minimum of fuss.

Is the ETCC fit for purpose?

- 6.6. Ofgem considers that the content of the ETCC is fit for purpose and has led to the improvements in dealing with erroneously transferred customers described in this document.
- 6.7. Ofgem remains concerned that suppliers have only recently been seen to make significant use of the escalation procedures set out in the industry supporting documentation. Ofgem is disappointed that suppliers are only now formally considering the implementation of an escalation procedure for customers who are waiting to be re-registered following the agreement of both suppliers that an ET has taken place.

energywatch statement

- 6.8. energywatch have provided the following statement on their experience of suppliers' performance under the ETCC. They provide a number of recommendations where they believe that suppliers should improve their performance, or where consideration should be given to amending the ETCC and its supporting requirements. Ofgem strongly recommends that suppliers consider these recommendations at the earliest possible opportunity.

energywatch comments for review of

Erroneous Transfer Customer Charter

Energywatch welcomes the continued drop in the number of complaints it receives in relation to Erroneous Transfers. This is an encouraging trend which may be in part a result of the ETCC but equally may be linked to reduced marketing activity, Energysure or the Marketing Code of Practice. Whilst this is encouraging we believe that there is no room for complacency and there is room for further improvement.

Turning to the ETCC itself, energywatch has surveyed the qualitative experience of our frontline Consumer Advisers who deal with ET complaints on a daily basis. We believe that this information complements the analysis of company data carried out by Ofgem.

- ◆ Our experience suggests that there is still some reluctance, especially amongst losing suppliers to take ownership of the customer's complaint. Consumers are all too often 'fobbed off' to the gaining supplier or are alarmingly on occasion referred directly to energywatch or MPAS/Transco.
- ◆ There is an increased awareness of the code amongst suppliers' staff who deal directly with energywatch, however, there is some concern about the level of knowledge amongst general customer service staff. There is often a failure to make consumers aware of the ETCC and their rights under the Charter and customers are not kept informed of progress in dealing with their complaint. We have also become aware of staff of the losing supplier persuading consumers to sign new contracts rather than go through the ET process. Whilst this does solve the problem, it goes against the spirit of the Charter and leaves the customer to pay a bill to a supplier with which they have no contractual relationship.
- ◆ Too many consumers are suffering undue delays in transferring back to their preferred supplier and often it is necessary to lodge a complaint with energywatch before action is taken. Delays exacerbate the situation and also cause further problems with billing etc.
- ◆ The overall indication from frontline energywatch staff is that the ETCC is having a positive impact for consumers. However some suppliers appear to be more committed and apply more resources than others.

Energywatch recommendations

Energywatch recommends that suppliers should:

- ◆ extend the compensation scheme for breaches of the ETCC to other aspects of the Charter, e.g. not giving the customer the option as to whom they want to take ownership of their problem or delayed return to preferred supplier;
- ◆ be doing more to keep customers informed throughout the returning process eg managing customer expectations about further contact and contacting customers if the 20 day letter will be delayed;
- ◆ use the ETCC process rather than simply re-registering the customer as a “new” customer. Energywatch will be gathering evidence of this practice and challenging those suppliers who do it;
- ◆ return customers regardless of the time that has elapsed since the ET and resolve any inter-supplier settlement issues behind the scenes and without involving the customer as far as possible;
- ◆ energywatch will monitor individual company compliance with the ETCC and poor performance will be addressed as part of regular Lead Office meetings.
- ◆ consider extending the ETCC to include I & C customers as well as domestic;
- ◆ generally tighten of the compensation processes and inter supplier escalation procedures.

7. Conclusion and Next Steps

October 2002 Review

- 7.1. In the October 2002 review Ofgem stated that by September 2003 it expected suppliers to have appropriate arrangements in place to enable them to work together to achieve compliance with the ETCC, that suppliers should be able to demonstrate clearly that they are performing to the ETCC standards and that customer complaints had substantially fallen.
- 7.2. Ofgem stated that if the 2003 review concluded that the standards set out under the ETCC were not being met or that suppliers had not put in place a satisfactory voluntary scheme for compensating customers then Ofgem would propose the introduction of a guaranteed standard of performance under both the Gas and Electricity Acts. In addition, Ofgem would consider whether there was a case for a modification to the standard licence conditions of suppliers' licences requiring adherence to the ETCC¹¹.

October 2003 Review

- 7.3. This review has demonstrated suppliers' commitment to the ETCC and its positive impact on customers' experience of being erroneously transferred. The review has shown that suppliers have in general performed well against the ETCC standards. This has not been true across all parts of the ETCC, and across the industry, with some suppliers performing better than others. Notably, work still needs to be undertaken to address the issue of re-registering the customer quickly once both suppliers have agreed that a customer should be returned.
- 7.4. Although not a direct result of the implementation of the ETCC, Ofgem also notes that the overall level of ETs has fallen considerably in the market. This is welcomed and suppliers should continue to make efforts in this area. It is anticipated that the forthcoming amendment to industry rules allowing a supplier to stop the transfer of one of their domestic customers where they have clearly

¹¹ The regulatory options available were set out in Chapter 7 of the ETCC Implementation Review – October 2003

stated not to have entered into a contract with another supplier should further reduce the number of ETs.

Next Steps

7.5. Ofgem recommends that:

- ◆ suppliers maintain or improve their focus on meeting the ETCC standards and supporting requirements,
- ◆ suppliers implement effective mechanisms for escalation, in particular where the old supplier has not re-registered the customer in the expected timeframe,
- ◆ suppliers review the operation of the voluntary compensation scheme to ensure that it provides adequate compensation where the supplier fails to meet their promise to the customer to return them back to their old supplier quickly and with the minimum of fuss. In particular, suppliers should consider compensating customers where they have failed to re-register or transfer them back in a timely manner, and
- ◆ suppliers should consider mandating the gas ETCC supporting requirements under the forthcoming SPAA governance arrangements. If this is not the case then Ofgem will consider mandating these through a licence condition as part of the October 2004 review.

7.6. Ofgem also notes the recommendations made by energywatch in Chapter 5 and consider that the industry should review these as soon as reasonably practical.

7.7. Data analysis by Ofgem has highlighted particular issues with the performance of a number of suppliers, particularly regarding their internal monitoring. Ofgem has received assurances of continued commitment to the ETCC and of improvement from these suppliers. It is Ofgem's intention to visit these companies shortly to allow them to demonstrate their performance.

7.8. Based on the overall performance of domestic suppliers Ofgem does not intend to take formal regulatory action at this point. However Ofgem will conduct a further review of the ETCC to be published in October 2004. This review will look again at the commitment of suppliers to the ETCC, their performance

against its standards, its impact on customers and whether the content of the ETCC is fit for purpose. The outcome of the 2004 review will determine whether formal regulatory measures are required at that point to assure the ETCC standards.

Appendix 1 ET Root Causes

1.1 The following table sets out the allowed ways in which supplier can record the reasons for an ET, as defined by the Erroneous Transfer Working Group, together with a definition and typical business scenario for each.

Recorded Reason for ET	Definition	Typical Business Scenarios
Forgery – PROVEN	Where an ET is proven to be a result of the fraudulent marketing practices, by the gaining Supplier or its salesmen / agents	<ul style="list-style-type: none"> • Forgery of contract • Customer deceased prior to signing
Incorrect MPRN / MPAN Selected	Where an ET is recorded in circumstances where the customer being transferred has been incorrectly identified	<ul style="list-style-type: none"> • A house is split into a number of flats where the MPRN / MPAN for the wrong flat is selected. • Customer provided incorrect data • Wrong number keyed in • New estates where plots are converted to postal addresses
Cancelled contract not actioned	Where an ET is recorded because the gaining supplier failed to act upon the cancellation of the contract by the customer	<ul style="list-style-type: none"> • Clerical Error • If internal systems prove that the customer had previously contacted the supplier
Suspected misleading information fraudulent practice and / or training issues	Where an ET is recorded due the provision of misleading information by the gaining supplier or its salesmen/agents	<ul style="list-style-type: none"> • Customer's daughter phones up to say that her father is old and senile and did not know what he was doing in signing a contract • Customer says that the agent was very aggressive and the customer feared that not signing the contract could have repercussions • Customer has found out that savings quoted by the rep were not accurate and they do not want to proceed • Customer says that the rep said the contract was for more information. • Came to read meter and asked to sign contract
Other (electricity only)	Where the ET process is used by Suppliers to correct a technical problem whilst at the same time enhancing customer service.	<ul style="list-style-type: none"> • The customer has an unsupported meter • Related MPAN

Appendix 2 The Erroneous Transfer Customer Charter

Content of the ETCC

2.1 The ETCC sets out the high level principles which should be adopted to ensure that the customer knows what will happen to them following an ET and that they will be transferred back quickly and with the minimum of fuss. The ETCC is shown in Figure 5.

- ◆ If a customer believes that they have been erroneously transferred then they can contact either their old or new supplier. The contacted supplier will liaise with the other supplier to resolve the matter.
- ◆ An appropriately trained representative of the contacted supplier should explain to the customer:
 - ◆ what action will be taken.
 - ◆ when they can reasonably expect to be transferred back to their original supplier.
 - ◆ that they will only pay once for the energy consumed and where possible, how their billing arrangements will be treated.
 - ◆ how they will be kept informed of progress towards resolution.
 - ◆ on request, how complaints will be resolved and, where appropriate, how compensation claims will be dealt with.
- ◆ The contacted supplier will send written confirmation of the details provided above within 5 working days of the customer contact. Where possible the supplier will include an explanation of why the erroneous transfer took place.
- ◆ The customer will be provided with confirmation within 20 working days of their initial contact that they will be returned to their old supplier.

Figure 5: The Erroneous Transfer Customer Charter (ETCC)

2.2 Under the ETCC a customer can contact either their new or old supplier if they believe that they have been erroneously transferred. The contacted supplier will liaise with the other supplier to resolve the problem. This prevents customers

from being inconvenienced further by having to make additional telephone calls. In some instances customers are unwilling to contact the new supplier who has taken over their supply, as they do not believe that they have a valid contract with them.

- 2.3 The supplier representative whom the customer contacts should be appropriately trained and should provide the customer with the information that they require to understand what is likely to happen to resolve the ET. This includes the requirement to inform the customer of the action to be taken, the likely date that they will transfer back, how the billing arrangements will operate, how further information can be obtained and, on request, how compensation arrangements will be dealt with.
- 2.4 The ETCC requires that the information provided to the customer during their initial contact is confirmed in writing within 5 working days of this contact. It is intended that the customer is in no doubt about the likely course of events. Where possible the customer should also be informed of the cause of the ET.
- 2.5 The ETCC also requires that the customer is sent confirmation that they will be returned to their previous supplier within 20 working days of their initial contact. Before sending this letter a supplier needs to have agreed with the other supplier that an ET has taken place and how the customer should be returned. This requires an effective data transfer mechanism between the two suppliers.

ETCC Supporting Processes

- 2.6 The ETWG developed supporting requirements for the ETCC. In electricity this is known as “MAP010 – The procedure for resolution of Erroneous Transfers”. These are mandated as an agreed procedure under the MRA. In the gas market “The Procedure for resolution of Gas Erroneous Transfers” has been developed under the Supplier’s Code of Practice (DCoP) for the Domestic Market. This procedure is voluntary but has the opportunity to be mandated through the forthcoming SPAA gas governance arrangements.
- 2.7 These supporting procedures set out the data transfer requirements between the suppliers involved in the ET. This includes the format of data flows, the timescales for them to be sent and the industry escalation procedures should

responses not be received within the expected timescales. The October 2003 ETCC review identified weaknesses in the re-registration of erroneously transferred customers. Suppliers will be voting on introducing revised escalation procedures for customers who have not been re-registered in a timely manner at the November 2003 MRA Development Board (MDB) meeting.

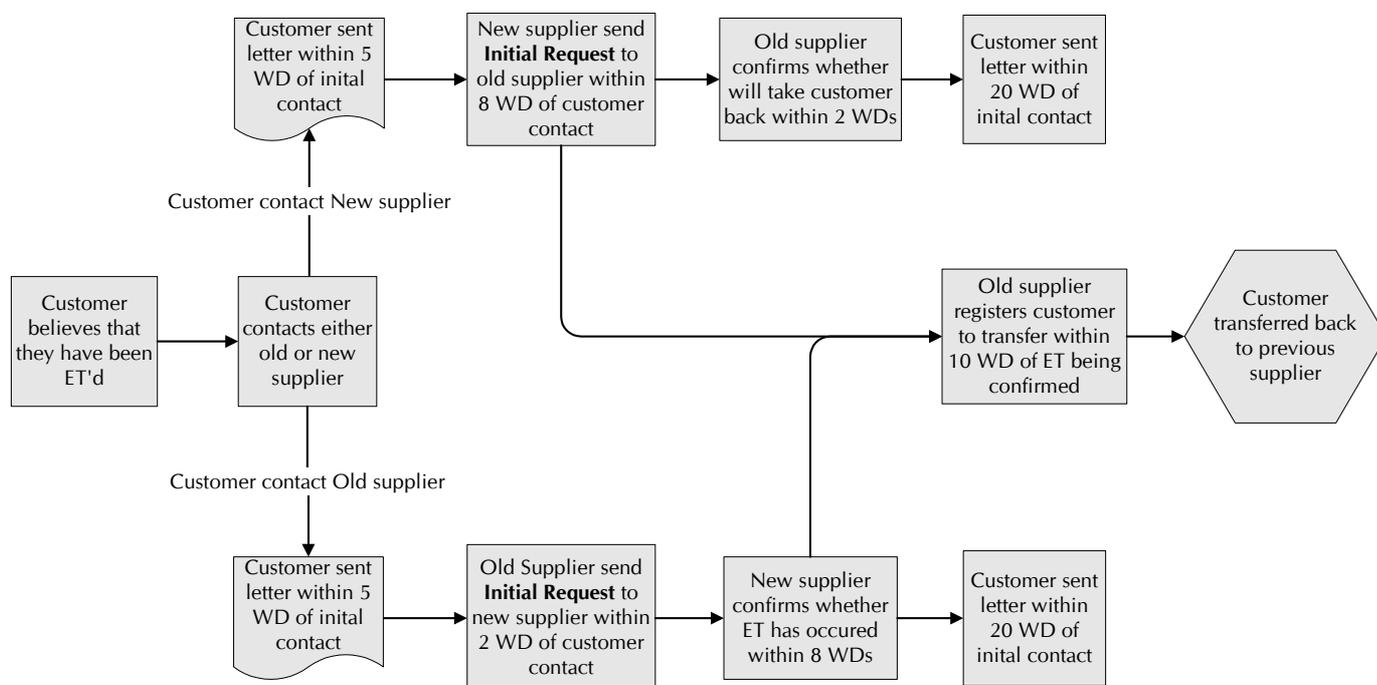


Figure 6: Summary of the ETCC Processes

2.8 The ETCC process differs slightly depending on whether the customer contacts the old or the new supplier. The following is a high level description of the process which is also summarised in Figure 6.

Old Supplier Initiates ET Return Process

2.9 When the old supplier has been contacted by a customer they will pass a message to the new supplier to indicate that the customer believes that an ET has taken place. This message (the initial request) is to be sent within 2 working days of the initial customer contact.

2.10 The new supplier will investigate whether they consider that an ET has taken place. They will conclude this investigation and inform the old supplier within 8 working days either that an ET has occurred and that they want the old supplier to take the customer back or that the customer has been legitimately transferred.

- 2.11 Upon notification from the new supplier that an ET has taken place the old supplier has 10 working days within which to register the customer to transfer. Registration is the action taken by a supplier to set the future date for the customer transfer to take place.
- 2.12 From customer contact to registration the process should take 20 working days. The industry has indicated that, in some circumstances, for example where the new supplier needs to make a detailed investigation of the proposed ET, these timescales are challenging.

New Supplier Initiates ET Return Process

- 2.13 When the new supplier has been contacted by a customer they will first investigate whether they consider that an ET has taken place. Where an ET has occurred they have 8 working days to send a message to the old supplier to ask them to take the customer back.
- 2.14 Having received a request (the initial request), the old supplier will send a message back to the new supplier indicating that they will or will not register the customer. In some instances, for example where they were not the customer's previous supplier, it will be necessary to reject the new supplier's request. This message is required to be sent to the new supplier within 2 working days of the initial request.
- 2.15 Within 10 working days of receiving the initial request the old supplier should register the customer where they have confirmed that they were the customer's previous supplier.
- 2.16 From customer contact to registration the process should take a maximum of 18 working days.

Appendix 3 List of Respondents

3.1 On 5th August 2003 Ofgem wrote to domestic gas and electricity suppliers to request data to support analysis of the ETCC. The following suppliers provided data:

- ◆ Atlantic Electric and Gas
- ◆ British Gas
- ◆ EDF Energy
- ◆ Innogy
- ◆ Powergen
- ◆ Telecom Plus
- ◆ Scottish and Southern Energy
- ◆ Scottish Power

Appendix 4 ETCC Performance – Customer ET Returns Initiated on 2nd and 3rd June 2003

- 4.1 On the 5 August 2003 Ofgem wrote to all domestic gas and electricity suppliers requesting information to help better understand their performance in meeting the standards set out by the ETCC and supporting requirements.
- 4.2 One of the items of data requested was:
- ◆ Details of all erroneous transfer customer returns **initiated** by the supplier following customer contact on the 2nd and 3rd June 2003 (this being the date that the customer contacted the supplier not the date the ET occurred). This included all cases initiated on these 2 days where the supplier had lost or gained the customer as a result of an ET. If on the 2nd and 3rd June the supplier had initiated less than 30 ETs then they were instructed to work forward until the total number of initiated ET's separately reached 30 for both gains and losses in the gas and electricity markets or until the 20th June 2003.
- 4.3 This appendix sets out a detailed analysis of the information received. In total Ofgem received 8 responses from licensed suppliers.

Data Sample

- 4.4 During the sample period suppliers reported that 674 ETs were initiated in the electricity market, 477 by the new supplier and 197 by the old supplier. In the gas market 593 ETs were initiated, 369 by the new supplier and 224 by the old supplier. The total number of ETs reported was significantly less than in last year's review.
- 4.5 Throughout this analysis, calculations have been made based on working days.

Initial Customer Contact

- 4.6 As was the case with the 2002 review, the majority of ETs are initiated by the new supplier following contact with the customer. However, since last year the proportion of customers who have initiated the ET process by contacting the old

supplier has risen from 16.1% to 33.2%. Last year, nearly twice as many ETs were reported to the new supplier over the same period of time. The number of ETs initiated by the old supplier remained constant in the electricity market but more than doubled in the gas market.

- 4.7 In 89 cases in the data sample where they have approached the new supplier, the customer indicated that they did not want the old supplier to contact them directly. This was mainly reported by one supplier in the gas market. In 9 cases where the initial contact was with the old supplier, the customer requested not to be contacted by the new supplier.

The 5-day Letter

- 4.8 The ETCC requires the supplier to provide specified information to the customer in writing within 5 working days of the initial customer contact (the 5-day letter).
- 4.9 In the vast majority of cases, the 5-day letter was sent within the required timescales. Where the customer contacted the old supplier, the 5-day letter was sent on time in 94.4% of cases in electricity and 85.5% in gas. As with last year, where the initial contact was with the new supplier, the timeliness of the 5-day letter being sent was slightly worse, with 75.3% in electricity and 82.4% in gas sent within the required timescale.
- 4.10 One supplier commented that they found the 5 day timescale challenging where they were the new supplier and had erroneously transferred the customer by selecting the incorrect MPAN / MPRN. In these instances extra investigation work was required to make sure that the letter was sent to the customer who had been erroneously transferred rather than the customer with whom they had a valid contract.
- 4.11 In electricity, where the customer has contacted the new supplier, there were 76 cases where the 5-day letter was sent between 6 and 10 days after the initial customer contact date. More detailed analysis of the data shows that nearly all of these were sent within 6 or 7 days and so were sent only narrowly outside the required timescale.
- 4.12 The data received during this year's review indicates that suppliers, on the whole, are far better at recording information on ET timescales than last year. In

the 2002 review, the new supplier in particular experienced difficulties in recording the 5-day letter, with 14.8% of cases where suppliers were unable to provide data on when the letter was sent.

- 4.13 This year, npower was unable to provide the dates on all cases when the 5-day letter was sent when they initiated the ET process as the new supplier. For the rest of the industry, without this supplier’s data included, data was reported in all but 2.2% of cases.
- 4.14 The vast majority of cases where the 5-day letter was not sent were due to a problem with Powergen’s TXU brand as described in Chapter 5.
- 4.15 A summary of the data provided regarding the 5-day letter is provided in Figure 7 below.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where letter not sent	0	0.0%	6	2.7%	24	5.4%	10	3.1%
Cases where letter sent in (working days):								
Less than 0 days	5	2.6%	1	0.5%	1	0.2%	0	0.0%
0 to 5 days	184	94.4%	189	85.5%	332	75.3%	267	82.4%
6 to 10 days	3	1.5%	16	7.2%	76	17.2%	41	12.7%
11 to 15 days	2	1.0%	7	3.2%	3	0.7%	2	0.6%
16 to 20 days	0	0.0%	0	0.0%	2	0.5%	0	0.0%
21 to 30 days	0	0.0%	1	0.5%	0	0.0%	3	0.9%
31 to 40 days	0	0.0%	1	0.5%	1	0.2%	1	0.3%
41 to 50 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
More than 50 days	1	0.5%	0	0.0%	2	0.5%	0	0.0%
Cases where insufficient data was provided	2		3		36		45	
TOTAL	197		224		477		369	

Figure 7: Time taken to send the 5-day letter

Initiating the ET Return Process

- 4.16 Where the new supplier has been contacted by the customer, they are required to investigate whether an ET had occurred. Where they believe the customer has been erroneously transferred, they should send a message to the old supplier within 8 working days of the contact with the customer, asking them to take the customer back.

- 4.17 Figure 8 shows the performance of the new supplier in sending the initial request. In the electricity market, this initial request to the old supplier was made within the required timescale in 95.0% of cases. In the gas market, the initial request was sent in 90.8% of cases. Both figures show an improvement on the data provided for the 2002 review.
- 4.18 The initial request was sent in all cases in the sample data. In addition, unlike in the 2002 review, there was full reporting with data being provided in all cases.
- 4.19 Of the 25 cases where the initial request was sent in 9 to 15 days in the gas market, 17 narrowly missed the 8-day timescale, being sent in 9 or 10 days.
- 4.20 As with the 2002 review, the performance in gas is slightly lower than in electricity, although a much greater improvement has occurred in gas.

Where new supplier initiated process				
	Electricity	%	Gas	%
Cases where initial request not sent	0	0.0%	0	0.0%
Cases where initial request sent in (working days):				
Less than 0 days	3	0.6%	0	0.0%
0 to 8 days	453	95.0%	335	90.8%
9 to 15 days	13	2.7%	25	6.8%
16 to 20 days	3	0.6%	3	0.8%
21 to 30 days	1	0.2%	4	1.1%
31 to 40 days	2	0.4%	2	0.5%
41 to 50 days	0	0.0%	0	0.0%
More than 50 days	2	0.4%	0	0.0%
Cases where insufficient data was provided	0		0	
TOTAL	477		369	

Figure 8: Time taken for the new supplier to send initial request

- 4.21 Where the customer has contacted the old supplier, their details should be passed to the new supplier within 2 working days to investigate whether an ET has occurred. This information is shown in Figure 9 below.
- 4.22 In 81.2% of cases in electricity and 83.5% in gas, this initial request to the new supplier was sent within the required timescale. This represents a considerable improvement on the 2002 review when 18.5% of cases in electricity and 34.0%

of cases in gas were sent within 2 days. Last year's figures were calculated on a calendar day rather than a working day basis however, this is not likely to have had a considerable effect as the vast majority of ETs reported last year were initiated on a Monday or Tuesday. In these cases, the calculation of the 2 day timescale should not have been distorted by non-working days.

4.23 Again, the initial request was sent in all cases and data was reported in all cases.

Where old supplier initiated process				
	Electricity	%	Gas	%
Cases where initial request not sent	0	0.0%	0	0.0%
Cases where initial request sent in (working days):				
Less than 0 days	7	3.6%	1	0.4%
0 to 2 days	160	81.2%	187	83.5%
3 to 5 days	21	10.7%	10	4.5%
6 to 10 days	6	3.0%	18	8.0%
11 to 15 days	2	1.0%	6	2.7%
16 to 20 days	0	0.0%	0	0.0%
21 to 30 days	0	0.0%	2	0.9%
31 to 40 days	0	0.0%	0	0.0%
41 to 50 days	0	0.0%	0	0.0%
More then 50 days	1	0.5%	0	0.0%
Cases where insufficient data was provided	0		0	
TOTAL	197		224	

Figure 9: Time taken for the old supplier to send initial request

Response to Initial Request

4.24 Once the new supplier has sent an initial request, the old supplier should respond within 2 working days to confirm that they will or will not take back the customer. The data indicates an improvement in performance in this area compared to last year, with 29.2% of cases in electricity and 45.4% in gas being responded to within 2 working days.

4.25 As with last year, suppliers are having difficulties in getting a response back promptly from the old supplier in every case. However, these difficulties appear to be less significant than in the 2002 data. Last year, in 20.2% of cases no response at all was received from the old supplier in the gas and electricity markets combined. This year, that figure has fallen to 6.0%. In addition, in

15.4% of the data sample in 2002, suppliers were unable to report data on when or whether a response had been received. This has fallen to 1.1% in 2003.

4.26 This data is set out in Figure 10.

Where new supplier initiated process				
	Electricity	%	Gas	%
Cases where response not received	43	9.2%	7	1.9%
Cases where response received in (working days):				
Less than 0 days	0	0.0%	1	0.3%
0 to 2 days	137	29.2%	167	45.4%
3 to 5 days	153	32.6%	123	33.4%
6 to 10 days	53	11.3%	46	12.5%
11 to 15 days	23	4.9%	9	2.4%
16 to 20 days	18	3.8%	4	1.1%
21 to 30 days	19	4.1%	6	1.6%
31 to 40 days	12	2.6%	2	0.5%
41 to 50 days	7	1.5%	1	0.3%
More than 50 days	4	0.9%	2	0.5%
Cases where insufficient data was provided	8		1	
TOTAL	477		369	

Figure 10: Time taken for new supplier to receive response to initial request

4.27 On receiving an initial request from the old supplier, the new supplier is required to investigate whether an ET has occurred and if so request, within 8 working days, that the old supplier take the customer back. In 38.0% of cases in electricity and 65.9% in gas was this response received by the old supplier within 8 working days. This data is set out in Figure 11. In the 2002 review, the performance in the electricity market was much higher (63.5%) than gas (26.6%). It is not clear why there has been a switch in performance between the two markets.

Where old supplier initiated process				
	Electricity	%	Gas	%
Cases where response not received	8	4.7%	4	1.8%
Cases where response received in (working days):				
Less than 0 days	0	0.0%	0	0.0%
0 to 8 days	65	38.0%	147	65.9%
9 to 15 days	64	37.4%	35	15.7%
16 to 20 days	8	4.7%	3	1.3%
21 to 30 days	13	7.6%	20	9.0%
31 to 40 days	6	3.5%	5	2.2%
41 to 50 days	5	2.9%	6	2.7%
More than 50 days	2	1.2%	3	1.3%
Cases where insufficient data was provided	26		1	
TOTAL	197		224	

Figure 11: Time taken for old supplier to receive response to initial request

4.28 All 26 cases where no data is available in the electricity market were provided by one supplier.

The 20-day Letter

4.29 Within 20 working days of the initial customer contact, the supplier that initiated the ET process is required to contact the customer to inform them that agreement has been reached between the two suppliers, that an ET has occurred and that the customer will be returned to their old supplier. This letter should only be sent once the supplier has received a response to the initial request confirming that agreement had been reached.

4.30 Figure 12 shows the performance of suppliers in sending this 20-day letter. The performance in sending this letter within the required timescale is slightly higher when the new supplier has been contacted, 82.2% in electricity and 88.0% in gas, compared to when the old supplier is contacted, 62.4% in electricity and 81.9% in gas. This is in contrast to the 2002 data where the performance of the new supplier in sending the 20-day letter was appreciably worse than the old supplier.

4.31 A considerable improvement is noticeable in the proportion of 20-day letters being sent. In 2002, 39.5% of letters were not sent, the majority of which resulted where the new supplier had been contacted. Ofgem, in the 2002

review, expressed considerable concern at the high proportion of letters not sent and noted that two suppliers accounted for much of the poor performance. In 2003 the proportion of 20-day letters that have not been sent has fallen to 4.5%. The majority of cases where the letter was not sent were accounted for by Powergen.

- 4.32 The proportion of letters sent within the required timescale has seen a similar significant improvement. In 2002, the 20-day letter was sent on time in 45.3% of cases. In 2003 this figure has risen to 80.5%
- 4.33 In 13.4% of the whole data sample in 2002, suppliers were not able to report any data on the sending of the 20 day letter. In 2003, the cases where insufficient data was available rose to 13.8%. As reported in Chapter 5 above, npower has contributed a large number of cases where the 20-day letter data has been categorised as ‘cases where insufficient data provided’ when initiating the process as the new supplier.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where 20 day letter not sent	2	1.1%	6	2.7%	26	6.8%	15	4.9%
Cases where 20 day letter sent in (working days):								
Less than 0 days	0	0.0%	0	0.0%	1	0.3%	0	0.0%
20 days or less	113	62.4%	181	81.9%	314	82.2%	271	88.0%
21 to 30 days	58	32.0%	22	10.0%	22	5.8%	14	4.5%
31 to 40 days	2	1.1%	6	2.7%	9	2.4%	5	1.6%
41 to 50 days	3	1.7%	6	2.7%	4	1.0%	1	0.3%
51 to 60 days	2	1.1%	0	0.0%	6	1.6%	2	0.6%
61 to 70 days	1	0.6%	0	0.0%	0	0.0%	0	0.0%
71 to 80 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
81 to 100 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
More than 100 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Cases where insufficient data was provided	16		3		95		61	
TOTAL	197		224		477		369	

Figure 12: Time taken to send 20-day letter

Returning the Customer to their Previous Supplier

- 4.34 Once the two suppliers have agreed that the customer has been erroneously transferred and should be returned to their previous supplier, the old supplier is required to initiate the customer transfer process. After submitting the registration, it takes a minimum of 15 working days for a gas customer to

transfer. In electricity the customer can be transferred in 1 working day, although it typically takes longer

4.35 In the 2003 data sample, the customer was re-registered by their old supplier in less than 30 working days in 81.3% of cases, in gas and electricity combined.

This is an improvement from the roughly equivalent figure of 71.9% re-registered in less than 40 calendar days in the 2002 review.

4.36 The proportion of cases where the re-registration was not made has also fallen from 14.5% in 2002 to 4.7% in 2003. In addition, the proportion of cases where there was insufficient data available has fallen from 15.6% in 2002 to 4.8% in 2003.

4.37 This data is set out below in Figure 13.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where registration not made	5	2.6%	5	2.3%	23	5.0%	24	7.1%
Cases where registration made in (working days):								
Less than 0 days	7	3.6%	1	0.5%	4	0.9%	3	0.9%
30 days or less	149	76.8%	165	75.7%	366	79.9%	285	84.8%
31 to 40 days	17	8.8%	14	6.4%	31	6.8%	13	3.9%
41 to 50 days	10	5.2%	4	1.8%	19	4.1%	6	1.8%
More than 50 days	6	3.1%	29	13.3%	15	3.3%	5	1.5%
Cases where insufficient data was provided	3		6		19		33	
TOTAL	197		224		477		369	

Figure 13: Time taken for registration to be made following initial customer contact

4.38 Figure 14 below shows a summary of the time taken for the customer to be re-registered following agreement being reached between the two suppliers.

4.39 In 24.2% of cases, re-registration did not occur within 10 working days of the response from the other supplier, as required by the ETCC supporting arrangements. In 2002 this figure was 19.4%. As with the 2002 review, there appear to be more delays occurring where the ET process was initiated by the old supplier.

4.40 There has been a reduction since the 2002 review in the number of cases where the customer is re-registered without the initiating supplier responding to the

initial request. In 2003, in 3.1% of cases, the old supplier has re-registered the customer without the initiating supplier receiving a response. In addition, in 2.8% of cases, re-registration was made without there being sufficient data on when or whether there had been a response.

4.41 Of concern is the fact that in 19.1% of cases overall the re-registration has been made before the other supplier responds. As with last year's data, this suggests that the ETCC protocols surrounding the re-registration are not being followed in some cases. This seems to occur more where the new supplier has initiated the process. In such cases the old supplier will have had confirmation from the new supplier that an ET has occurred and is required to re-register the customer and send a response to the new supplier. It appears that some suppliers have been submitting the registration in advance of, or instead of, sending the response.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where registration not made	5	2.6%	5	2.3%	23	5.0%	24	7.1%
Cases where registration made in (working days):								
Less than 0 days	19	9.8%	32	14.7%	111	24.2%	68	20.2%
0 to 5 days	62	32.0%	63	28.9%	177	38.6%	151	44.9%
6 to 10 days	28	14.4%	20	9.2%	25	5.5%	30	8.9%
11 to 15 days	22	11.3%	41	18.8%	20	4.4%	29	8.6%
16 to 20 days	15	7.7%	30	13.8%	24	5.2%	10	3.0%
21 to 30 days	7	3.6%	11	5.0%	20	4.4%	7	2.1%
31 to 40 days	6	3.1%	6	2.8%	11	2.4%	8	2.4%
41 to 50 days	0	0.0%	7	3.2%	5	1.1%	4	1.2%
More than 50 days	2	1.0%	2	0.9%	3	0.7%	2	0.6%
Registration made but no information on whether other supplier responded to Initial Request	26	13.5%	0	0.0%	8	1.9%	0	0.0%
Registration made without other supplier responding to Initial Request	2	1.0%	1	0.5%	31	6.8%	3	0.9%
Cases where insufficient data provided to determine if registration made	3		6		19		33	
TOTAL	197		224		477		369	

Figure 14: Time taken for registration to be made following response from other supplier

4.42 Figure 15 below shows the time it has taken to transfer the customer back after their initial contact with either supplier. Where the old supplier has initiated the process, the customer was transferred back within 30 working days in 48.3% of cases while 87.5% were transferred within 50 working days. Where the ET has

been initiated by the new supplier, in 68.5% of cases the customer was transferred within 30 working days and 89.8% within 50 working days.

4.43 There has been a considerable reduction since the 2002 review in the number of cases where the customer still had not been transferred when the data was submitted to Ofgem. In just 3.5% of cases the transfer had not been made, compared to 15.9% in 2002.

4.44 As with the majority of the 2003 sample data, there has been an improvement in the reporting of information, with the number of cases where there was insufficient data falling from 11.5% in 2002 to 5.8%.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where transfer not made	4	2.1%	12	5.6%	15	3.4%	11	3.2%
Cases where transfer made in (working days):								
Less than 0 days	3	1.6%	1	0.5%	2	0.5%	1	0.3%
30 days or less	113	58.5%	80	37.2%	286	65.0%	249	72.2%
31 to 40 days	33	17.1%	70	32.6%	57	13.0%	48	13.9%
41 to 50 days	26	13.5%	31	14.4%	43	9.8%	19	5.5%
51 to 60 days	8	4.1%	6	2.8%	24	5.5%	10	2.9%
61 to 70 days	2	1.0%	7	3.3%	8	1.8%	2	0.6%
71 to 80 days	2	1.0%	6	2.8%	2	0.5%	2	0.6%
81 to 90 days	1	0.5%	2	0.9%	1	0.2%	1	0.3%
91 to 100 days	0	0.0%	0	0.0%	2	0.5%	1	0.3%
More than 100 days	1	0.5%	0	0.0%	0	0.0%	1	0.3%
Cases where insufficient data was provided	4		9		37		24	
TOTAL	197		224		477		369	

Figure 15: Time taken to transfer customer back after initial customer contact

Appendix 5 ETCC performance – Analysis of Customer Return Timescales

- 5.1 On the 5 August 2003 Ofgem wrote to all domestic gas and electricity suppliers requesting supplementary information to the existing monthly reports to help better understand the performance of suppliers.
- 5.2 One of the data items requested was:
- ◆ A report on the time it took to the old supplier to transfer the customer back to them following the customer's initial contact. The report separately identified cases where the customer's initial contact was with the new supplier and the old supplier. Data was requested for all ETs initiated from 12th May to 23rd May 2003.
- 5.3 This appendix provides an analysis of the data provided by suppliers.
- 5.4 In total, 5,577 ETs were identified between 12th and 23rd May 2003. This is a considerable reduction in the total number of 13,609 identified over the same length of time in the 2002 review. Of this total, 3,286 ETs were identified in the electricity market and 2,291 in the gas market. 1,259 cases were initiated by the customer contacting the old supplier, while 4,318 ETs were notified to the new supplier.
- 5.5 Figure 16 below sets out the industry performance in transferring the customer back to their old supplier. This data is provided by the old supplier in all cases and is split to show the time to transfer the customer where the initial contact was directly with the old supplier and where the case was referred by the new supplier. The data is also separated into gas and electricity.

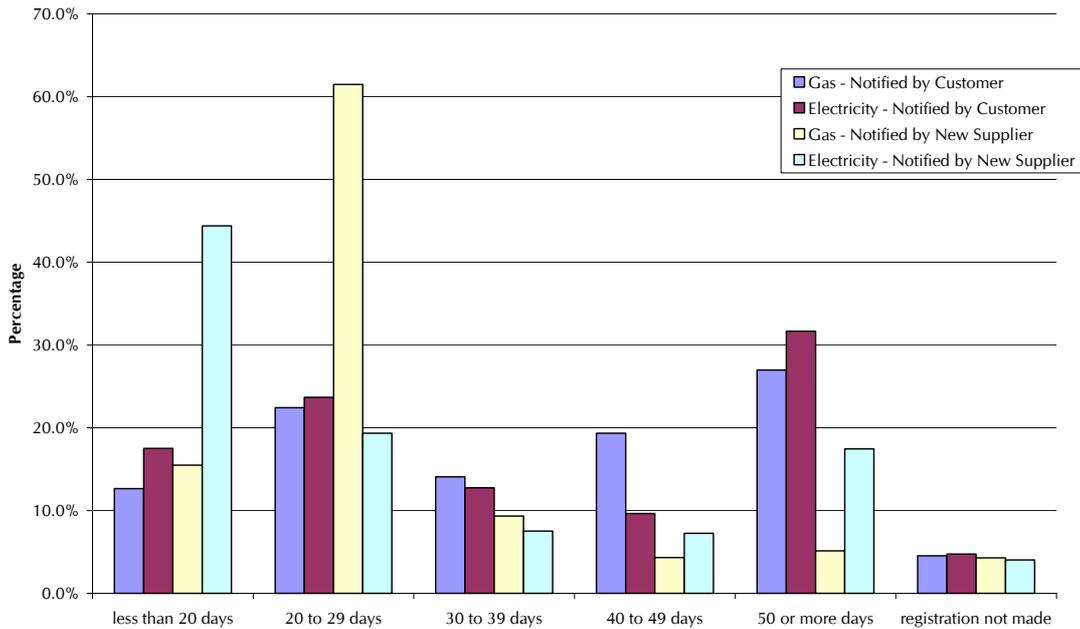


Figure 16: Time from initial customer contact to transfer by old supplier

- 5.6 The data shows that the time taken to transfer the customer is generally shorter if the initial customer contact is with the new supplier. In such cases, the customer was transferred back to their previous supplier within six weeks in 77.0% of cases in the gas market and 63.7% in electricity. In the electricity market, a significant number of cases (44.4%) were transferred within 20 working days of the initial customer contact. In gas, the majority of cases were transferred back between 20 and 29 working days after the customer contact. This difference may be a result of the longer timescales required by the customer transfer process in gas compared to electricity. In gas it take a minimum of 15 working days to transfer a customer’s energy supply whilst in the electricity market this can be done the next day although it takes longer in practice.
- 5.7 Where the customer contacted the old supplier, they were transferred in less than six weeks in 35.1% of cases in the gas market and 41.2% in electricity. A number of cases where the customer contacted the older supplier (27.0% in gas and 31.7% in electricity) were transferred back after more than 50 working days.
- 5.8 In the 2002 review, suppliers reported that 6% of cases had not been registered at all. In the electricity market where the customer had contacted the old supplier, the figure was over 10%. The 2003 review shows an overall improvement, with 4.3% of cases that had not been transferred.