March 2001

Improving Customer Transfers

A Summary of Consultation Responses

Summary

This document summarises the 38 responses that Ofgem received to the consultation paper published in November 2000 on “Improving Customer Transfers”.

That document set out Ofgem’s assessment of the current systems and processes which support a domestic customer changing their gas or electricity supplier and discussed the approaches for improvements. Although the customer transfer processes have generally performed well in transferring over 17 million customers since competition in the domestic markets for gas and electricity was introduced, there are problems; a small but significant proportion of transfers result in complaints from customers, the processes are complex and expensive for the industry to operate and problems occur as a result of shortcomings in the design of the processes and poor performance by a few market participants.

This document provides a high level summary of the responses but does not attempt to reflect the full range of analysis and diverse range of views, as detailed by many of the respondents. The issues covered in the consultation document and in many of the responses to that document are necessarily detailed and complex. Responses came from a wide range of interested parties including gas and electricity suppliers, gas shippers, gas transporters, distribution companies, service suppliers, energywatch and the electricity settlement bodies. Two responses were marked as confidential and therefore are not available in the Ofgem library. All of the other responses are available on the Ofgem website (http://www.ofgem.gov.uk/consultation/ict_responses.htm).

Ofgem intends to publish a further document in May 2001 setting out our views on the way forward, including recommendations for developments and particular changes which should be made to the current transfer process. Ofgem is also currently engaged in a number of activities as part of the ICT project to promote improvements to the current arrangements, including discussions with organisations on areas for development and focused work on erroneous transfers and access to data. We are also considering how customers could be better advised when problems do occur in the transfer process. The wider issue of whether it would be appropriate for the industry to seek to speed up the gas and electricity transfer processes significantly will be considered in the May 2001 document.

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1. Introduction

Purpose of this document

1.1 In November 2000 Ofgem published a consultation document on "Improving Customer Transfers". This document reviewed the existing processes for enabling a customer to transfer between suppliers and proposed a number of ways in which the processes could be improved.

1.2 This document presents a high level summary of the responses received to the consultation document. Many of the responses were necessarily detailed and complex and this document therefore seeks to act as a guide to the views put forward across the range of responses. In total, 38 responses were received from a wide range of organisations. A list of non-confidential respondents is shown in Appendix 1 and the responses themselves can be viewed on the Ofgem website (http://www.ofgem.gov.uk/consultation/ict_responses.htm). It should be noted that the focus of responses appeared to be on the electricity market rather than the gas market.

Background

1.3 The customer transfer process has in general performed well. Over 17 million customers have changed electricity or gas supplier. The January 2001 MORI report[1] found that over 90% of electricity and gas switchers found the process to be very or fairly easy.

1.4 Although the vast majority of customers have switched without difficulty, a significant number have had some problems; for example with the length of time taken to transfer, erroneous transfers and inaccurate or late final bills. It is also clear that the existing systems and processes impose unnecessary costs and inefficiencies on industry participants. Between January 2000 and December 2000 Ofgem and energywatch (previously the GCC) received 13,310 electricity and 15,101 gas transfer related complaints.

[1] "Experience of the competitive market - the domestic electricity and gas markets: research study conducted for Ofgem by MORI". Published by Ofgem in January 2001.

1.5 In response to complaints from customers and market participants about problems experienced in the market, Ofgem initiated the ICT project in Spring 2000. In July 2000 Ofgem published a summary of questionnaires conducted on the operation of the market and held an industry ICT forum. Ofgem also held a number of one-to-one interviews with key industry players, published the ICT consultation document in November 2000, held a further industry forum jointly chaired by energywatch in January 2001 to discuss the consultation document and is now publishing this summary of consultation responses.

1.6 Ofgem is engaged in a number of activities as part of the ICT project to promote improvements to the current arrangements, including focused work on erroneous transfers and access to data. We are also considering how customers could be better advised when problems do occur in the transfer process. Ofgem is also continuing to meet with organisations on developing improvements. Ofgem intends to publish a further document in May 2001 setting out our views on the way forward, including recommendations for developments and particular changes that should be made to the current transfer process. The wider issue of whether it would be appropriate for the industry to seek to speed up the gas and electricity transfer processes significantly will be considered in the May 2001 document.

Structure of the documents

1.7 Chapters 2 to 9 review respondents' views on the key questions and issues raised in the November 2000 consultation document. Chapter 10 provides a brief summary of these views.

2. Principles of a customer transfer process

2.1 The ICT Consultation Document proposed a series of principles and supporting objectives against which the industry could assess whether the transfer process was operating efficiently and effectively. In general respondents supported the development of a set of principles. The principles proposed in the consultation document are included for reference in Appendix 2. Responses on each of the principles are summarised below, together with views on whether the set of principles proposed was complete.

Comments on specific principles

Control

2.2 The majority of respondents supported the principle that the new supplier should have control over managing the transfer process. A significant number of responses did however note that it was the customer's preferred supplier who should have control. In some circumstances this would be the old supplier, for example when the customer had been erroneously transferred.

2.3 Several respondents noted that the ability to obtain information from the outgoing electricity metering agents was critical to providing the new supplier with control. Several also noted that the new supplier's actions should not impose undue costs on the old supplier. energywatch said that the lack of control by the new supplier might act as a barrier to supplier entry to the market. A few respondents considered that control should be with the PGT / distribution company.

Timing

2.4 In general respondents supported the principle of allowing a new supplier to take over responsibility for a site with the minimum of notice, and potentially immediately, although several said that this should not be done at the expense of the effectiveness and accuracy of the transfer process. BGT said that adopting this principle would increase suppliers' ability to differentiate themselves to customers.

2.5 The level of satisfaction with the existing transfer timescales was noted from the January 2001 MORI report. Less than 10% of electricity and gas switchers reported dissatisfaction with the time taken to transfer. However some respondents said that immediate / very quick transfers would be appropriate for some customers in particular, such as home movers. Scottish and Southern did not believe that customers wanted or valued next day transfers.

2.6 A number of respondents noted that immediate transfers would require significant system changes and that the costs of such changes needed to be taken into account. Transco said that immediate transfers would affect the processes by which shipper energy balancing allocations were managed.

Development

2.7 The majority of respondents agreed that suppliers should be able to develop enhanced systems and in particular not be constrained by the old supplier. It was also felt that it was important to retain a common set of standards for industry processes, data items and communication surrounding the transfer process. This baseline was thought to be important in maintaining interoperability and understanding of costs, and in giving confidence to potential new entrants.

2.8 Scottish and Southern did not support the principle, believing that the evolutionary process would result in a confused and expensive transfer process that would risk undermining the present levels of customer satisfaction. They favoured a "rigorous cost-benefit analysis which should be undertaken before any change is considered under the normal industry change control processes".

2.9 Several respondents felt that enhanced developments should be achieved by suppliers as a contractual matter only, and several others noted that monopoly service providers should have the correct obligations to enable enhanced facilities. Enhanced developments, it was noted, would allow suppliers to differentiate their products to customers.

2.10 energywatch said that supplier enhancements should not adversely affect particular customers in terms of cost and process. In addition to enhanced

developments, BGT said that the baseline processes should also continue to be developed.

Customers

2.11 Respondents generally felt that the mechanics of the transfer process should be invisible to customers. However, in some circumstances, communication with the customer was beneficial. For example, in facilitating the cooling-off period, in obtaining change of supplier meter reads, obtaining MPRN / MPAN information, in building a relationship with a confident and aware customer and in keeping the customer informed of when the transfer would occur.

2.12 BGT noted that the supporting objectives of accurate, consistent and available data would help to keep the customer involvement to a minimum, and said that this could further be improved by aligning the gas and electricity transfer processes.

New Entrants

2.13 The vast majority of respondents felt that the transfer processes should not act as a barrier to new entrants to the market. However London Electricity said that they would not support simplification for the sake of improving access to the market, as new entrants needed to be aware of the technicalities of a competitive energy market and be prepared to deal with complex interactions. Several other respondents said that steps should continue to be taken to ensure that new entrants had the competencies required to ensure interoperability, to maintain customer confidence and not to bring the market into disrepute.

2.14 In reviewing the supporting obligations there was some concern that only specifying data items rather than a baseline of business processes would not give new entrants confidence to enter the market. Seeboard Distribution did not believe that the current market set up was providing a barrier to new entrants to the market.

Regulation

2.15 The majority of respondents supported the principle of the transfer process requiring the minimum level of regulation. Elexon suggested that the level of

regulation would reduce as particular issues were addressed. Some believed that Ofgem would still be required to facilitate agreements and to look after the interests of the customer. BGT said that regulation restricted innovation and the diversity of approaches to customers. They felt that the industry should try to develop better self-regulation and a better change control process but supported continued regulation of the monopoly businesses.

2.16 One confidential respondent agreed that the transfer process should require a minimum level of regulation, with Ofgem's intervention constrained to that needed to align the baseline electricity and gas transfer processes and provide a framework within which suppliers can fully develop evolutionary changes on a commercial basis.

2.17 energywatch disagreed with the principle believing that there was a clear case for Ofgem's direct involvement in the transfer process, and suggested that this should continue at an appropriate level in the medium to long term.

Further principles

2.18 In addition to commenting on whether the principles and supporting objectives proposed in the consultation document were correct, respondents were also invited to comment on whether they were complete. A number of respondents replied with additional principles that they believed should be included. These are summarised below:

2.19 Elexon wanted to see a further principle added to reflect the importance of the change of supplier processes to the integrity of settlement. Elexon proposed the following principle "Settlement - The transfer process should enable the accuracy and integrity of Settlement to be achieved", with the supporting objective of "The transfer process should not unnecessarily impose additional complexity and cost on Settlement, recognising that an aim should be to minimise cost and complexity across the whole scope of the process, including industry and customers". SESL also noted that the transfer process should not adversely impact the overall integrity of settlements.

2.20 Several respondents said that a measure of cost and cost effectiveness should also be included as a principle. Some advocated a full cost benefit analysis and

several price controlled organisations said that they should be able to recover costs incurred in making changes to systems to facilitate improvements in the transfer process. energywatch believed that: improvements should be paid for from greater efficiencies, that increased costs should not be passed through to the consumer and each proposal for change should be assessed for its cost efficiency. Seeboard Distribution suggested the inclusion of the following wording for a principle on incorporating costs "Changes should be cost effective overall", with supporting objectives that: "Efficient costs are recovered by those incurring them", and "Resources should only be used to make changes if there is no better use for them".

2.21 Several organisations expressed concern with one of the supporting objectives to several of the principles that industry agreements should specify data items and not business processes. Electralink said that the "how" as well as the "what" of communications between potentially competing companies should also be specified to ensure interoperability and expensive communication / impractical solutions are not impose on companies. The lack of clarity about how the market operates at a practical level would adversely impact on customer service and act as a barrier to entry.

2.22 British Gas Connections expressed concern that bias had been given to suppliers in the development of the principles put forward for a customer transfer and that appropriate consideration of the views of other parties involved such as consumers, shippers and PGTs may not have been taken into account.

2.23 In addition, energywatch set out criteria that they considered to be important for both electricity and gas consumers:

Pre transfer	Honest, sensitive marketing that is not confusing nor pushy nor intimidating but provides a clear explanation of what consumers can expect to receive both in terms of price, service and the process of changing supplier
	Clear literature giving accurate comparisons of prices and terms
	Clear explanations about the actions consumers have to perform and when

During transfer	Simple straightforward and largely invisible processes that do not result in hassle for the consumer
	Speedy transfers once a decision to switch has been made
	Supply date synchronised for gas and electricity start dates where consumers need it
	Use of data that is familiar to consumers and which they expect to be used
Post transfer	Companies owning the problems when things go wrong
	Prompt and accurate final and opening accounts
	No increase in costs because changes should be funded through efficiency improvements.

2.24 energywatch also included in their response comments from customers who had experienced problems with the transfer process.

3. Effective Industry Governance

Current governance arrangements

3.1 The majority of respondents indicated that the governance arrangements in electricity worked well, providing a practical balance between the need to have clear visibility and control over changes to a complex system and the need to make changes to deal with operational needs and future developments. A number of respondents added that it was appropriate to keep the arrangements under review. One confidential response considered that there was a mismatch between the Master Registration Agreement (MRA) end-to-end processes and Pooling & Settlement Agreement (P&SA) Agreed Procedures.

3.2 However there was also a majority who did not consider the governance for gas Network Codes to be appropriate in terms of scope or the role that Transco plays, and noted that Ofgem are currently reviewing the gas governance arrangements. TXU proposed that procedures similar to those used under the MRA should be used in gas to ensure that shipper and supplier requirements were met.

Governance arrangements and major change

3.3 Responses suggested that there was no single view of the capability of governance arrangements to make major changes. The view that Ofgem should be involved in driving forward changes to support improvements to the customer transfer process was held by a number of respondents, some of whom proposed an Industry Project Board or Steering Group, possibly chaired by Ofgem. Others consider that existing frameworks (although see comments above about concerns for governance in gas) would be adequate, but that Ofgem would need to intervene in respect of setting out key principles for change and ensuring that there are appropriate incentives for monopoly players.

Incentives

3.4 The consultation document questioned whether the incentives for industry parties to operate the transfer process were correct or whether changes needed to be made. Some respondents indicated that there were sufficient incentives

stemming from the costs of resolving problems for suppliers to seek to improve performance. London Electricity said "We already have financial incentives to improve our own transfer process and we are committed to doing so. The cost of fixing erroneous registrations, increasing acquisition costs and the costs associated with a customer dropping out of a transfer, all motivate us to strive for a slick transfer process". Seeboard Distribution stated that "A distributor is fully and totally reliant on the successful operation of each supplier hub within its GSP group to deliver timely and accurate information to enable the correct derivation of Use of System invoices. There are, therefore, very strong incentives for a distributor to develop a pro-active relationship with suppliers to help them achieve their objectives."

3.5 In contrast, Enron Direct proposed that "Ofgem should consider taking greater powers under the Utilities Act to create standard licence conditions to this effect or to create a new licensed activity of 'registration services'. This would allow it to monitor the level of service, to ensure that all queries, whether from the PES concerned, or from a new entrant, are dealt with in an equivalent manner, and to enforce monetary penalties should service fall below certain levels".

Monitoring

3.6 There was a substantial level of comment on the issues of monitoring and compliance with existing criteria, particularly in relation to electricity. Elexon considered that difficulties with the current processes "…could be significantly reduced if all suppliers and their agents met their current obligations". This theme was echoed by a number of respondents. energywatch were concerned that there should be an adequate level of monitoring: "energywatch firmly supports the view that monitoring and policing of the performance of market participants is essential." GPU Power UK considered the policing of the market to be "very weak" and considered that there should be a greater role for MRASCo. Some respondents added that additional monitoring should be undertaken using the existing industry arrangements and that additional powers were not needed. BGT commented on the "substantial amounts of information" supplied to Ofgem and that requests for further information should be carefully considered.

4. Making Changes

Refinement, Re-engineering or Evolution

4.1 In the November 2000 ICT consultation document Ofgem suggested that there were three broad approaches that could be adopted by the industry when making changes to the customer transfer processes. The industry could:

- "Concentrate on **refining** current processes and associated arrangements, through specific incremental changes, amendments to contracts, improvements in data quality, tighter policing of activity and such like.
- Undertake a collective exercise to **re-engineer** the processes required to support the transfer of domestic customers between suppliers and the associated processes related to metering services. All relevant market participants would then simultaneously adopt the changes.
- Modify the industry infrastructure and governance to provide suppliers with the ability to adopt alternative, parallel facilities and services that would allow them to achieve improvements. The minimum of simultaneous change would be imposed on suppliers, but each would have the opportunity, at a time chosen by them, to adopt a better way of handling the take-on of customers. This could be considered as **evolutionary** in approach, as the development of processes would be determined by the business needs of individual suppliers."

4.2 The following chapter highlights respondents' views on the suitability of each of these approaches to change.

Refinement

4.3 There was significant support for continued refinement of the current transfer processes. Many respondents said that this should be facilitated through the existing industry governance and change control processes. Yorkshire Electricity Distribution supported the incremental approach but recognised "the need to streamline and improve the process for implementing changes such that unnecessary bureaucracy was removed and time scales were reduced." BGT

noted that the refinement process was often time-consuming and slow to move forward. "Not everyone within the industry may collectively achieve the benefits or have the necessary incentives from a suggested refinement change. This could lead to problems in moving a change forward or lead to an impasse between suppliers and monopoly companies."

Re-engineering

4.4 There was very little support for re-engineering the gas and electricity customer transfer processes even if this was thought to deliver the most efficient transfer process in the long-term. It was thought that the costs would be prohibitive (which may be passed on to customers) and that it would be extremely difficult to gain industry consensus on what changes should take place. The period of transition to the new way of working was also likely to be disruptive and lead to customer complaints and it was thought that it would take time for the new processes to reach current levels of performance.

4.5 Only Enron Direct supported re-engineering in the electricity market. They suggested that "Ofgem should take the lead in completely re-engineering the transfer process and should consider using its greater powers under the Utilities Act to create standard licence conditions or to create new licensed activities to implement and enforce an independent registration service that is provided on an efficient, transparent and non-discriminatory basis to all electricity suppliers."

4.6 Several suppliers such as Scottish and Southern noted the opportunity to review and re-engineer the gas transfer process and potentially align it with electricity as part of the work being undertaken to separate Transco's metering activities.

Evolution

4.7 There was significant support among respondents for the evolutionary approach to making change. It was believed that the evolutionary approach would promote and facilitate innovation and would benefit the customer in terms of choice. Several respondents said that ideally there should be a combination of the refinements approach where required using the existing change management process and evolutionary developments procured on a contractual basis. It was

felt that evolutionary development should not impact on the operations of other market participants, the existing baseline transfer process or settlement.

4.8 TXU supported the evolutionary approach with particular reference to the development of arrangements between a supplier and their metering agents. One confidential respondent supported the evolutionary approach but noted that such development would "benefit from the adoption of nationally agreed/supported data standards in both presentational format and consistency in data definition, to prevent anti-competitive, i.e. unsustainable multiple methods of inter-operation between Suppliers and Agents."

4.9 British Gas Connections supported the evolutionary approach but noted that suppliers and shipper were reluctant to give Independent Public Gas Transporters (IPGTs) the same latitude to develop their Supply Point Administration (SPA) systems and innovate.

4.10 Several respondents however expressed concern about the evolutionary approach. Scottish and Southern "believed that the costs of such an approach would be prohibitive and confusion from operating different sets of data flows, processes, timings and arrangements would result in a substantial increase in failed or erroneous transfers and would undermine the efficient operation of the transfer process". Yorkshire Electricity Distribution said that evolutionary developments "would be very difficult to control and could potentially lead to a number of processes existing for different suppliers based on their stage in the evolutionary cycle." They said that this "would only serve to confuse customers, cause chaos for registration services and create greater problems for the management of end-to-end processes."

5. Data Issues

5.1 This chapter reviews respondents' views on data issues, which was one of the central themes of the November 2000 ICT consultation document. In particular the chapter discusses data access, quality, standards and transfer.

Data access

5.2 This section reviews respondents' views on what data should be available and when it should be available in the transfer process, data protection and on proposals for facilitating access to data through intermediaries such as industry data managers.

Data availability

5.3 It was generally held that there should be access to accurate core data such as unique address details, Metering Point Administration Number (MPAN) and Meter Point Reference Number (MPRN) in advance of gaining customer consent. Once a customer had agreed to proceed with a transfer to a supplier then that supplier should have access to all of the information that they require to allow them to conduct the transfer in advance of the registration. Some respondents, in particular BGT and TXU, proposed a list of the data items that they believed should be available in the gas and electricity markets to support the transfer. Several respondents made particular reference to access to the full MPAN, which is discussed separately in chapter 6.

5.4 Excelergy noted that "the Coalition for Uniform Business Rules (www.cubr.org), formed by the leading energy companies based in the United States, advocates the sharing of relevant information, subject to confidentiality restrictions. Prior to contract, customer and meter information may be made available to all market participants, subject to the consent of the customer. The customer information includes the customer name, usage profile, premises details, meter ID, meter type and other meter related details and the total energy consumed over the prior 12 months……. Once the supplier gains the consent of the customer, the supplier may request all the historical consumption and payment records."

5.5 Many respondents said that relevant data should be available to suppliers online. There was some concern that suppliers may use this information to cherry pick customers and that there was a need to monitor against abuse. The requirement to conform with regulations relating to data protection was also noted.

5.6 There was a positive discussion regarding Transco's Internet service for suppliers and shippers to access information on up-to-date MPRN details. Several distributors said that they would be open to requests for a similar service for MPANs in the electricity industry. ESAPD said that online access to data would give the new supplier greater control of the transfer process. GPU Power UK were not convinced that an Internet service would reduce calls to their MPAS enquiry service and that suppliers may need to make better use of the published MPAN CD-ROMs. TXU said that early access to metering data was particularly important to understand whether the transfer was likely to progress smoothly. Logica said that the timing of data access was at least as important as quality and noted that they had considered a method for providing access to critical customer transfer related data in real time in parallel to the existing customer transfer processes.

Data confidentiality

5.7 In paragraph 5.67 of the November 2000 ICT consultation document respondents were asked for their views on how important it was to maintain the confidentiality of certain data types. Respondents generally agreed that there were limited confidentiality concerns regarding premise-related details, e.g. location, meter technical details. All respondents bar one believed that customer-related details, e.g. consumption, payment method, outstanding debt should be treated as confidential data. All respondents believed that information on the identity of the old or new supplier and their related agents should not be treated as confidential and noted that this information was available already in the electricity industry.

5.8 Several respondents said that if customer consent was required prior to the release of information then this could be facilitated through a clause in customer contracts. Transco noted that they were not in a position to verify that suppliers had received customer consent prior to release of information.

Use of intermediaries for data access

5.9 The consultation document discussed a number of alternative solutions for the management of data that needed to be transmitted between competing industry participants when a customer changed supplier, similar to the role that Transco currently undertakes in respect of certain key processes in gas. The document proposed the idea of an Industry Data Manager (IDM) who would collect and collate data on behalf of, for example, suppliers and agents. A majority of the responses noted and discussed the value of an IDM, many in considerable detail.

5.10 Respondents were split as to whether the idea of an IDM had benefits or would merely introduce more complexity. Generally, those who supported the idea of an IDM considered it would help to resolve problems associated with the management of data in the industry. Those who supported the idea cited the benefits of having one location from which to source data and the potential for earlier more reliable access to data. Enron Direct suggested that an IDM would aid in the provision of independent, transparent and timely services to all suppliers. energywatch stated that they believed that the industry should actively pursue the development of a single data management entity for both gas and electricity. There were a number of different approaches as to how the model could operate and the services that would be provided, but some considered that an IDM would not directly lead to improvements in data quality. Poor data quality would hamper the ability of an IDM to operate. BGT provided an analysis of the data that an IDM should hold. They also advocated on-line access to registration systems as an initial step towards the IDM concept.

5.11 A greater number of respondents did not support the idea of an IDM. Many of these considered the proposal to be unnecessary and that it would increase complexity and therefore reduce reliability of the existing transfer processes. Some distribution companies feared that it meant that they would lose control of key data needed for the management of their own processes, such as DUoS billing. Some of those who did not support the idea nevertheless considered that parties should be allowed to contract out data services to third parties providing they continued to meet their obligations under industry agreements.

How should such intermediaries be procured or provided?

5.12 The majority of respondents considered that it should not be a regulatory requirement to operate an IDM but rather that it should operate as a third party on a self funded basis through contracts with suppliers and agents. Indeed there was no reason why there should not be competition between a number of such service providers. London Electricity suggested that there were strong commercial incentives to reduce the costs of operating the transfer process. They gave the example of erroneous transfers, which they calculated as costing around £400 to resolve. Excelergy gave the example of the market in Ontario where privately funded companies provide such data services. "The impact of the market based solution approach on the Ontario market is greatly reduced costs associated with the development of the infrastructure of deregulation." Logica explored the idea of an Acquisition Support Database service, operating commercially, aggregating and supplying data. However this proposal may need support from the regulatory framework to ensure that data was made readily available to the service. A minority of respondents considered that it should be a mandated and centrally procured service, governed if necessary by licence conditions.

5.13 Ofgem note the importance that respondents have placed on access to data and will establish a workstream to take forward developments in this area.

Data quality

5.14 Many respondents expressed opinions on the importance of data quality to the transfer process. BGT noted that "Low data quality can result in a number of symptoms such as erroneous transfers, shipper agreed reads/ disputed reads and high levels of exceptions. Exception processing inconveniences customers by lengthening the transfer time scales and adds to supplier costs." BGT said that increased confidence in data quality might encourage suppliers to adopt shorter transfer timescales. Logica noted several areas where they believed data quality was suffering due to the faulty systems and procedures of market participants and poor industry processes for problem resolution.

5.15 Some respondents believed that it was more important to ensure the high quality of data than to undertake other initiatives such as speeding up the transfer process or changing the time when the new supplier accessed data. Several respondents such as TXU believed that data quality could be improved by permitting suppliers to be more pro-active in data acquisition and validation prior to the transfer process.

5.16 Concern was raised by some respondents that MPAS services were not correctly incentivised to resolve problems with data quality, and several respondents raised a particular issue on the registration rejection process. Elexon believed that more effort needed to be expended on the maintenance of data quality by suppliers and their agents to prevent issues arising and to mitigate against the need for expensive data cleaning exercises. They believed that suppliers should have sufficient contractual agreements in place to allow them to do this.

Address data quality

5.17 In paragraph 5.8.5 of the November 2000 ICT consultation document Ofgem requested views on developing higher levels of metering point address data quality by PGTs and distributors. Most respondents supported improving address quality. Many respondents discussed the issue of introducing a standard for address data across both industries and there was general support for this principle. Several respondents were concerned at the cost of making changes and NEDL believed that these costs should in some way be recognised. Several distributors noted that there were problems with adopting a purely PAF compliant standard and said that some improvements could be achieved by suppliers improving their search engines for the MPAN CD-ROMs and from suppliers working with customers to obtain better quality information.

Data discrepancy resolution

5.18 In paragraph 5.68 of the November 2000 ICT consultation document Ofgem requested views on whether it was important to identify and resolve data discrepancies on an ongoing basis, before a new supplier attempted to take over responsibility for supplying a site. Respondents generally supported this. Some respondents such as Northern Electric Supply and London Electricity identified

the data items that they believed were particularly important to get accurate sight of in advance of the transfer.

5.19 Several respondents concurred with TXU's view that under the supplier hub principle in the electricity market the incumbent supplier is ultimately responsible for the accuracy and consistency of the data held by themselves and their data management agents, and as such any discrepancies should be corrected by the incumbent supplier prior to transfer. There was some concern that the current business rules did not adequately define the processes by which the discrepancies should be resolved and corrected, especially between the PGT / distribution company and supplier. London Electricity said that it would be useful to revisit the process whereby distributors make amendments identified by suppliers. They said that "MPAS/SPA operators did not police the data but suppliers needed to know when they had made amendments, so that a registration could be submitted without delay."

5.20 BGT expressed concern that the requirement to correct data discrepancies should not hold up the customer transfer as this would disincentivise the old supplier from making the required amendments. Several respondents noted that the concept of an IDM provided both a vehicle for early access to transfer data as well as an opportunity for early resolution of any data discrepancies.

Data standards

5.21 Many respondents expressed views on the requirements for common industry data standards. TXU suggest that a good example of where this had not worked in the past was in the operations of IPGT's in the gas market. "The failure to develop common data standards and systems has given rise to large costs in manual work arounds and customer dissatisfaction in gaining access to new supply connections and subsequent transfers. We therefore believe that the establishment of common data standards should be a priority." energywatch also strongly supported the need for common interfaces between suppliers, shippers and all PGTs.

5.22 British Gas Connections said that it was unreasonable to expect IPGTs to adopt identical systems and processes as Transco's for customer transfers due to the different scale, and more cost-effective solutions might exist for different

companies. They believed that whilst there may be scope and value in developing common processes among PGTs for certain activities, which was indeed happening in relation to domestic supply point transfers, there was an equal need for suppliers and shippers to be required to adhere to these processes once they have been defined. They said that "Pressure should also be exerted on shippers to adopt the proposed interface system, otherwise its effectiveness will be undermined."

Editing data standards

5.23 There was considerable support for editing of data standards to clarify interpretations and increase consistency in key data items. Clarity and consistency in data standards were thought to be required for an effective transfer process. MRASCo recognised the "substantial benefits that would be obtained if the baseline designs for related processes in both gas and electricity sectors were documented using a common methodology, style and format, even if there are variations in the processes themselves. Co-ordination of data standards and documentation will be a pre-requisite to effective alignment of gas and electricity processes, and will reduce the complexity faced by industry participants in understanding and responding to developments."

5.24 Several respondents noted that such work was already being undertaken by the industry, for example with the development of the Standard Address Format in the electricity industry. Elexon said "those data items that are used for Settlement are clearly and unambiguously defined in the Supplier Volume Allocation (SVA) Data Catalogue", which they found to be of great value. Elexon said that they would be willing to work with market participants in further improving the definition of data items used during the change of supply process.

Dataflow simplification

5.25 There was support for the simplification of data flows in the domestic market where possible. However this was thought to be a complex area. Several respondents said that there had been discussions about rationalising dataflows in the electricity market for several years without resolution. Npower suggested an Ofgem led audit to indicate which data flows might be rationalised in this context. Other respondents such as London Electricity felt that this issue should

best be left to the industry to determine. Elexon offered their assistance in this area.

5.26 Aquila Energy said that there was unnecessary complexity of data flows in the electricity market and as an example proposed a simplification by merging the dataflows: D0217 (Confirmation of the registration of a meter point) and D0260 (Notification from MPAS of old supplier registration details).

5.27 Several respondents noted that simplification would require system changes and the costs should therefore be taken into account. BGT supported the approach taken by the Address Data Working Group in the electricity industry where the mandatory status of data items was changed for unnecessary items but the structure of the data flow remained. BGT also said that, in gas, unnecessary mandatory fields could cause a large number of exceptions.

Data transfer

5.28 Several respondents noted the success of the Data Transfer Network (DTN) in the electricity industry and that the existing gas information exchange facilities only allow communication between Transco and a shipper. The lack of an infrastructure in the gas market was thought to provide potential barriers to the development of metering competition. Scottish and Southern agreed and said that some potential new entrants have stated that they would not consider entering the gas metering market unless the data communication requirements are clearly known and understood. Syntegra said that consideration should be given to having an integrated information transfer service across both the gas and electricity markets.

Non-standard dataflows

5.29 Respondents were split as to whether it would be useful to remove the mandatory requirement for some transactions to be performed using the standard process flows. Some believed that this had been shown to work with the Biscuit Project where gas suppliers and Transco passed data between them selves in a standard format but over the Internet and had potential for suppliers' interactions with their metering agents. Elexon recognised that benefits may arise from allowing participants the maximum flexibility in the choice of

communications vehicle. On the other hand, they noted that "the common DTS (Data Transfer Service) and DTC (Data Transfer Catalogue) have contributed to the stability of the settlement process since 1998." Powergen felt that requirements should be tightened rather than loosened.

6. Metering Issues

Impact of competition

6.1 A number of respondents were of the view that the requirements to support competition in metering services in electricity had added considerable complexity to the systems and processes which supported customer transfers. There was also concern that the introduction of competition for metering services in gas would result in an additional level of complexity for the gas systems and procedures. energywatch stated that "Further competition in metering should not be encouraged until there is more confidence in the transfer process". Elexon noted that agent competition had only been in operation for less than a year and that the full impact had yet to be seen.

6.2 The performance of some metering agents in electricity was identified by some respondents as being a significant problem to the management of customer transfers. BGT said "The transfer of poor data quality from old metering agents has prevented the new preferred agents from performing their duties as required under industry agreements. This is unacceptable, as it will affect future customer transfers and has meant British Gas Trading has had to be overly cautious when considering changing agents coincident with transferring the customer. Not only does this effectively remove a supplier's ability to gain control of the transfer process (by implementing strong commercial incentives via competitively negotiated contracts to improve performance) but also hampers the development of metering competition". Others shared the concern, some of whom suggested that there was a need for agent requirements to be better defined. Others considered that the role of agents was adequately defined, but that there should be more compliance monitoring and stronger enforcement. The lack of competition meant that standards of performance were not improving. TXU stated that "Missing and late data flows are disruptive to the smooth running of the transfer process. They usually result in manual intervention and a delay in the targeted transfer date. Further work on bringing effective competition to the metering and data services market is necessary to ensure pressure is maintained on under-performing agents". Concern was expressed by a number of respondents over the lack of facilities to change agents using a bulk transfer

mechanism rather than having to process each site through existing batch processes, which will restrict competition developing.

Process amendments

6.3 In paragraph 5.8.16 of the November 2000 consultation document Ofgem asked for views on whether a customer transfer should always require an actual meter read to available for opening and closing billing. Respondents considered that although there would be some benefits, the proposal was impractical. Powergen said "This would introduce further delay into the transfer process, as there will inevitably be times when a deemed or agreed read is required. The aim is to minimise the number of times this happens. There is little evidence to suggest that accurate estimates cause problems, except in the cases where actual or customer own reads have already been provided". energywatch agreed that customers "...are infuriated when their own readings are not used."

6.4 In paragraph 7.20 of the November 2000 consultation document Ofgem asked for views on whether electricity suppliers and their agents should be free to use solutions for communication other than the DTN and the prescribed DTC flows. Some respondents supported the existing processes and remarked on the robustness of the DTN. TXU's view was "we agree there is potential for increased flexibility in the timing of data flows to support the ways in which suppliers interact with their data management agents. The key to improved innovation we believe lies in moving the supplier agent accreditation process towards agreed data flow formats, and quality standards covering the availability and integrity of data rather than the detailed data flow sequence for every process variation. Suppliers would then be free to request data from agents before initiating customer transfers".

6.5 There was considerable support for the proposal to make the full MPAN number available to suppliers in advance of the registration. Respondents considered that this could be included on the data already published to suppliers on CD ROM or on application to MPAS providers via the Internet. It was however noted that any data protection issues needed to be fully considered. Respondents were also generally supportive of the provision of more metering information earlier in the

transfer process. The 'Box' proposal discussed in the consultation document was also supported.

Agreed / disputed reads

6.6 energywatch noted that disputes over change of supplier meter reads was one of the main issues of concern for customers. As noted above there was support for some initiatives to reduce the incidence of disputes such as the Box proposal and provision of more metering data earlier in the transfer process. There was some concern with the operation of the change of supplier meter read disputes procedure; for example London Electricity said that disputes sometimes took several weeks to resolve. The resulting delay in final bills led to customer complaints.

6.7 In paragraph 5.8.19 of the November 2000 ICT consultation document Ofgem requested views on formalising data flows for disputed reads and agreed reads as part of the mandatory, mainstream transfer processes, building the functionality into the relevant MPAS and SPA systems. There was general support for the proposal to formalise data flows for disputed reads and agreed reads. It was noticeable that respondents concentrated on the electricity industry where they believed that work was already being undertaken to increasingly formalise the disputed reads process and bring it under the governance of the MRA.

6.8 Several respondents were unclear as to the role of MPAS in the process, believing that it was a metering issues between suppliers. BGT supported the proposal but indicated that any changes should not make the process more complicated. Electralink supported the proposal and noted the benefits of sending related data across the DTN.

7. Erroneous Transfers

Root cause and repatriation

7.1 In the summary of the November 2000 ICT consultation document Ofgem said that it would continue to provide its support to industry initiatives for addressing refinements. One of the key areas identified related to erroneous transfers.

7.2 Respondents acknowledged the severe impact an erroneous transfer could have for a customer. There was a general view that both the root causes of erroneous transfers and the processes for repatriating customers to their preferred supplier needed to be reviewed. NCS Pearson suggested that "if ET rates continue as they are, then the industry will be wasting between £40 and £80 million/ year on managing these errors, money which could be far better spent improving service and reducing bills".

7.3 A number of respondents suggested that marketing was an area that generated a large proportion of erroneous transfers and where improvement would be most valuable. Other sources of erroneous transfers were noted such as data quality and unprocessed customer cancellations. Scottish and Southern agreed that erroneous transfers were distressing for customers and expensive for the industry to resolve. "However, this does not justify wholesale changes to the transfer process".

7.4 energywatch said that one of the main sources of problems for customers is "the inability for consumers to be transferred back immediately to their previous supplier without disruption to their account, where the transfer has been made in error". There was general support for improving the processes for repatriating erroneously transferred customers. Several respondents said that there should be incentives / penalties on the new supplier to ensure that they co-operated in returning the customer. It was noted that penalties may only be possible where a party was proven to be at fault for an erroneous transfer or where a party was proven to be frustrating the return of the customer to their preferred supplier.

7.5 Yorkshire Electricity Supply said that that it was important that the customer's chosen supplier should be able to drive through the reinstatement of the customer's account. East Midlands Electricity (distributor) said that in some cases

the task of undoing an erroneous transfer seemed to fall to the customer who understandably had less knowledge of how the market works.

7.6 Aquila Energy suggested that the gas transfer process should be amended to inform the old supplier of the ID of the new supplier as part of transfer process. The new supplier can then be more easily informed and investigate a potential erroneous transfer and withdraw the confirmation if required. GPU Power UK suggested reviewing the objection period to see whether extending it would prevent erroneous transfers. They also suggested reducing the 'registration lock-out' parameter in the electricity market. "This could effectively reduce the period for which an erroneous transfer has to stand. However simplifying the process for suppliers to rectify erroneous transfers may be counter productive, in that it does nothing to discourage their occurrence in the first instance."

Proposed refinements

7.7 In paragraph 5.8.20 of the November 2000 ICT consultation document Ofgem requested views on formalising data flows for the return of erroneously transferred customers as part of the mandatory, mainstream transfer processes, building the functionality into the relevant MPAS and SPA systems.

7.8 A majority of respondents supported this refinement. Powergen and Scottish and Southern believed that the system changes required were potentially expensive. Powergen believed that the emphasis should be placed on prevention with tighter requirements where ambiguities exist and enforcement of requirement on suppliers, while Scottish and Southern believed that the money could better be spent on improving data quality, which was one of the major root causes of erroneous transfers. Electralink supported the proposal and reviewed the further benefits that would be accrued by sending related data flows over the DTN.

7.9 Ofgem notes the support for both reviewing the root causes of erroneous transfers with a view to reducing their incidence and improvement of the processes for repatriating customers who have been erroneously transferred. A workstream will be established to take forward developments in this area.

8. Refinements to the Customer Transfer Process

8.1 The ICT consultation document asked for views on a series of proposed refinements to the current transfer arrangements. Several of these relate to metering, data issues and erroneous transfers and have already been discussed in chapters 5,6 and 7. The remaining refinements are discussed below:

Proposed refinements

8.2 In paragraph 5.8.4 of the November 2000 ICT consultation document Ofgem requested views on removing scope for ambiguous **interpretations of working practices** and the use of data flows. This was supported by respondents. Elexon supported "the discontinuation of Working Practices and the inclusion of their content within the most appropriate Agreement (Master Registration Agreement (MRA), Data Transfer Catalogue (DTC), Balancing and Settlement Code (BSC) or bilateral commercial contract). Such an approach would then align data flow content and usage with the necessary governance constraints."

8.3 Npower said that is was unclear where working practices, such as those developed under the Biscuit Project, should be formally held in the gas industry.

8.4 Scottish and Southern supported reducing the scope for ambiguous interpretations of working practices and the use of data flows, but felt that this area was being adequately addressed through the existing industry arrangements.

8.5 In paragraph 5.8.6 of the November 2000 ICT consultation document Ofgem requested views on whether the tighter specification of the **size, format and location of the key reference numbers** on bills produced by suppliers could help customers to find them. Few responses were received on this issue. There was support for customers having access to key reference numbers but it was not thought that the MPAN / MPRN should be included on all customer correspondence as this would require system changes. Customers would also still need to locate correspondence to identify their MPAN / MPRN numbers. Powergen supported key reference numbers being presented in a common and enforced way and another respondent suggested that customers should be given more guidance of their importance.

8.6 In paragraph 5.8.9 of the November 2000 ICT consultation document Ofgem requested views on the implementation of **reduced lead times for the gas Supply Point Administration (SPA)** process.

8.7 Several respondents noted that less than 10% of customer had indicated in the January 2001 MORI survey that they were dissatisfied with the time taken to transfer. British Gas Connections said that the efficiency and effectiveness of the transfer process should also be taken into account.

8.8 Other respondents were more radical in their views believing that the timescale for transferring domestic gas customers should be significantly reduced. energywatch noted that the time between a customer entering a contract and the actual transfer held no value to customers. London Electricity said that the long timescale may lead customers to cancel their contracts, the opportunity to obtain a change of supplier meter read at point of sale is lost and that there were particular problems with change of tenancy. Several other respondents noted the particular problems associated with home movers.

8.9 Several respondents noted the impact of the objection period on the transfer timescale but there was some concern about shortening this period. BGT said that this could increase the risk of debt in the industry. Aquila Energy said that Transco should review the requirement for 7 working days immediately before the customer transfer that they use to make changes to AT Link, with a view to shortening this period.

8.10 In paragraph 5.8.10 of the November 2000 ICT consultation document Ofgem requested views on the provision of the **identity of the other supplier** involved in the customer transfer, as in the current electricity processes. All respondents supported this proposal. Npower said that it had "proved useful in electricity with the benefits of both suppliers knowing each other's identity outweighing the possibility of the losing one seeking to retain the customer unfairly". Whilst BGT who supported the proposal said that a "full cost/ benefit analysis would have to be performed to measure the risk of disclosure of commercially confidential data".

8.11 In paragraph 5.8.11 of the November 2000 ICT consultation document Ofgem requested views on allowing suppliers to **withdraw electricity site registrations**.

There was general support for this proposal. Several respondents noted that it may require significant changes to MPAS and that there may be impacts on settlement and the agent appointment / de-appointment processes. These should be taken into account through the normal change management process. Southern and Scottish expressed concern that it may encourage suppliers to take their registration responsibilities less seriously if they know that they can withdraw their registration.

8.12 In paragraph 5.8.12 of the November 2000 ICT consultation document Ofgem requested views on the **removal of the ability for an incumbent supplier to withdraw objections** that it has raised. There was no support for this refinement. Respondents believed that the ability to withdraw objections was useful when the customer paid off their debt within the objection withdrawal window.

8.13 In paragraph 5.8.13 of the November 2000 ICT consultation document Ofgem requested views on the **removal of the ability for an incumbent supplier to block a transfer** altogether. The majority of respondents supported the removal of supplier's right to object on grounds of insufficient termination notice. Scottish and Southern did not agree with this as they believed it would lead to an increase in the number of erroneous transfers. Most respondents felt that there was value in maintaining the current right to object on grounds of debt, at least until there was a workable alternative in place. In addition, several respondents said that the right to object on a co-operative basis was valuable whilst there was no ability to withdraw a registration in the electricity industry. Powergen said that the old supplier should be able to object to a transfer at the request of a customer in instances where they were the customer's preferred supplier.

8.14 In addition to the comments received on the above-proposed refinements, respondents commented on a number of other issues raised in the November 2000 ICT. In particular comments were received on **alignment** between the gas and electricity transfer processes.

8.15 energywatch said that one of the main problems for consumers was the inconsistency between gas and electricity, as consumers did not understand why two processes doing the same thing could be so different. In general respondents

supported alignment between the gas and electricity transfer processes. Several respondents believed that the gas transfer process should be amended to reflect the practices of the electricity industry. Several respondents believed that the industry should strive for full alignment including IPGTs, whilst others felt that this was not achievable or was only necessary for some issues. It was noted that the current work to separate Transco's metering activities provided an opportunity to amend the SPA function.

8.16 Respondents believed that there was particular value in aligning the meter read windows and transfer lead times including the objection windows. MRASCo said that there were opportunities to clarify and align the governance arrangements across both sectors. Electralink recommended that there should be a single core method of data transfer for both gas and electricity to reduce costs and meet customers' requirements for dual fuel supply. Enron Direct said that alignment would reduce barriers to entry for a new supplier considering entering one or both industries.

9. Comparable Experiences

How well do the customer transfer processes reflect the needs of a modern retail market?

9.1 Suppliers generally considered the gas and electricity arrangements to be working well (many quoted the MORI and DTI customers surveys as evidence for their position) and meeting the needs of the market. Large numbers of customers had been transferred with only a small percentage of problems. Suppliers were adopting new routes to market, such as the Internet, and the current systems and processes were supporting these activities adequately.

9.2 Some other respondents were less convinced, and questioned the rigidity of current arrangements for the development of the market where suppliers would need to innovate if they were to reduce acquisition costs and attract customers.

Have other sectors addressed common issues in a way that could be utilised in the domestic energy sector?

9.3 Some industry respondents were suspicious of the comparison between the retail domestic energy market and other consumer markets. They argued that the nature of gas and electricity as an essential commodity, the requirement for continuity of supply and the necessity for metering arrangements made direct comparisons with other industries difficult. However, Syntegra and Excelergy in particular considered that there were lessons that the industry could learn from other sectors for effectively managing contact with customers.

10. Role of Ofgem

10.1 Many respondents expressed views on what the role of Ofgem should be in relation to the development and implementation of improvements to the customer transfer processes.

10.2 Several respondents felt that Ofgem should take the central role in driving forward change. Enron Direct said that "Ofgem should prescribe a design for the transfer process and facilitate the implementation of that solution." They felt that the incumbent industry parties had strong incentives to maintain the status quo. Amerada wanted to see "Ofgem produce specific proposals developed with detailed cost benefit analysis."

10.3 The majority of respondents felt that Ofgem had a role in facilitating changes to the transfer process, in particular where disagreements arose between parties on the way forward. Ofgem also had a role in co-ordinating the differing views held in the market and ensuring fair representation on proposed changes. Other respondents noted that market participants should also drive forward change. British Gas Connections said that they saw Ofgem as providing the catalyst for change, not the force behind it. Utility Link said that most of the proposed changes in the electricity market could be handled by the existing MRA change processes: "however, Ofgem may have a role to play in ensuring monopoly service providers do not block changes which require actions by them."

10.4 Several respondents such as Northern Electric Supply believed that the absence of Ofgem's participation and influence tended to result in developments and modifications not progressing. Several respondents said that Ofgem should establish a steering group on improving the customer transfer process. Most believed that this should be chaired by Ofgem with working groups reporting to it on particular issues. TXU proposed a framework for the steering group along similar lines to the RGMA. Seeboard Energy set out their views on the main responsibilities of such a steering group. energywatch said that the document Ofgem plans to publish in May 2001 on the way forward "should become Ofgem's project plan for improvement that has industry sign on and an agreed timetable. Although the arrangements rely substantially on industry players, Ofgem should have a strong leadership role to ensure that proposals for change

will not adversely affect consumers or new entrants. Ofgem should also ensure that any new processes have been thoroughly assessed for cost effectiveness."

10.5 Some respondents noted that Ofgem now had a primary duty to protect the interests of customers, wherever appropriate by promoting effective competition, and felt that this compelled Ofgem to take some leadership in making change. Some respondents said that Ofgem should establish the principles against which the transfer process should be judged. Others felt that Ofgem had a particular role in facilitating changes to licence conditions.

10.6 Several respondents said that Ofgem should focus work in particular areas. Seeboard Distribution recommend the formulation of two focused working groups, led by Ofgem/MRASCo. The first would cover the provision of extended MPAN field information from MPAS operators into the public domain, and the second consider a requirement for the old data collector to provide the change of supplier meter read on request from a new supplier. Enron Direct said that "Ofgem should develop transparent, standardised, agreed levels of service and regulation across all MPAS services to promote the prompt resolution of queries". Syntegra felt that Ofgem should "mandate improvements in data quality and specify data standards and data interfaces." Logica said that Ofgem should "initiate a programme to assess the viability of monitoring data quality and the timings with which data is transferred between parties on CoS with the eventual aim of penalising poor performers if publicity and peer pressure does not lead to the improvements necessary." London Electricity saw the need for Ofgem's active participation on "the closer alignment of gas and electricity, erroneous registrations and the reduction of the transfer timescale." Electralink thought that Ofgem should formalise the disputed read, agreed read and erroneous transfer processes and bring these within the standard set of market interoperation processes and communications. In addition Electralink believed that Ofgem should "facilitate a single electronic point of access to gas and electricity data for any market participant. This can be achieved by requiring a connection between the Data Transfer Service and the IX network, allowing any market participant to communicate with any other across both industries."

11. Conclusion

11.1 This summary document aims to provide a guide to the responses received on the November 2000 ICT consultation document. The responses received were detailed and complex and Ofgem believes that there is value in using this document to assist consideration of the full responses.

11.2 As a general observation it should be noted that respondents concentrated their comments on the electricity rather than gas market.

11.3 The majority of respondents felt that the customer transfer process had performed well and this had been borne out by the recent MORI and DTI customer surveys on the performance of the market. However there was a general view that the time was also right to review the operation of the market to identify whether changes were required and how these should be taken forward.

11.4 Respondents supported the development of principles against which to judge the effectiveness of, and changes to, the customer transfer process. There was general support for the principles proposed although some refinements were suggested. In addition, principles relating to the cost of changes and impact on settlement were proposed.

11.5 There was little support for reengineering the customer transfer process. Instead respondents favoured refinements to the industry baseline and the evolution of other processes and services on a contractual basis where this did not impact on other market participants. It should be noted that support for the evolutionary approach was not unanimous.

11.6 It was generally held that suppliers should have access to the all of the data that they required to conduct the transfer and data should be available in advance of registration where possible subject to data protection and some concerns about cherry picking. There was a positive discussion on Transco's provision of data via the Internet and its potential application to the electricity industry. There was some support for the benefits of IDM services although this was not the majority view. Respondents typically felt that IDM services should be provided on a third party basis through contracts. Ofgem intends to facilitate a workstream looking at issues of data access.

11.7 The importance of data quality and the need to improve quality was generally recognised. The majority of respondents supported improvements to address data quality and the introduction of a Standard Address Format to the electricity industry although some issues were raised. There was some concern that the existing mechanisms for resolving discrepancies were inadequate. It was felt that data should be maintained on an ongoing basis, preferably by the incumbent supplier, although there was some concern that poor data quality should not prevent a customer transfer as this did not correctly incentivise the old supplier.

11.8 Adopting standards for shipper interface with IPGTs was thought to add benefits. In addition there was support for editing existing data standards where possible and some support for aligning data standards across industries. There was support for data flow simplification, but that this had proven difficult in the past.

11.9 Respondents noted the complexity that competition in metering services had brought to the electricity market, and believed that there would be a similar impact on the gas market. In the electricity market the performance of some metering agents was thought to be problematic, which impacted on the transfer process. The inability to change metering agent for bulk supply points was reducing suppliers' ability to improve their agents' performance.

11.10 Respondents did not support a requirement for an actual meter read as part of the customer transfer. There was some support for allowing electricity suppliers to communicate freely with their agents, for the provision of more metering information earlier in the transfer process and for the Box proposal. There was considerable support for making the full MPAN available in advance of the registration. There was also general support for initiatives to reduce the incidence of agreed / disputed reads and improve the processes used to facilitate agreement between suppliers.

11.11 There was broad acknowledgement of the severe impact of erroneous transfers on customers. Respondents generally considered that there was scope for both reducing the incidence of erroneous transfer and for improving the processes by which customers were repatriated to the supplier of their choice. To this end Ofgem have initiated a workstream to take this work forward.

11.12 Respondents commented on several other proposed refinements to the customer transfer process. In particular there was broad support for: removing scope for ambiguous interpretations of working practices and the use of data flows, reducing lead times for SPA timescales in the gas industry, releasing the identity of one supplier to the other as part of the transfer process and introducing the ability electricity suppliers to withdraw registrations. There was also support for aligning the gas and electricity transfer processes where possible and particularly in relation to meter reads on change of supply.

11.13 Respondents felt that Ofgem had a role in making improvements to the customer transfer process. Views were split however as to whether Ofgem should: drive though improvements to the transfer process, facilitate a programme of change for example through the development of an ICT steering group, assist in the development of particular issues or take a back seat until called upon; for example in helping to resolve disputes.

11.14 Ofgem intends to continue its discussions with industry participants on particular areas for development. Ofgem will publish a further document in May 2001 setting out our views on the way forward including recommendations for developments and particular changes which should be made to the current transfer process. As noted above Ofgem is also currently engaged in a number of activities that aim to promote improvements to the current arrangements, including focused work on erroneous transfers and access to data. We are also considering how customers could be better advised when problems do occur in the transfer process. The wider issue of whether it would be appropriate for the industry to seek to speed up the gas and electricity transfer processes significantly will be considered in the May 2001 document.

Appendix 1 Non-Confidential Respondents

1.1 Following is a list of non-confidential respondents to the November 2000 ICT consultation document. Copies of the responses can be found on the Ofgem web site (http://www.ofgem.gov.uk/consultation/ict_responses.htm).

Advanced Technology (UK)	MRA Service Company Ltd (MRASCo)
Amerada (including Midlands Gas Ltd, Western Gas Ltd, amerada.co.uk, Amerada Hess (Domestic) Ltd and Amerada Hess Gas Ltd	NCS Pearson
Aquila Energy Ltd	Northern Electric Distribution Ltd (NEDL)
Arjo Wiggins	Northern Electric Supply Business
British Gas Connections Ltd	npower
British Gas Trading (BGT)	Powergen
BP Gas Marketing Ltd	Scottish Electricity Settlements Ltd (SESL)
East Midlands Electricity (Distribution)	Scottish & Southern Energy
Electralink	Seeboard Distribution
Elexon Ltd	Seeboard Energy and Beacon Gas
energywatch	Syntegra
Enron Direct	Transco
Energy Strategy and Process Design Ltd (ESAPD)	TXU Europe Group (TXUE)
Excelergy Corporation	United Utilities
GPU Power UK	Utility Link
London Electricity Group (including SWEB supply business and London Power Networks)	Western Power Distribution
Logica UK Ltd	Yorkshire Electricity Distribution
Major Energy Users' Council (MEUC)	Yorkshire Electricity Supply

Appendix 2 Principles of a customer transfer process

Principles of a customer transfer process

2.1 In the November 2000 ICT consultation document Ofgem proposed a set of principles against which the industry could asses whether the transfer process was operating efficiently and effectively. These are detailed in the table below:

Principles	Supporting Objectives
Control A new supplier should have control over managing the transfer process.	Data available when needed. Data items to be consistent and accurate.
Timing A new supplier should be able to take over responsibility for supplying a site with the minimum of notice, potentially immediately.	Data available when needed.
Development Suppliers should be able to adopt new processes at their own pace. Industry wide changes to be kept to a minimum. Suppliers should, as far as is practical, be allowed to develop their systems and processes without being constrained by other industry parties, except where required to achieve interoperability.	Current interfaces to be maintained. Service providers to have appropriate incentives to deliver enhanced facilities. Industry agreements should, wherever possible, specify only data items and not the business processes.
Customers The transfer process should be invisible to customers.	Data available when needed. Data items to be consistent and accurate.
New entrants The transfer process should be as simple and accessible as possible to enable new entrants to the market to operate.	Industry agreements should, wherever possible, specify only data items and not the business processes. Data available when needed. Data items to be consistent and accurate.

Regulation The transfer process should require a minimum level of regulation.	Industry agreements should, wherever possible, specify only data items and not the business processes.