



Mr Ian Anthony  
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**John Mathers**  
Manager, UK Energy Contracts

Dear Sirs

**RE: Transfer objections: Stronger rights for industrial and commercial customers**

We refer to the above consultation document which invites views on supplier objections to customer transfers. Corus is a major Industrial & Commercial consumer in the UK of both electricity (c. 4TWh pa in total) and natural gas (c. 400 million therms pa in total) at approximately 90 sites.

We bring your attention to our response dated 5<sup>th</sup> December 2001 to a previous OFGEM consultation called "Permitting electricity suppliers to object to Industrial & Commercial customers transfers" (copy attached). We believe that our views as expressed in our previous response continue to be valid.

In the context of OFGEM's current consultation we think it may be useful to set out arguments used by incumbent gas or electricity suppliers to object to a customer transfer together with our comments.

**1. Outstanding debt**

We think that no incumbent energy supplier should be able to prevent a customer transfer on grounds of outstanding debt. This is because we believe that the proper recourse for a supplier with an outstanding debt issue (which may or may not be valid) is to seek payment from the customer direct or, in the event this fails, to seek legal remedies to enforce their supply contract.

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## **2. Pre-existing supply contract**

We believe that no incumbent energy supplier should be able to prevent a customer transfer on grounds of a pre-existing supply contract. This is because we believe that the proper recourse for a supplier which believes that they have a valid pre-existing supply contract is to negotiate compensation / damages from the customer directly or, in the event this fails, to seek a legal remedy through the courts if necessary.

## **3. Insufficient notice**

Once again we believe that no incumbent energy supplier should be able to prevent a customer transfer on grounds that the customer has not provided sufficient notice to the incumbent supplier. In our view OFGEM should seek to prevent any supplier requiring any customer to pre-notify them of their intention to change supplier as part of its duty to protect consumers and to facilitate competition. In the absence of action by OFGEM, suppliers will, in our view, inevitably insert restrictive contract termination terms into their standard "conditions of business" (often in small print), to the disadvantage of consumers.

## **4. Erroneous Transfers**

An incumbent supplier should not be able to prevent a customer transfer on the grounds of "erroneous transfer" if the incumbent supplier has not received the express (written) recent consent of the customer to object to a customer/site transfer. Suppliers should be not, in our view, be permitted by OFGEM to include in their standard terms & conditions of contract any condition which provides customer consent to block alleged erroneous transfers, as this could be used to frustrate the customer's wishes when he/she subsequently wishes to switch supplier.

## **5. Non registration of related meter points**

Customers wish to change their gas or electricity supplier because there is either a commercial saving from changing supplier and / or because there is some other benefit (eg improved customer service, such as accurate and timely billing). If for example an end-user site had several registered meters and the incumbent supplier blocked the transfer to a new supplier on the grounds that the new supplier had failed to register all site metering systems (as is the case under the MRA), we would regard this as an unacceptable restriction on competition. This is because the incumbent supplier would necessarily prevent the end user realising the full anticipated commercial savings and/or improved customer service that was intended. Rather than block the supply transfer, we believe that incumbent supplier should be

obliged (once again by OFGEM) to notify to any new supplier details of any site metering registration details or other technical matters inadvertently missed by the new supplier and which are required.

#### **7. Co-operative Objection**

In cases where both suppliers (incumbent and new) agree that the customer has been registered in error, we agree that the old supplier should be able to raise an objection on behalf of the new supplier (ie a co-operative objection). Our understanding is that inadvertent registration errors do occur for example due to typing errors.

#### **Conclusion**

In an ideal world, electricity and gas supplier transfer objection arrangements should be aligned as differences between markets are both confusing and potentially frustrating for customers. Our views are best reflected by "**Option 4**" in OFGEM's consultation document, although we feel that improved industry arrangements might be considered which would remove the need for incumbent supplier transfer objections in the case of non registration of all related MPANs.

However as a minimum, we believe that OFGEM should seek to terminate the existing right of gas suppliers to object to customer transfers on grounds of outstanding debt or pre-existing contract. Sorting out customer transfer issues is a good example of an important area where OFGEM can and should act decisively to facilitate competition.

Please contact me if you have any queries on our submission.

Yours faithfully,

  
**John Mathers**



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5 December 2001

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**Re: Permitting electricity suppliers to object to Industrial &  
Commercial customer transfers**

Dear Ms Monaghan

I refer to Nigel Nash's letter of 30 October 2000, inviting comments on the above.

Corus, along with other large gas users, has consistently objected to the rights of gas suppliers to object to transfers on the grounds of pre-existing contract and/or debt. Suppliers should use the recourses open to providers of goods/services in other markets (e.g. legal proceedings) to enforce their contracts and not rely on the Network Code to do it for them.

OFGAS, as it was then, was sympathetic to the end users' position and we are pleased that OFGEM has tried to rectify the problem. We very much hope you will make further attempts to change gas licences, as envisaged in the final paragraph of Appendix 1 to your letter.

Given the antipathy of end users and OFGEM to the gas position, we believe it is important to resist the proposed changes to the electricity MRA and that blocking on the grounds of both pre-existing contract and outstanding debt should not be permitted. To allow this would set an unfortunate precedent in respect of any further action you may take to solve the problem in gas.

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We very much support harmonisation across electricity and gas but only on the basis of objections not being permitted in both markets. However, if it proves not possible to change the gas licences, we would rather live with a non-harmonised position than have the worse of both worlds.

Yours sincerely

Stephen Macey , Manager UK, Energy Supplies & Utilities