

08 February 03

Ian Anthony
Electricity Infrastructure Manager
OfGEM
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Dear Ian

Re: Transfer Objections: stronger rights for I&C customers

Thank you for the opportunity to comment on the above consultation on behalf of the members of the Major Energy Users Council.

The MEUC has a membership approaching 200 of this country's leading organisations, most of who are household names. The gas usage of our members ranges from the multi site, with small individual but large total volumes such as county councils, to the large single site industrial user.

I should begin by stating that because of the diversity of our membership we have some that are totally opposed to the retention of this facility while others, although opposed to objections for debt, see its value in correcting erroneous transfers, which I will discuss later.

As the MEUC has been involved in this topic for nearly six years I would like to begin by covering our contribution to date.

We were one of the original members of mod group 155 that began to examine the transfer process, including the right to object, in early 1997. We continued to contribute to the debate when the work was transferred to the Supply Point Administration workstream.

Following the failure of this group to progress the issue we were encouraged by Ofgas to obtain a shippers licence in order to propose a modification removing the right to object. This we did and in co-operation with some shippers mod 339 was raised. OfGEM subsequently rejected this mod, as it would have led to the Network Code and the Shippers Licence being out of line.

We have continued to date to discuss with OfGEM customers concerns over this issue.

Before responding to the specific questions asked in the consultation document I would like to comment on the issue of erroneous transfers which is the sole reason that consumers support maintaining the right to object.

From statistics issued by OfGEM it can be seen that of the total number of transfers made, as much as 14% in the under 25,000 therm and 10% in the over 25,000 therm market are objected to. This shows that there is gross miss



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selling in both areas. This would suggest that suppliers are not asking the three basic questions before registering a site: -

Who is your present supplier, when does your current contract end and are you authorised to sign a gas supply contract?

As this is clearly as large a problem as has been found in the domestic market, I would recommend that this be an area for further investigation by OfGEM with the possibility of automatic fines for persistent offenders.

Of the options contained in the consultation, option 5 would receive the most support from our members, however there is considerable concern that the right to object will immediately become a standard clause in all suppliers contracts. In our experience, with the limited number of offers received in reply to tenders, this clause will be non-negotiable and therefore we shall be no further forward. In addition, in order to facilitate such a contract term, Transco will still be obliged to maintain this unique anti competitive facility, which increases the transfer timescale by 7 working days.

With regard to the question of drawing up standard terms the MEUC would support this and be willing to take part in any such group.

The transitional arrangements suggested in 6.10 and 6.12 are reasonable.

The wording in appendix 3 would appear to be fit for purpose, however I am not legally qualified to give a definite opinion.

The date of 1 June 2003 is achievable if all parties where to co-operate.

Yours truly,

A handwritten signature in black ink, appearing to read 'Eddie Proffitt', with a stylized flourish at the end.

Eddie Proffitt
Gas Group Chairman.