

Mr Nigel Nash  
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Dear Nigel

### **Objecting in the Domestic Market – Consultation Document**

Further to the issue of the consultation document addressing objections in the Domestic market, I would like to set out ScottishPower's view and opinions on this matter.

As you are aware, ScottishPower have been involved in industry discussions over the issue of customer requested objections and erroneous transfers for some time. As explained within our previous response on this subject, we do not agree that customer requested objections and termination notice proposals should be linked, as we believe that these two issues are distinctly different from one another.

Removing the right to object for lack of termination notice is objective, given that an objection does not occur and this is visible on scrutiny of systems. However, the same cannot be said for customer requested objections, which is subjective, as it depends on the interpretation of the objection performer. It is for this reason that we have constructed our response explaining our views on these two issues separately.

### **Customer Requested Objections**

Throughout the discussion over the suggested implementation of customer requested objections ScottishPower has continued to raise concerns over the legality of such a proposal, as well as the opportunities presented for customer retention. That said, we have continued to work with the industry to develop proposals that would address these concerns as we could see the potential benefits to customers of Suppliers being able to reduce erroneous transfers. To that end we were happy to propose changes to the MRA to allow customer requested objections for ET aversion in the electricity market.

During discussions with the industry and the development of MAP12, reporting was agreed that would go a significant way to reducing our concerns over the misuse of this objection route. However, we would like to stress that it is imperative that Ofgem are not only committed to placing reporting requirements on Suppliers, but also in enforcing that the objection rules are followed.

It has been our experience that since discussions over customer requested objections have commenced a number of Suppliers have taken this as a mandate for performing these objections prior to the rules being formalised. This is neither a tactic we would support nor a practice that we have used, again we would request that Ofgem enforce the current rules in this area.

Instead, we have worked with Centrica to develop a proposal of incoming Supplier led co-operative objections, which has been very effective in reducing erroneous transfers within the objection window. This practice has worked to the satisfaction of both parties and has highlighted data quality issues and sales problems that have led to the erroneous transfers. It would have been ScottishPower's preference to develop this initiative industry wide over both fuels, however most other Suppliers seemed more keen to allow the outgoing Supplier rights to address erroneous transfers.

ScottishPower supports the introduction of any mechanism that addresses erroneous transfers and reduces inconvenience to customers. That said we do not wish to introduce different arrangements in the gas and electricity markets that cause complexity for Suppliers and reduce domestic competition. We would therefore request that Ofgem do whatever in their power to ensure fuel alignment.

Finally, we fully support that customers should be kept informed of progress of their transfer application and agree with Ofgem's proposal to ensure that customers are advised of why an objection has occurred. In tandem with this we believe that it is also important to ensure that the incoming Supplier is aware of why their registration requested has been objected to, so as to safeguard that, if required, an investigation can take place into sales practice or data problems.

As you are aware Powergen has appealed the customer requested objection modification proposals raised by ScottishPower under the MRA. For this reason we remain concerned that the proposal to remove the right to object for termination notice is being linked to customer requested objections in the gas market and would strongly urge Ofgem to split these two proposals to avoid the possibility of different arrangements for each fuel.

### **Termination Notices**

As explained within our previous response, ScottishPower fully support the removal of the right to object for lack of termination notice for the domestic market. We agree with Ofgem assertions that this aspect of the registration process is not desirable and increases complexity to the transfer process and confuses customers. We also believe that the process of facilitating termination notices is a financial burden to Suppliers and does not reduce erroneous transfer opportunities.

That said, we would appreciate if Ofgem would give due consideration to the management of Supplier risk should customers on ESSCO contracts decide to change Supplier.

### **The Way Forward**

As discussed above, we believe that the proposals for customer requested objections should be split from the termination notice proposal. In addition we would like to be assured that the changes in the electricity and gas markets are scheduled at the same time.

Be assured ScottishPower remain committed to reducing erroneous transfers and are fully supportive of implementing a compensation scheme for erroneously transferred customers and look to Ofgem to aid the industry in reaching agreement. If you wish to discuss any of the points raised in this letter, please contact me on the telephone number above.

Yours Sincerely

Angela Love  
Energy Commercial Manager  
Finance and Commercial