



Nigel Nash
Ofgem
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Dear Nigel,

Objecting in the Domestic Market

Innogy, on behalf of all its npower domestic gas and electricity supply businesses, welcomes the above consultation and has been actively participating in industry discussions on the issues raised within it.

We support Ofgem's proposal to remove the right to object for lack of termination notice from the domestic gas supply licence and voted in favour of the recent MRA change to effect the same in the case of domestic electricity. As you know all the npower domestic supply businesses are now participating in the termination notice trial, and we welcome the fact that removal of this objection reason will create a level playing field for all suppliers.

We also support introducing the right for the old supplier to make a customer requested objection in cases where they believe transfers to be erroneous, and throughout the industry discussions that have taken place to define the circumstances in which this facility could be used, we have consistently argued against this being too narrowly defined.

We are disappointed therefore that the view of the majority of suppliers, and of Ofgem, is that use of this facility should be limited only to cases where the customer has clearly stated that they have not entered into a contract with the new supplier.

In our opinion there are a number of other reasons that fall within the high level ET Reason Codes defined in MAP 10 and DCoP which should be considered legitimate grounds for allowing the old supplier to raise a customer requested objection, namely:

- customer claims to have cancelled in the cooling off period
- customer claims they were unduly pressured into signing a contract
- customer claims to have signed only for gas but electricity was also transferred (and vice versa)
- customer claims to have signed for information only
- customer claims they signed for what they thought was a meter read

Whilst we recognise the steps suppliers are taking to improve the quality of their sales processes, our experience is that there are still a large number of erroneous transfers that fall into these categories.

The narrow definition proposed would therefore prevent the old supplier raising customer requested objections in these cases (although it could be argued that from the customers perspective the last three in the above do fall within the proposed definition), and they would therefore be obliged to raise them as erroneous transfers.



Our evidence shows that where we have raised an erroneous transfer request as the old supplier for these reasons, the vast majority of them are accepted and eventually re-registered back through the MAP 10/DcoP processes, and we would welcome the opportunity to discuss this with Ofgem in more detail.

Whilst the ET Charter is designed to ensure that the customer sees no noticeable difference to their supply or billing arrangements in the event it has been agreed they have been erroneously transferred, the process is far from seamless from the point of view of both the initiating and the associated supplier.

Significant costs can be incurred in resolving erroneous transfers which are largely unrecoverable and due to resource constraints and the predominant use of manual systems, delays often occur in responding within the timescales stated within the ET Charter and in re-registering the customer with the old supplier.

In our opinion therefore, it would be far more practical to give the old supplier the right to object in these circumstances rather than forcing them down the route of using the erroneous transfer process or trying to re-sign the customer, and our experience suggests that aggrieved customers find it very difficult to understand or accept that the old supplier should not be empowered to stop such transfers.

Customers we speak to on a regular basis indicate to us that they take comfort from the certainty of knowing that what they clearly believe is an erroneous transfer is going to be stopped before it can proceed, and so we remain to be convinced that adopting such a narrow definition of when customer requested objections can be used is in their best interest.

We also support introducing the use of co-operative objections into the domestic gas supply licence. We do not however, see co-operative objections being a substitute for customer requested objections, at least not as they are currently defined in the MRA and DCoP.

The co-operative objection process does not allow the old supplier to request the right to object to a transfer being made by the new supplier, and the trial that is currently underway amongst a limited number of suppliers provides only for the new supplier to request the old supplier to initiate an objection on their behalf.

Because of this we are somewhat doubtful as to whether it will result in a reduction in the number of ETs of the order of 40%, as has been claimed by certain suppliers.

Nevertheless it is our intention for one of the Npower supply businesses to participate in the trial, and we hope that this may shortly lead to suppliers extending the scope of co-operative objections such that the old supplier can also seek the permission of the new supplier to raise a co-operative objection.

Whilst the objection raising window is restrictive and does not allow suppliers adequate time to undertake a proper investigation into the circumstances surrounding a sale, it would seem to us that “customer cancelled in the cooling off period” is a reason which the new supplier could investigate quickly. As such if the old supplier requests permission from the new supplier to raise a co-operative objection for this reason, permission could be given (or not as the case may be) quickly, thus preventing the need for the old supplier to raise it as an erroneous transfer.



We recognise that there are legitimate concerns amongst suppliers, and Ofgem, that introducing rights within the gas supply licence and the MRA, whereby the old supplier can block a transfer at the customers request, may lead to abuse. To this extent we believe that the requirements proposed in the consultation document with regard to the keeping of evidence, reporting and notification to the customer are entirely appropriate.

Because of these concerns it is perhaps not surprising that the majority of suppliers, and Ofgem, have proposed introducing this facility based on a narrow definition of the circumstances when it may be used.

As stated above we remain to be convinced that adopting such a narrow definition is in the best interest of customers. We would therefore expect Ofgem to keep this, and the use of the co-operative objection process, under active review such that as suppliers become more confident in the integrity of these processes, more erroneous transfers can be stopped by widening the scope of the old suppliers right to object, or seek an objection.

Yours sincerely,

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