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Dear Nigel

Customer Transfer Process – Discussion Document

Thank you for the opportunity to comment on the issues raised in this document.

United Utilities does not hold a supply licence, however, we are involved in operating many of the customer transfer processes as a distribution licensee and as a leading provider of metering and customer services to suppliers. In this role we are happy to support work to consider how improvements can be made to the customer experience and welcome the direct involvement of distributors within the project structure.

We would like to make a number of observations;

- Changes to distributor systems are unlikely to be self-financing which places distributors in the position of seeking to recover the cost of changes through the price control. This can lead to distributors being seen as barriers to change when in reality it is a reflection of the unsuitability of the RPI – x mechanism for user-driven system enhancements that is the constraining factor. Going forward we need to consider how the regulatory framework for distributor services can be updated to remove this potential obstacle. This could take the form of automatic pass through within the price control for efficient investment plus an appropriate rate of return and/or greater use of the excluded services mechanism.
- Whilst it is pleasing to see co-operation between suppliers it is unlikely there will be agreement on the specific changes that may be required. Indeed the 11th June seminar indicated some differences already emerging and your document sets out a number of different approaches that companies may take. An inability to resolve disputes to remove impasses is likely to lead to little progress. We suspect this will require more active Ofgem involvement in dispute resolution than currently appears to be proposed.

- Whatever processes are in place if the parties involved in the market do not have the correct incentives to maintain data quality then problems will endure. It appears the current incentives do not sufficiently encourage the resolution of data problems. Any industry data manager would also be reliant on market participants so it is perhaps necessary at an early stage to consider enhancing the incentive regime. However, this may be difficult within the proposed framework as some participants may be reluctant to “volunteer” for more stringent enforcement and possible financial penalties.

I hope you find these comments helpful and if you wish to discuss any of the points raised in this letter please do not hesitate to give me a call.

Yours sincerely

Stephen Parker

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