

Our Ref
Your Ref

Direct line: 020 7752 2200
Fax: 020 7752 2128

Nigel Nash
Head of Market Infrastructure
Ofgem
9 Millbank
London
SW1P 3GE



12 December 2003

Dear Nigel

**Erroneous Transfer Customer Charter - Review Document
October 2003**

Thank you for providing EDF Energy with the opportunity to comment on the Erroneous Transfer Customer Charter (ETCC) Review Document and your proposals for taking forward the charter. This response is made on behalf of EDF Energy, which encompasses the following energy retail brands: London Energy, SWEB Energy, Seeboard Energy and Virgin HomeEnergy.

I also confirm that our response can be treated as non-confidential and may be placed on your website.

We are pleased that Ofgem acknowledges that, on the whole, the Charter is working well. Our experience is that all suppliers are committed to the process and have worked hard to achieve the results to date. We are similarly pleased that many of the recommendations that were made in last year's review have been incorporated in the process and that this has allowed the industry to continue to show improvements in the resolution of Erroneous Transfers (ETs).

Your report is heavily focussed on improving the resolution of ETs, as indeed is the Working Group. However, a key contribution has been made by the work carried out already by EDF Energy and the industry in general over the past year to eliminate mis-selling. This has significantly reduced the number of ETs and it is expected that this work will continue to contribute towards a reduction in ET volumes. The work being carried out by the Customer Transfer Programme (CTP) to identify the root causes of transfer issues is also expected to lead to

EDF Energy plc
Registered in England and Wales
Registered No. 2366582
Registered Office:
40 Grosvenor Place Victoria
London SW1X 7EN

www.edfenergy.com

improvements in both the transfer process and the quality of data within the industry, which will further reduce the likelihood of ETs occurring.

As you know, EDF Energy is represented on the various forums and working groups at which market infrastructure issues are discussed. Our approach throughout such discussions is driven by a desire to improve and enhance customers' experience of the transfer process wherever possible. We therefore welcome the opportunity to contribute our ideas and suggestions to this review in a positive and constructive manner.


We believe that there should be a number of key principles underpinning any changes to the existing processes and that these should aim to:

- Enhance customers' perception and experience of the transfer process by giving them greater choice and control in their decisions to either switch away from or remain with their existing supplier.
- Maintain focus and attention on the steps being taken by the industry to reduce the number of ETs.
- Positively contribute towards a reduction in the current level of ETs and associated customer complaints.
- Facilitate those customers genuinely wishing to transfer.
- Operate on the basis that the supplier with whom the customer elects to contract for their supply is able to act speedily and effectively in accordance with the customer's genuine wishes and that, where co-operation between suppliers is needed, then this is provided.
- Apply equally to both fuels, with parallel modifications made to ensure harmonisation and consistency within the industry.

Our comments on the key proposals made by Ofgem and energywatch are detailed in the attachment

We hope you find these comments helpful. If you wish to discuss any of these issues further please contact Ann Neate on 01273 428464 or myself.

Yours sincerely

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

Denis Linford
Head of Regulation

Attachment

1. EDF Energy's comments on Ofgem recommendations

"Suppliers maintain or improve their focus on meeting the ETCC standards and supporting requirements"

EDF Energy has recently integrated the handling of ETs across all brands on one site. This has allowed the operational team to look at the working practices across our various operations and to develop best practice.

"Suppliers implement effective mechanisms for escalation, in particular where the old supplier has not re-registered the customer in the expected timeframe"

As part of our integration process, it was recognised that our escalation mechanisms were based on manual processes. We are currently automating this area.

"Suppliers review the operation of the voluntary compensation scheme to ensure that it provides adequate compensation where the supplier fails to meet their promise to the customer to return them back to their old supplier quickly and with the minimum of fuss. In particular, suppliers should consider compensating customers where they have failed to re-register or transfer them back in a timely manner"

During the development of the current compensation scheme we emphasised that the circumstances giving rise to a compensation payment were not always appropriate and asked that these be reviewed after the introduction of a re-registration escalation process. This process has now been accepted at MDB and will go live on 26th February 2004. We will continue to work with the industry Working Group on this point.

"Suppliers should consider mandating the gas ETCC supporting requirements under the coming SPAA governance arrangements. If this is not the case then Ofgem will consider mandating these through a licence condition as part of the October 2004 review."

We strongly support the introduction of the Supply Point Administration Agreement (SPAA), believing that it is essential both in providing a consistent and efficient retail market governance structure for the gas industry and in moving towards greater harmonisation across the gas and electricity markets. Every effort should be made to resolve the current impasse and put the agreement in place, rather than resorting to new licence conditions.

2. EDF Energy's comments on Energywatch recommendations

- We strongly believe that neither payment nor level of compensation should be enforced through regulation, but that they should be dependent upon the circumstances of the individual case. Despite this, we would be happy to discuss any specific suggestions by energywatch for compensation, on the basis that payment is commensurate with the distress and inconvenience caused to the consumer rather than focussing on penalties for a supplier's failure.
- EDF Energy is currently carrying out a review of all the points of customer contact during the Registration and Loss processes. ETs are covered during this review. Whilst the review has not yet been completed, early indications show that in some areas we are communicating with customers more frequently than they would like. We believe therefore that the focus should be placed upon the appropriateness and value of communication rather than simply increasing the volume.
- We support and encourage the use of the ETCC and its associated operational documents wherever there is a clear case of a transfer being erroneous, irrespective of the time period involved. Where we are the losing supplier and do not believe that it is likely that the gaining supplier will agree to the use of the ET process we will encourage the customer to sign a new contract.
- Along with most other suppliers, we use the mechanisms laid out in the ET procedures to resolve ETs for Small and Medium Enterprise (SME) customers. However, we do not consider that all elements of the ETCC should apply directly to business customers. We believe therefore that if there is a genuine desire to extend the ETCC to SME customers, then the charter will need to be reviewed to ensure that it is entirely appropriate for that market.

**EDF Energy
December 2003**