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Nigel Nash
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Ofgem
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11 December 2003

Dear Nigel,

Re: Erroneous Transfer Customer Charter Review Document

Thank you for providing the opportunity to comment on Ofgem's Erroneous Transfer Customer Charter Review Document.

British Gas welcomes this report, and believes that it provides an objective and accurate picture of the scale and management of erroneously transferred customers within both the gas and electricity markets. Certainly the main findings of this report agree with our own experiences of the state of ETs across the industry.

Overall, we are pleased that the standardised processes implemented to facilitate rapid resolution of ET situations, including the voluntary payment of compensation where applicable, are bedding in and proving to be of benefit to customers. In addition, we welcome Ofgem's recognition of the significant progress that has been made by the majority of suppliers towards achieving the objectives set out under the ETCC.

Notwithstanding that certain weaknesses were identified by Ofgem over this reporting period, British Gas believes that, overall, this report should be viewed by all industry stakeholders as an endorsement of the decision to pursue ET objectives through self-regulation. We therefore welcome Ofgem's decision to continue on this basis, and believe that a further review in 2004 is appropriate to

ensure continued progress towards ETCC goals. Given the successes demonstrated to date, our strong preference in respect of formalising the ETCC supporting requirements is for suppliers voluntarily to mandate these through future SPAA arrangements, rather than requiring Ofgem to impose new licence obligations.

In respect of the key recommendations put forward by energywatch, British Gas' views are that:

- we recognise that the compensation scheme that is currently in place could be strengthened to reinforce the principle that customers should be re-registered by their old supplier as quickly as possible. The ETWG has committed to a review of the compensation scheme as part of its ongoing work;
- whilst we believe that current arrangements are delivering customer benefits (as identified within Ofgem's report), we agree that suppliers should not be complacent about the achievements to date. For our part, we will continue to review our procedures in order to identify aspects of our ETCC arrangements which can be enhanced to improve further the levels of customer care we are able to offer in an ET situation;
- we understand energywatch's concerns about the losing supplier re-registering a customer, rather than following the formal ET process. Whilst we believe that customers should always be made aware of their right under the ET Charter, we would point out that in certain circumstances – for example a very old ET situation, it may be in the customer's best interest to offer a new contract as an alternative. We therefore believe that energywatch should consider all of the circumstances of a re-registration before concluding that a supplier has followed an improper course of action. In this respect, it may be helpful to define the circumstances where re-registration is acceptable and the circumstances in which an ET request would supersede any existing re-registration. The ETWG is best placed to consider this issue;
- whilst we agree that all ETs, irrespective of age, should be investigated and resolved to the customer's satisfaction, we do not believe that the right course of action in all cases will be to return the customer to their former supplier. There will be circumstances – for example where the customer's former supplier no longer exists due to takeover, or where the customer simply decides that they want to stay where they are – in which the customer's best interests are served by signing a contract with the new supplier;

- I&C customers should benefit from the principles of the ETCC, but we do not necessarily believe that the current domestic ETCC as it stands is suitable for application to the I&C market. We believe that the most appropriate way forward is for a dedicated industry review group to be established to consider this matter, and British Gas would welcome the opportunity to take part in any such discussions. We proposed the development of such a group at the MDB meeting in November.

In summary, we are pleased that the industry as a whole has been able to tackle this issue to Ofgem's reasonable satisfaction, and believe that further progress can continue to be made - towards both reducing incidents of ETs, and also providing better customer care when an ET does occur - through the valuable work carried out by the existing Working Group. British Gas looks forward to playing a full part in that process.

Yours sincerely

Colleen O'Donnell
Regulatory Issues Manager