

Erroneous Transfer Customer Charter

Review Document

October 2004

233/04

Summary

In June 2001 energywatch and Ofgem challenged the industry to adopt a standard approach for resolving customer complaints and ensuring that a customer's supply was returned to their original supplier quickly and with the least fuss following an erroneous transfer (ET).

Suppliers implemented the Erroneous Transfer Customer Charter (ETCC) in February 2002. This document is the third review by Ofgem of the performance of gas and electricity suppliers in resolving cases in accordance with the ETCC standards.

This review looks at: the continued commitment of suppliers to the ETCC, their performance against its standards, its impact on customers and whether the content of the ETCC remains fit for purpose. To be able to review the performance of the industry in meeting the requirements of the ETCC, Ofgem has been provided with data from suppliers tracking the operation of the ETCC and has analysed complaints made by customers to energywatch. Ofgem thanks those who have co-operated with this initiative.

The findings of this report indicate that suppliers have continued to improve their performance against the ETCC standards and supporting requirements. This is encouraging and has led to a continued decrease in the level of ET complaints received by energywatch. Customers complain to energywatch when their ET is not resolved quickly or where a supplier does not accept responsibility for resolving their problem. When the ETCC was first introduced, energywatch were receiving more than 5 ET complaints per 1,000 customer transfers. In July 2004 energywatch received 0.87 complaints per 1,000 customer transfers.

The report concludes that the ETCC remains fit for purpose, although it is a vulnerable and manually intensive process which requires continued efforts to maintain and improve. In particular, there are problems in getting customers re-registered in a timely manner once it has been agreed that an ET has taken place. Ofgem looks to the industry to continue its efforts in this area and make use of the industry agreed escalation processes. Detailed recommendations are included in Chapter 7.

Based on the finding of this review Ofgem is not intending to conduct a further review of supplier performance against the ETCC standards. However, Ofgem may reconsider this position depending on the level of ET complaints received by energywatch or the performance of suppliers.

Table of contents

1. Introduction.....	1
Objective	1
Policy.....	2
Views invited	2
Contact	3
Confidentiality.....	3
2. Background.....	4
Developing the ETCC.....	4
Implementing the Charter	4
ETCC Implementation Review - October 2002.....	5
ETCC Review - October 2003.....	5
Customer Transfer Programme.....	6
3. Supplier Performance	8
ET Performance	8
Data Request.....	10
energywatch complaints.....	14
Supplier Performance	14
4. Review of the Voluntary Compensation Scheme.....	17
Background.....	17
The Scheme	17
Supplier Performance	18
5. Success of the ETCC.....	19
Success Criteria	19
6. Related Industry developments.....	22
Customer Transfer Programme.....	22
Customer Requested Objections.....	22
Registration escalation process	23

Supplier ID - Transco Modification 487	24
Marketing.....	24
SPAA.....	25
ETCC in the non-domestic market.....	25
7. Conclusion and Next Steps	26
Appendix 1 ET Root Causes	28
Appendix 2 The Erroneous Transfer Customer Charter	30
Content of the ETCC.....	30
ETCC Supporting Processes	31
Appendix 3 List of Respondents	34
Appendix 4 ETCC Performance – Customer ET Returns Initiated on 24 and 25 May 2004	35
Data sample	35
Initial customer contact	35
The 5-day letter	36
Initiating the ET return process.....	37
Response to initial request.....	39
The 20-day letter	41
Returning the customer to their previous supplier	42
Appendix 5 ETCC Performance – Analysis of Customer Return Timescales 10 to 21 May 2004	46

1. Introduction

- 1.1. Ofgem is committed to reviewing suppliers' performance in resolving customer complaints concerning erroneous transfers (ETs). An ET occurs where a customer has been transferred to a supplier without a valid contract being in place.
- 1.2. ETs are typically caused by poor selling or administrative failures by suppliers¹ and are a source of inconvenience, frustration and in some cases distress for customers.
- 1.3. Although the vast majority of customers change their gas and electricity supplier without problem, ETs are a serious and costly issue. Approximately 7,000 ETs are reported each month² (around 1.12% of transfers). There has been a 25% decrease in the number of ETs reported in the last year³.
- 1.4. In June 2001 energywatch and Ofgem challenged the industry to adopt a standard approach for resolving customer complaints and ensuring that a customer's supply was returned to their original supplier quickly and with the least fuss following an ET. This approach was set out in the Erroneous Transfer Customer Charter (ETCC) agreed by energywatch, Ofgem and suppliers in October 2001. The ETCC is supported by supplementary requirements that have been developed and agreed by the industry. The ETCC was fully implemented at the end of February 2002.

Objective

- 1.5. The purpose of this review is to consider the performance of suppliers against four key success criteria. These are:
 - ◆ have all suppliers adopted the ETCC?
 - ◆ have suppliers performed to the ETCC standards?

¹ The main causes of ETs are shown in detail in Appendix 1.

² An average of 6,925 ETs per month was reported by gas and electricity suppliers between January and July 2004.

³ An average of 9,291 ETs per month was reported by gas and electricity suppliers between January and July 2003.

- ◆ has the ETCC had a positive impact on customers?
- ◆ is the ETCC fit for purpose?

Policy

- 1.6. Ofgem expects that the industry should have in place and operate to a standard set of requirements to ensure that customers who are transferred against their will are returned to their previous supplier quickly and with the minimum of fuss.
- 1.7. In this report Ofgem commends the vast majority of suppliers who have made efforts to improve their performance against the ETCC standards and adopt the recommendations made in the 2003 review.
- 1.8. Ofgem recommends that suppliers continue their efforts to improve compliance against the ETCC standards and sets out detailed recommendations in Chapter 7. In particular, Ofgem remains concerned that it is taking suppliers too long to return a customer to their previous supplier following an ET. There is also concern that one supplier has performed poorly in sending out the 5-day and 20-day letters and Ofgem will audit their performance in Q1 2005.
- 1.9. It is not Ofgem's intention to conduct a further review in 2005. However, it may reconsider this position depending on the level of ET complaints received by energywatch or the performance of suppliers.

Views invited

- 1.10. Comments are invited on the issues raised in this document and in particular Ofgem's proposed next steps. It would be helpful to receive these by 19th November 2004. Responses should be sent to:

Nigel Nash

Head, Market Infrastructure

Ofgem

9 Millbank

London

SW1P 3GE

Tel: 020 7901 7065

Email: nigel.nash@ofgem.gov.uk

Contact

- 1.11. If there are any questions regarding this document please contact either Andrew Wallace (Tel: 020 7901 7067, email: andrew.wallace@ofgem.gov.uk) or Joanne Tackley (Tel: 020 7901 7254, email: joanne.tackley@ofgem.gov.uk).

Confidentiality

- 1.12. All responses will normally be published on the Ofgem website and held electronically in the Research and Information Centre unless there are good reasons why they must remain confidential. Respondents should try to put any confidential material in the appendices of their responses. Ofgem prefers to receive responses in an electronic form so they can be placed on the Ofgem website.

2. Background

Developing the ETCC

- 2.1. The Improving Customer Transfer (ICT) project was initiated by Ofgem during summer 2000. The project reviewed the process for customers transferring between suppliers and made recommendations about key areas where improvements could be made in the June 2001 ICT Way Forward document⁴. This document proposed a draft ETCC and noted key areas which Ofgem and energywatch believed would need to be addressed by putting in place processes to support the ETCC. The draft ETCC was developed as a joint initiative between Ofgem and energywatch.
- 2.2. The industry established the Erroneous Transfer Working Group (ETWG) to develop the industry arrangements needed to support the ETCC. MRASCo⁵ facilitated the ETWG. Both Ofgem and energywatch have attended the ETWG.
- 2.3. Appendix 2 provides details of the ETCC and the supporting processes.

Implementing the Charter

- 2.4. By October 2001 all licensed domestic gas and electricity suppliers had confirmed to Ofgem that they intended to comply with the ETCC. In electricity the details of the ETCC supporting requirements were agreed by the industry in November 2001. In gas the equivalent documentation was signed off in January 2002.
- 2.5. At the start of January 2002 the industry implemented the ETCC in spirit. This meant that suppliers would comply with the intent of the ETCC where possible but it was understood that they might not be fully compliant in all aspects.
- 2.6. From 28 February 2002 all domestic gas and electricity suppliers agreed to implement fully the ETCC and supporting documentation. Suppliers have

⁴ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/73_26june01.pdf

⁵ MRASCo is the company established by signatories to the MRA to be responsible for managing the day to day operation of the MRA. Gemserv has been contracted to provide these services on behalf of MRASCo.

continued to confirm their commitment to the ETCC and supporting documentation. New entrants who have started to supply customers have also signed up to the principles of the ETCC.

ETCC Implementation Review - October 2002

- 2.7. The October 2002 ETCC Implementation Review⁶ considered the performance of the industry in meeting the requirements of the ETCC.
- 2.8. The findings of the report indicated that, although suppliers had made considerable efforts to implement the ETCC, there remained concern that the industry was yet to be able to claim that they could deal with a customer complaint about an ET reliably, quickly and efficiently in all cases.
- 2.9. The report concluded that the ETCC had set realistic and achievable targets for suppliers that could fulfil customers' expectations. Some suppliers came close to achieving these targets but found their performance to be compromised by other suppliers. The report expressed disappointment that, where a supplier's performance inhibited the achievement of the ETCC targets, the prescribed arrangements for escalating problems had not been used to full effect.

ETCC Review - October 2003

- 2.10. In October 2003 Ofgem published its second review of the ETCC⁷. This again reviewed the performance of the industry in meeting the requirements of the ETCC.
- 2.11. The review indicated that the vast majority of suppliers had operated to the standards set out in the ETCC. However, Ofgem remained concerned that some suppliers did not have in place sufficient monitoring procedures to allow them to track the ET return through to completion and that, in some cases, it took an unacceptable period of time to transfer the customer back to their old supplier.

⁶ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/74_29oct02.pdf

⁷ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/4957_Erroneous_Transfer_Review_31oct03.pdf

- 2.12. The review identified issues with Powergen and npower's performance; both suppliers had problems with monitoring the ET process. They believed that letters to customers and data flows between suppliers were being sent out but were not able to demonstrate conclusively that these actions had been taken as they did not have the information systems to monitor and track the process. Both suppliers reiterated their commitment to the ETCC, were subsequently visited by Ofgem and their performance was audited.
- 2.13. The review showed that suppliers had only recently begun to make use of the escalation procedures to chase outstanding responses to data flows. Ofgem stated its disappointment that suppliers were only just considering implementing an escalation procedure for customers who are waiting to be re-registered following the agreement of both suppliers that an ET has taken place.
- 2.14. The review concluded that suppliers had demonstrated commitment to the ETCC and that this had a positive impact on customers' experience of being ET'd. The recent introduction of the voluntary compensation scheme was welcomed to provide further recompense to customers where the contacted supplier has failed to meet their promise to resolve the customer's ET quickly.

Customer Transfer Programme

- 2.15. In June 2003 Ofgem published the Customer Transfer Process Discussion Document⁸. In this document Ofgem followed on from its work on the ICT project and set out the case for further change in the design of the processes and procedures employed to transfer customers between suppliers.
- 2.16. This document called on the industry to evaluate the options for new arrangements to ensure that, when customers switch supplier, the transfer is conducted promptly and reliably and to tackle the problems experienced by customers, in particular in relation to ETs.
- 2.17. An industry summit meeting was held by Ofgem and energywatch on 11 June. At this meeting the industry committed to undertake the three stages of the Customer Transfer Project (CTP). These being: analysis of the issues, solution

⁸ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/3416_3503custtrans.pdf
ETCC Review

development and implementation of appropriate solutions. Under the leadership of the Energy Retail Association (ERA), it is anticipated that initial proposals on solutions will be published by the end of this year.

3. Supplier Performance

- 3.1. Ofgem maintains that there are significant benefits in adopting a standardised and predictable approach to dealing with customers who have been ET'd. This allows the new and old supplier, the customer and energywatch (where they have been contacted by the customer) to understand better the likely course of events and any subsequent problems with the swift return of the customer to their previous supplier.
- 3.2. Ofgem has monitored the performance of suppliers since the introduction of the ETCC. This chapter provides a summary of the information received. Ofgem has collated information from supplier monthly reports, a specific data request to suppliers for the purpose of this report and from energywatch.

ET Performance

- 3.3. A summary of the information provided by suppliers on the rate of ETs and their root cause is shown below:

ET Rate

- 3.4. The ET rate has continued to decline since the introduction of the ETCC (see Figure 1). In July 2004 the ET rate was 0.98% of gas transfers and 1.20% of electricity transfers. This compares favourably with July 2003 where the ET rate represented 1.50% and 1.57% of gas and electricity transfers respectively.
- 3.5. During July 2004 one particular supplier experienced an increase in their rate of ETs. Ofgem has received assurances that their ET rate has subsequently dropped in August and September.

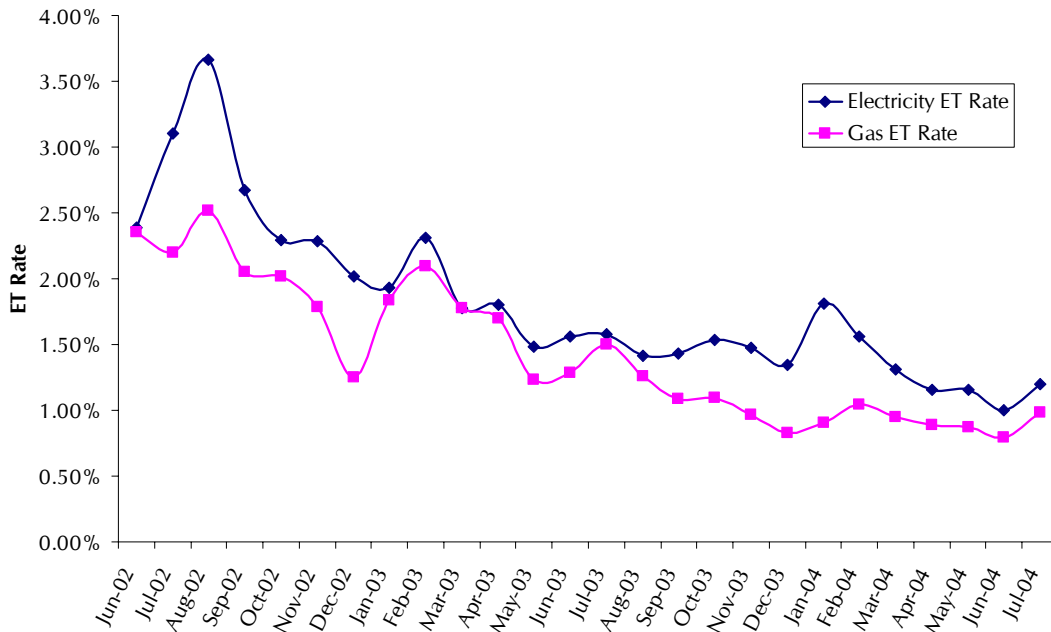


Figure 1: ET rate in the domestic gas and electricity markets – June 2002 to July 2004

ET Root Causes

3.6. Analysis of the root causes of ETs in Figure 2 shows a high degree of correlation between the gas and electricity industries. These figures are also consistent with those presented in the 2003 review.

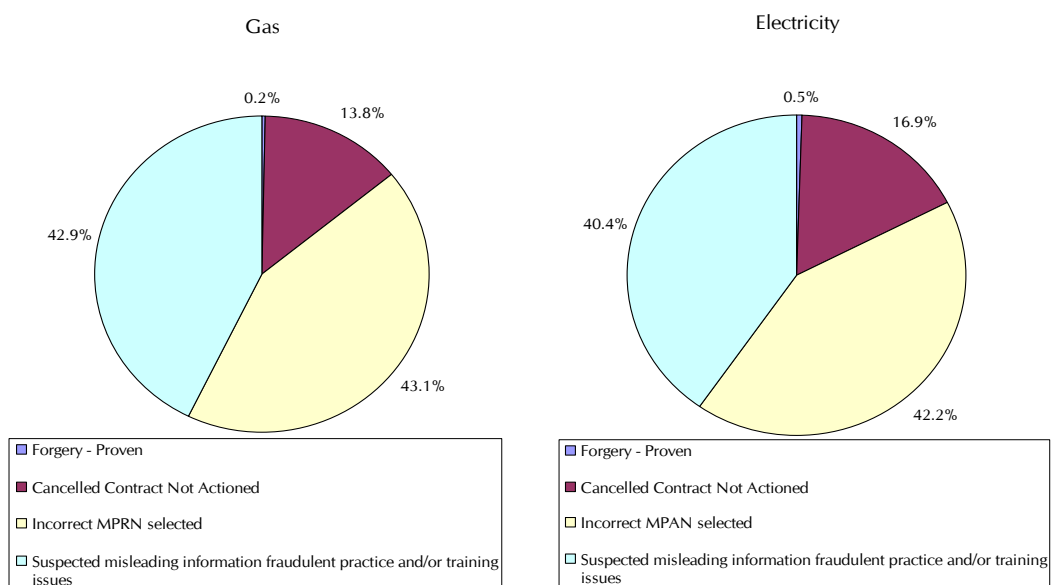


Figure 2: ET root causes in domestic gas and electricity markets – January to July 2004

Data Request

- 3.7. On 6 July 2004 Ofgem wrote to all domestic gas and electricity suppliers requesting further information to help understand the performance against the ETCC standards.
- 3.8. Ofgem received responses from 7 domestic suppliers. A list of respondents is shown in Appendix 3.

Data Request A: Supplier initiated ETs on 24 and 25 May 2004

- 3.9. The following is a summary of the data provided by suppliers on the return of erroneously transferred customers that they initiated on 24 and 25 May 2004. A detailed analysis is provided in Appendix 4.
- 3.10. During the sample period 934 ETs were initiated. This represents a fall of 25% compared to the 2003 review. 512 ET returns were initiated in the electricity market, 161 by the old supplier and 351 by the new supplier. In the gas market 422 ET returns were initiated, 154 by the old supplier and 268 by the new supplier.
- 3.11. Approximately one third of ETs in the sample were initiated by the old supplier and two thirds by the new supplier. This is consistent with the 2003 data sample.
- 3.12. The 5-day letter was sent to the customer within the required timescales in 89.2% of cases. This represents an improvement from 82.3% of cases in 2003. In 2.0% of cases the 5-day letter was not sent at all compared to 3.4% of cases in 2003.
- 3.13. The quality of reporting on the sending of the 5-day letter has significantly improved. In 2003, suppliers were not able to report to Ofgem whether a letter had been sent in nearly 6.8% of cases. The 2004 data shows that this has fallen to 0.2% of cases.
- 3.14. Scottish Power reported that, over the period of the data sample, they had not sent the 5-day and 20-day letter to customers as a matter of course. Instead their policy was to contact the customer by telephone. Some written correspondence was entered into with the customer as part of normal

complaint handling procedures. Where Scottish Power considered that this correspondence met either the 5-day and 20-day criteria then this information was included in their data sample. Further information is provided in paragraphs 3.31 to 3.34. Excluding Scottish Power's performance, the industry met the 5-day requirement in over 95% of cases.

- 3.15. Where the customer has made their initial contact with the new supplier, that supplier is required to investigate and within 8 working days ask the old supplier to re-register any ET'd customers. The 2004 review shows that this target was met in 96.0% of electricity cases and 98.1% of gas cases. This represents a high degree of compliance and an improvement on performance in 2003.
- 3.16. If the customer makes their initial contact with their old supplier, that supplier is required to notify the new supplier within 2 working days. The 2004 review indicates that performance in this area has dropped compared to 2003. In electricity the figure fell from 81.2% to 77.0% and in gas it fell from 83.5% to 71.4%. One supplier, Scottish Power, performed poorly in this area. Excluding their data shows that the rest of the industry met the 2-day target in 95.0% of electricity cases and 82.9% of gas cases.
- 3.17. When the old supplier receives notification from the new supplier that an ET has occurred, they are required to notify the new supplier within 2 working days that they will re-register the customer. Compliance within the required timeframe was low and similar to the 2003 review data. However, the vast majority of responses (over 80%) were received within 5 working days. Ofgem considers that this is an area that requires further attention from suppliers.
- 3.18. When the new supplier receives notification from the old supplier, they are required to investigate the alleged ET and respond back to the old supplier within 8 working days. Electricity suppliers met this target in 79.5% of cases whilst gas suppliers achieved compliance in 77.9% of cases. This represents a considerable improvement on the 2003 review where the performance in the electricity and gas markets was 38.0% and 65.9% respectively.
- 3.19. Under the ETCC, suppliers are required to send a letter to the customer confirming that both suppliers have agreed that an ET has occurred and that the customer will be returned to their previous supplier. This letter is to be sent

within a target time of 20 working days. As noted above, it was not the policy of Scottish Power to send the 20-day letter to customers in all instances, particularly where they were the new supplier. The industry performance in achieving the 20-day target excluding Scottish Power's data was impressive at over 98%. With Scottish Power's data this falls to 88.0% but is still an improvement on the 2003 sample data where the performance against the target was 80.5%.

- 3.20. The 2004 data sample showed that performance in re-registering the customer within 30 working days of the initial customer request was significantly better in the gas market at 92.5% compared to 78.3% in electricity. In the electricity market 43 customers (8.4%) had not been re-registered at all. This was a particularly problem where the customer had contacted the new supplier to initiate the ET, where 40 customers (11.4% of all customers in this category) were yet to be re-registered.
- 3.21. Once the two suppliers have agreed that a customer has been ET'd, the old supplier is required to re-register the customer within 10 working days. The performance of the old supplier has improved from 65.7% in the 2003 review to 70.9% for both markets combined. There was a significant improvement in reporting in this area with suppliers being able to report the requested data in 99.3% of cases in 2004 compared to 92.5% of cases in 2003. However, as noted above, a significant proportion of customers had not been re-registered at all in the electricity market. Ofgem notes that in the vast majority of these cases the new supplier has used the industry defined processes to escalate this non-compliance with the other supplier.
- 3.22. The data provided in the 2004 sample shows that customers were transferred back to their previous supplier within 30 working days in 69.2% of cases. This represents an improvement on performance against the 2003 data sample where this target was met in 61.6% of cases. In 89.9% of cases reported by suppliers in 2004 the customer was transferred back to their previous supplier within 50 working days.

Data Request B: Transferring the customer back to their previous supplier

- 3.23. Ofgem asked domestic suppliers to provide a report on the time it took them, as the old supplier, to regain the customer following notification of an ET. Information was requested for ETs initiated between 10 and 28 May and separately for cases where the customer contacted the old supplier and cases where the customer's initial contact was with the new supplier. The same information was also requested for all CSRs⁹ within that period. Full analysis of this information is provided in Appendix 5.
- 3.24. Figure 3 shows the time taken from initial notification of an ET or CSR to the old supplier to the customer being transferred back. In the 2003 review, Ofgem requested information on the time it took to regain ET'd customers only and this has been included for comparison.
- 3.25. Under the ETCC the old supplier should re-register the customer within a maximum of 20-working days of the customer contact. Following registration, it takes a minimum of 15 working days to transfer a customer in the gas market. In the electricity market a transfer may occur 1 day after registration although it typically takes longer in practice.
- 3.26. The majority of cases in the 2004 ET sample (65.4%) were returned within 30 working days. This represents an improvement in performance compared to 2003 where this target was hit in 62.6% of cases. The number of cases where it took more than 50 working days to transfer the customer or the customer was yet to register has also improved compared to 2003. Ofgem remains concerned however, that it is taking too long for some customers to be returned. The detailed analysis in Appendix 5 shows that this is particularly evident in the electricity market.

⁹ A Customer Service Returner (CSR) is a customer who has not been ET'd but wants to remain with their previous supplier and both suppliers have agreed to return the customer using the standard ETCC protocols. CSRs occur for example where a customer has entered into a contract and then changed their mind outside of the contract cooling-off period. For purposes of Ofgem reporting, CSRs are not classified as ETs.

3.27. The performance in transferring back CSRs was generally better than that for ETs. Where the old supplier was notified of a CSR, the customer was transferred back within 30 working days in 71.4% of cases.

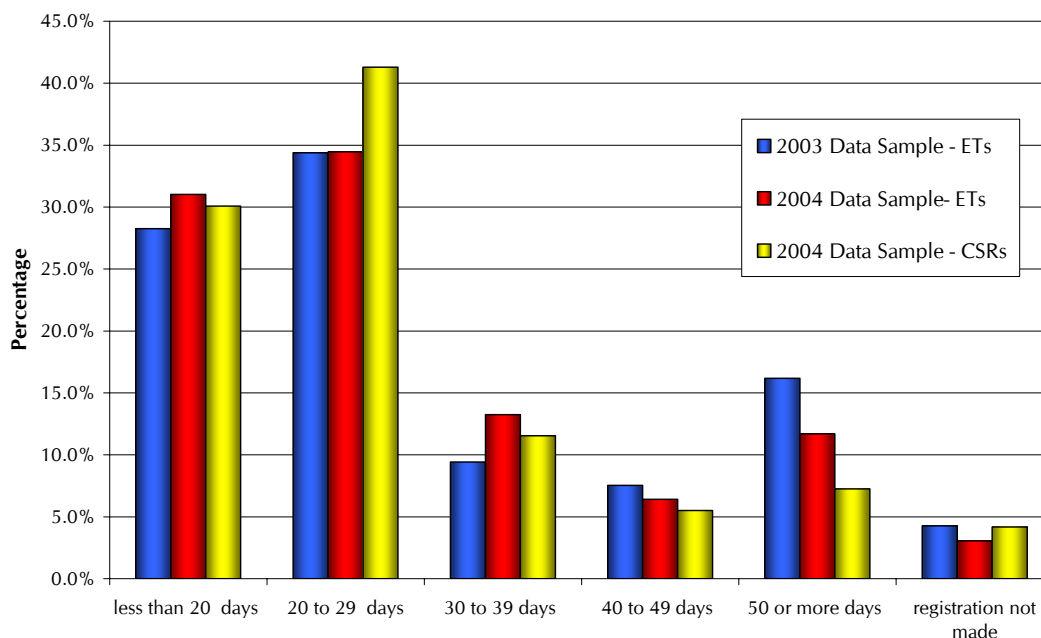


Figure 3: Time taken to transfer the customer back to their previous supplier following notification of an ET or CSR

energywatch complaints

3.28. Figure 4 indicates that there has been a continued fall in ET complaints¹⁰ reported by energywatch since the introduction of the ETCC. In July 2004 energywatch received 502 complaints. This is the lowest monthly figure since the start of the ETCC and represents 0.87 complaints per 1,000 transfers.

Supplier Performance

3.29. Suppliers have generally performed well against the ETCC standards and have demonstrated an improvement in both compliance and ability to monitor ETs.

¹⁰ In March 2004, energywatch adopted a new complaint/enquiry coding scheme, reducing the number of categories from around 180 down to around 70. This change in complaint categories has led to a slight remapping of certain codes. This has meant that there are slightly more complaints when using the new set of categories to measure suppliers' performance. For the sake of comparability, energywatch have applied the new coding scheme retrospectively to all pre-March 2004 complaints.

However, performance varies between companies and there are problems for some companies in re-registering customers within an acceptable timescale. Additionally, specific problems have been experienced with the performance of Scottish Power. These issues are described in more detail below:

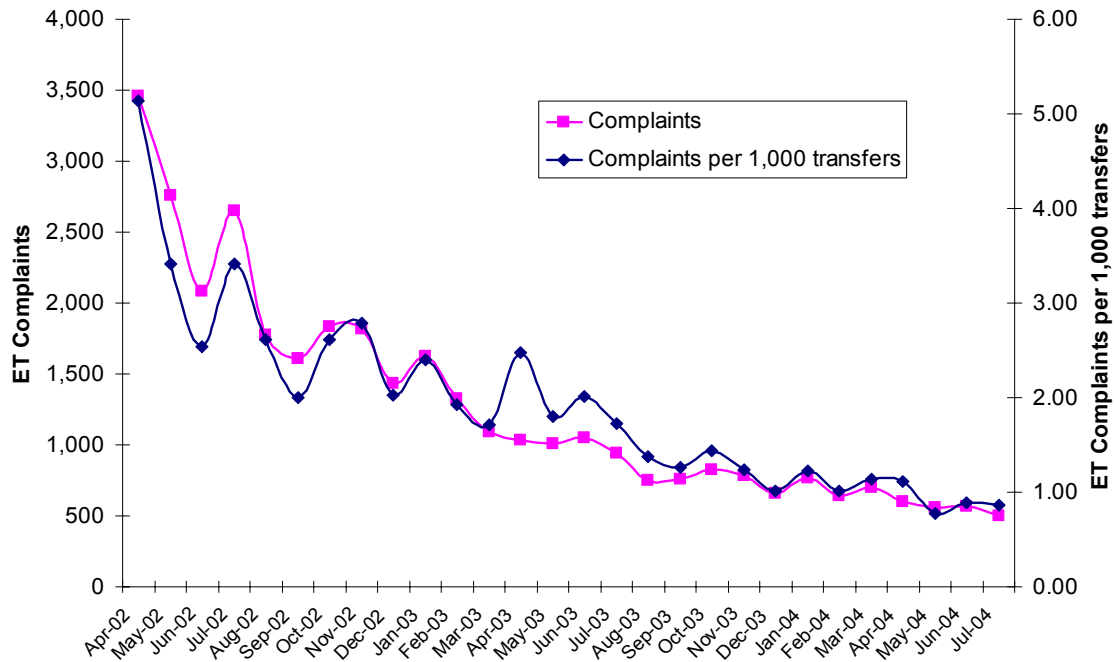


Figure 4: ET complaints received by energywatch

Re-registrations

3.30. Some electricity suppliers have reported specific problems in re-registering customers who have been ET'd away from them. In these instances they have not received all of the data flows, in particular the D86 data flow, from agents to allow them to close the customer's account and then re-register the customer. This has been recognised as a serious issue for some suppliers. Whilst an enduring solution has not been identified, suppliers have developed procedures to share information directly rather than wait for this to be provided by agents. In particular a list of supplier contacts for missing D86s has been established and is maintained on the Gemserve website.

Scottish Power

- 3.31. As noted above, Scottish Power adopted a policy of not sending the 5-day and 20-day letters required under the ETCC. It was their view at the time that contact with the customer was best made over the phone.
- 3.32. Ofgem and energywatch consider, at this time, that the ETCC should maintain the requirement to send 5-day and 20-day letters to customers who have been ET'd. The 5-day letter provides the customer with a physical record of the main customer information requirements and sets customer expectations. The 20-day letter provides a record of the agreement between the two suppliers that the ET occurred and that the customer will be transferred back to their previous supplier. In both instances the letter can be used as a reference tool by the customer for further correspondence.
- 3.33. Ofgem considers that there may be merit in suppliers contacting customers by telephone; indeed this might be useful for the new supplier in determining the cause of ETs notified to them by the old supplier. However, Ofgem believes that this should be in addition to sending the 5-day and 20-day letters.
- 3.34. Scottish Power recommenced sending the 5-day and 20-day letters in September 2004. It is Ofgem's intention to audit Scottish Power's performance against the ETCC standards in Q1 2005.

4. Review of the Voluntary Compensation Scheme

Background

- 4.1. In the October 2002 review Ofgem recommended that, by April 2003, suppliers develop and implement coherent and visible arrangements for paying compensation to customers where their ET had not been resolved within the standards defined in the ETCC.
- 4.2. Customers who have been erroneously transferred should have the problem resolved quickly, reliably and with the minimum of fuss. Where this fails to happen, there is the potential for considerable inconvenience and distress to be caused to customers.

The Scheme

- 4.3. Following meetings of the ETWG in April and May 2003, the majority of domestic gas and electricity suppliers agreed to develop and implement an ETCC compensation scheme on a voluntary basis. The suppliers who have signed up to the voluntary compensation scheme are: British Gas, EDF, npower, Powergen, Scottish Power and Telecom Plus. Scottish and Southern have entered into the scheme on the basis that, as the initiating supplier, they will only pay compensation where the failure to send the 20-day letter is due to their performance.
- 4.4. From 4th August 2003 ET'd domestic customers who did not receive a letter within 20 working days, informing them that their transfer was erroneous, and that they would therefore be returning to their old supplier, would be paid £20 compensation.
- 4.5. Compensation under this scheme is only required to be paid in cases where the customer has been erroneously transferred and not for CSRs.
- 4.6. Where the £20 payment is due, the supplier whom the customer initially contacted and thereby initiated the erroneous transfer return procedure will

make the payment. Although the contacted supplier is reliant on the other supplier to determine that the customer is to be returned, they are able to manage the process and escalate where the other supplier has not provided the required information.

Supplier Performance

- 4.7. Ofgem considers that the voluntary compensation scheme has helped focus suppliers' attention on sending the 20-day letter within the required timescale. This has led to an improvement in the speed with which suppliers agree that an ET has occurred and confirm to the customer that they will be returned to their previous supplier. As noted in Chapter 3, the performance in sending the 20-day letter has improved since the introduction of the scheme.
- 4.8. The 2004 data sample shows that in 22 cases compensation was paid to customers due to the late sending of the 20-day letter. In some cases where payment appeared to be due, the compensation payment has not been made. Ofgem urges suppliers to honour their commitment to pay compensation to all customers where they have failed to meet the requirement to send the 20-day letter on time.
- 4.9. Suppliers have indicated that they proactively identify ETs. In some of these instances they do not know the identity of the customer and as a result some suppliers do not pay compensation in relation to the late sending of the 20-day letter. Other suppliers offer customers compensation in these instances. Where the 20-day letter is not sent on time, a letter is sent addressed to "the occupier" at the premises. This letter informs the customer of the ET and asks them to get in contact so that compensation can be paid. Ofgem considers that this to be best practice and encourages its adoption by suppliers.
- 4.10. When delays in re-registering the customer occur, this can lead to further frustration and inconvenience for customers. In particular, during this period of delay, customers may be accruing increased levels of debt due to the disruption to their normal bill payment cycle. Ofgem would welcome supplier consideration of compensation to customers whose re-registration and transfer back to their previous supplier has taken an unduly long period of time.

5. Success of the ETCC

Success Criteria

5.1. In the October 2002 and 2003 reviews Ofgem considered that there were four key criteria against which the ETCC should be judged: These are as follows:

- ◆ have all suppliers adopted the ETCC?
- ◆ have suppliers performed to the ETCC standards?
- ◆ has the ETCC had a positive impact on customers?
- ◆ is the ETCC fit for purpose?

5.2. The same four criteria are reviewed in this chapter.

Have all suppliers adopted the ETCC?

5.3. All domestic suppliers have indicated to Ofgem that they will abide by the provisions of the ETCC.

5.4. The supporting arrangements are mandated in the electricity market. With the recent introduction of the SPAA gas framework there is an opportunity to mandate the supporting arrangements in the gas market. Ofgem invites suppliers to review this issue at the earliest possible opportunity.

Have suppliers performed to the ETCC standards?

5.5. The vast majority of suppliers have demonstrated a high degree of compliance with the ETCC. It was the policy of Scottish Power not to send the 5-day and 20-day letters in some instances. Scottish Power has now indicated to Ofgem that they were compliant with this requirement from September 2004. Ofgem will audit this supplier to identify compliance in Q1 2005.

5.6. Ofgem is encouraged that suppliers have implemented escalation processes and are using them to request outstanding responses from the other supplier and outstanding registrations from the old supplier.

- 5.7. It is still of concern that a significant number of cases are taking a long time to be transferred back to their previous supplier, or are not transferred back at all, following agreement between both suppliers that an ET has occurred. This predominantly occurs in the electricity market. Ofgem notes that further work is required by the industry in addressing this issue, in particular in resolving the non-receipt of D86 data flows as described in Chapter 3.

Has the ETCC had a positive impact on customers?

- 5.8. The continued focus on reducing ETs and adhering to the ETCC requirements has further improved the experience of customers in the domestic gas and electricity markets. The overall number of ETs has reduced and those customers who are ET'd are, on the whole, returned to their previous supplier quickly and with the minimum of fuss. This is exemplified by the energywatch complaint statistics which have continued to decrease throughout 2004.

Is the ETCC fit for purpose?

- 5.9. It is Ofgem's view that the ETCC and supporting procedures remain fit for purpose. The arrangements seek to ensure that a customer who has been ET'd is returned quickly and with the minimum of fuss. They also aim to set out procedures for suppliers to escalate issues when they are not actioned within the required timescales.
- 5.10. Ofgem welcomes the continued work of the industry to develop incremental improvements to the ETCC supporting procedures where possible.
- 5.11. However, Ofgem notes that, in some instances, suppliers have not always made sufficient efforts to comply with their requirements or consider that they are unable to do so due to other constraints, such as non-receipt of the D86 data flow.

energywatch statement

- 5.12. energywatch has provided the following statement on the experience of their regional offices in dealing with supplier's performance under the ETCC. Broadly, energywatch note an improvement in supplier performance but they make a number of recommendations where they consider that further work is

required. Ofgem considers that suppliers should seek to address the issues noted at the earliest possible opportunity.

Feedback from energywatch regional and national offices on the operation of the Erroneous Transfer Customer Charter

All offices report a marked drop in the number of ETs and an improvement in the timely resolution of ET complaints from energywatch. Some suppliers still seem to have training issues in relation to call-handling staff which need to be addressed. The examples below have been cited in previous ETCC Reviews:

- ◆ Not owning the ET when the consumer calls but referring the consumer on to the other supplier or to energywatch which immediately generates a complaint recorded against that supplier
- ◆ Not using the ETCC process but getting the consumer to agree to a new verbal contract. This leaves the consumer with a bill to settle with a supplier with whom they have had no contractual relationship and circumvents the ETCC
- ◆ The new supplier stating that they will withdraw any of their bills but not clearly explaining that the consumer will be billed by their old supplier. This leaves the consumer the impression that they will not be billed at all and a nasty shock when a larger than normal bill is received from their old supplier

It is generally perceived that the ETCC benefits consumers but suppliers could be helping both themselves and the consumer more. More explanation to the consumer as to how the ET happened would take very little extra time or effort yet this is not always forthcoming and leads to complaints remaining open longer than necessary. Attention to detail is sometimes lacking too, e.g. returning both fuels (dual fuel consumers) or both MPANs (customers with more than one MPAN).

6. Related Industry developments

- 6.1. Since the publication of the October 2003 document, a number of changes have had an impact on the customer's experience of ETs. This chapter highlights these developments.

Customer Transfer Programme

- 6.2. The six large suppliers, through their membership of the Energy Retail Association, are leading a programme of work (the Customer Transfer Programme (CTP)) to deliver improvements to the change of supplier process for the gas and electricity markets. The problems associated with ETs have been recognised as a key issue. Although appropriate solutions are still being developed, reducing ETs by providing the new supplier with better information to ensure they register the correct supply point (for example by providing the electricity meter serial number) and validate data provided by the customer is likely to be a feature of the proposals. The CTP is also considering how arrangements could be implemented to resolve the problems electricity suppliers have experienced where the opening/closing meter reading is not made available via the Data Collector within expected timescales (the "D86 problem").
- 6.3. The CTP is expected to bring forward proposals through established industry change control procedures towards the end of the year.

Customer Requested Objections

- 6.4. In July 2003 Ofgem published a decision document "Objecting in the Domestic Market"¹¹ this document concluded that there was benefit in giving suppliers the ability to prevent an ET from taking place by blocking the transfer where the customer states that they have not entered into a contract with the other supplier (the "CRO process"). It also concluded that, to prevent further

¹¹

http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/4059_objecting_domestic_markets_Decision_doc.pdf

ETs, the domestic gas market should formally adopt the arrangements for co-operative objections. These would mirror the electricity arrangements, whereby a supplier could object where both suppliers agree that the transfer will otherwise occur in error.

- 6.5. Suppliers, Ofgem and energywatch felt that the introduction of the CRO process and co-operative objections would help to prevent ETs in the domestic market. The gas licence and MRA were amended accordingly and the revised arrangements were implemented on 27th November 2003.
- 6.6. During January to July 2004, an average of 700 CROs were raised per month in the domestic electricity market and 375 CROs were raised per month in the domestic gas market.
- 6.7. In Q1 and Q2 of 2004 Ofgem visited suppliers to audit their performance against the CRO arrangements. Evidence from the visits conducted by Ofgem and the data provided by suppliers indicated that the CRO process was working well in the majority of cases and was preventing the transfer of customers that would otherwise have been ET'd. Ofgem will consider whether a further audit is required depending on the level of use of the CRO process, energywatch complaints and other information on supplier performance.

Registration escalation process

- 6.8. In the October 2003 ETCC Review Ofgem concluded that suppliers needed to address the issue of re-registering the customer quickly once both suppliers had agreed that the customer should be returned. The review identified that, in many instances, where agreement between the two suppliers had been achieved, there were excessive delays in getting the customer back to their previous supplier. Ofgem recommended that suppliers implement effective mechanisms for escalation where the old supplier had not re-registered within the required timescale.
- 6.9. In November 2003 the Erroneous Transfer Working Group (ETWG) developed an escalation process for cases where the old supplier had not re-registered the customer in the expected timeframe.

- 6.10. The registration escalation process was implemented on 26 February 2004 in the electricity market and soon after in the gas market. It enables the new supplier to escalate cases to the next level of responsibility where: there has been no response to the initial enquiry, where the old supplier does not provide a satisfactory reason for failure to re-register the relevant MPAN/MPRN, or where it has been agreed on a bi-lateral basis between suppliers that the original reason for failure to re-register has been outstanding for an unanticipated period of time.

Supplier ID - Transco Modification 487

- 6.11. When a supplier is contacted by a customer who has been ET'd or independently identifies that they have made an ET, they need to send a message to the other supplier. In the electricity market a supplier is notified of the identity of the other supplier as part of the standard transfer process information flows. On July 12 Modification 487 was made to Transco's Network Code. This modification provided the identity of the new supplier to the old supplier and vice versa as part of the standard transfer process information flows. With this data, gas suppliers should be able to ensure that they initiate the ET with the correct other supplier. This should reduce unnecessary delays in processing ETs and in returning customers to their correct supplier.

Marketing

- 6.12. Complaints to energywatch about the marketing and sales activities of suppliers have fallen significantly during the last twelve months. energywatch has reported that, for the period May to July 2004 the industry average was 0.22 complaints per thousand transfers. This compares with a level of 0.92 complaints per thousand transfers for the period May to July 2003. This has been the result of a number of connected factors including Ofgem enforcement action, energywatch's 'Stop Now!' campaign and the implementation of the industry code of practice on doorstep selling.
- 6.13. In December 2003 Ofgem consulted on proposals to revise standard licence condition 48, the marketing licence condition. In March 2004 Ofgem rolled

over the existing marketing licence condition pending the outcome of this process.

SPAA

- 6.14. In the 2003 ETCC review Ofgem noted that the ETCC supporting procedures had been mandated in the electricity industry under the auspices of the MRA. Ofgem noted the benefits of this approach in terms of compliance enforcement and suggested that suppliers consider mandating the gas ETCC supporting arrangements under SPAA. If this were not the case then Ofgem said that it would consider mandating these arrangements through a licence condition.
- 6.15. The SPAA framework agreement went live on 11 June 2004 and Ofgem looks forward to the industry considering mandating the gas ETCC supporting arrangements under SPAA in the near future.

ETCC in the non-domestic market

- 6.16. ETs occur in both the domestic and non-domestic markets although the reasons and consequences may be different.
- 6.17. A working group reporting to MRA Development Board (MDB) was set up to consider the issue of ETs in the non-domestic market. The working group concluded that there was merit in establishing a voluntary set of procedures to assist with returning ET'd customers in the electricity market. This procedure, which incorporates differences to the domestic arrangement, was implemented as a Guideline on 19 August. Under the MRA the status of a Guideline is voluntary rather than mandatory.
- 6.18. The I&C Gas Code of Practice group was asked to consider whether there was merit in taking a similar approach in the non-domestic gas market. Ofgem notes with disappointment the view of the group that this was not necessary. Ofgem considers that a standardised process, even on a voluntary basis, would deliver benefits in returning customers with the minimum of fuss who have been ET'd.

7. Conclusion and Next Steps

- 7.1. Ofgem is encouraged by the continued commitment of suppliers to meet the requirements of the ETCC and the supporting requirements.
- 7.2. This review has demonstrated that, on nearly all of the ETCC targets, there has been an improvement in performance compared to the findings of the 2003 review. This has contributed to the continued decrease in ET complaints received by energywatch.
- 7.3. Ofgem urges suppliers to maintain their efforts to improve performance. The ETCC remains a vulnerable and manually intensive process. It requires sustained attention from suppliers to deliver the required performance levels on behalf of customers.
- 7.4. Ofgem is encouraged to note the increased use of escalation processes to chase outstanding data flows and that supplier monitoring of customers who are going through the ETCC process appears to have significantly improved.
- 7.5. However, Ofgem notes that the performance against the ETCC targets varies between suppliers and that improvements are still required in some areas, particularly in relation to the timely repatriation of electricity customers.
- 7.6. Scottish Power has been identified in this review as not complying with the ETCC requirements to send the 5-day and 20-day letters in a significant number of cases. Scottish Power has reiterated its commitment to the ETCC and all of its standards. It is Ofgem's intention to audit Scottish Power against the ETCC standards and supporting requirements in Q1 2005.
- 7.7. Ofgem has identified a number of specific issues which it considers should be addressed by suppliers:
 - ◆ performance in the time taken to re-register customers once it is identified that an ET has occurred should be improved. In particular, it is Ofgem's view that suppliers should consider payment of compensation to customers for the inconvenience caused by not transferred them back to their previous supplier in a timely manner. Ofgem also looks to the CTP to consider the D86 issue and how

arrangements could be implemented to resolve the problems electricity suppliers have experienced where the opening/closing meter reading is not made available via the Data Collector within expected timescales.

- ◆ suppliers should ensure that they meet their current commitment to pay compensation to customers in all required cases.
- ◆ the new supplier should ensure that it investigates the cause of the ET when notified to it by the old supplier.
- ◆ mandating the gas ETCC supporting requirements under the SPAA governance arrangements should be considered.

7.8. In addition, Ofgem notes the recommendations made by energywatch (see chapter 5) and considers that the industry should seek to address these as soon as reasonably practicable.

7.9. Ofgem notes that ETs are a key focus of the CTP. Ofgem considers it likely that there will continue to be a need for standardised mechanisms to return customers to their previous supplier quickly and with the minimum of fuss when a transfer error has been made. Ofgem looks to the CTP to reduce the proportion of transfers that are erroneous and shorten the time taken to return customers to their previous supplier.

7.10. Based on the performance of suppliers, Ofgem does not intend to conduct a further review of the performance of suppliers against the ETCC standards. However, Ofgem may reconsider this position depending on the level of ET complaints received by energywatch or the performance of suppliers.

Appendix 1 ET Root Causes

1.1 The following table sets out the allowed ways in which suppliers can record the reasons for an ET, as defined by the Erroneous Transfer Working Group, together with a definition and typical business scenario for each.

Recorded Reason for ET	Definition	Typical Business Scenarios
Forgery – PROVEN	Where an ET is proven to be a result of the fraudulent marketing practices, by the gaining Supplier or its salesmen / agents	<ul style="list-style-type: none"> • Forgery of contract • Customer deceased prior to signing
Incorrect MPRN / MPAN selected	Where an ET is recorded in circumstances where the customer being transferred has been incorrectly identified	<ul style="list-style-type: none"> • A house is split into a number of flats where the MPRN / MPAN for the wrong flat is selected. • Customer provided incorrect data • Wrong number keyed in • New estates where plots are converted to postal addresses
Cancelled contract not actioned	Where an ET is recorded because the gaining supplier failed to act upon the cancellation of the contract by the customer	<ul style="list-style-type: none"> • Clerical Error • If internal systems prove that the customer had previously contacted the supplier
Suspected misleading information fraudulent practice and / or training issues	Where an ET is recorded due the provision of misleading information by the gaining supplier or its salesmen/agents	<ul style="list-style-type: none"> • Customer's daughter phones up to say that her father is old and senile and did not know what he was doing in signing a contract • Customer says that the agent was very aggressive and the customer feared that not signing the contract could have repercussions • Customer has found out that savings quoted by the rep were not accurate and they do not want to proceed • Customer says that the rep said the contract was for more information. • Came to read meter and asked to sign contract
Other (electricity only)	Where the ET process is used by Suppliers to correct a technical problem whilst at the same time enhancing customer service.	<ul style="list-style-type: none"> • The customer has an unsupported meter • Related MPAN

Appendix 2 The Erroneous Transfer Customer Charter

Content of the ETCC

2.1 The ETCC sets out the high level principles which should be adopted to ensure that the customer knows what will happen to them following an ET, and that they will be transferred back quickly and with the minimum of fuss. The ETCC is shown in Figure 5.

- ◆ If a customer believes that they have been erroneously transferred then they can contact either their old or new supplier. The contacted supplier will liaise with the other supplier to resolve the matter.
- ◆ An appropriately trained representative of the contacted supplier should explain to the customer:
 - ◆ what action will be taken.
 - ◆ when they can reasonably expect to be transferred back to their original supplier.
 - ◆ that they will only pay once for the energy consumed and where possible, how their billing arrangements will be treated.
 - ◆ how they will be kept informed of progress towards resolution.
 - ◆ on request, how complaints will be resolved and, where appropriate, how compensation claims will be dealt with.
- ◆ The contacted supplier will send written confirmation of the details provided above within 5 working days of the customer contact. Where possible the supplier will include an explanation of why the erroneous transfer took place.
- ◆ The customer will be provided with confirmation within 20 working days of their initial contact that they will be returned to their old supplier.

Figure 5: The Erroneous Transfer Customer Charter (ETCC)

2.2 Under the ETCC, a customer can contact either their new or old supplier if they believe that they have been erroneously transferred. The contacted supplier will liaise with the other supplier to resolve the problem. This prevents customers

from being inconvenienced further by having to make additional telephone calls. In some instances customers are unwilling to contact the new supplier who has taken over their supply, as they do not believe that they have a valid contract with them.

- 2.3 The supplier representative whom the customer contacts should be appropriately trained and should provide the customer with the information that they require to understand what is likely to happen to resolve the ET. This includes the requirement to inform the customer of the action to be taken, the likely date that they will transfer back, how the billing arrangements will operate, how further information can be obtained and, on request, how compensation arrangements will be dealt with.
- 2.4 The ETCC requires that the information provided to the customer during their initial contact is confirmed in writing within 5 working days of this contact. It is intended that the customer is in no doubt about the likely course of events. Where possible, the customer should also be informed of the cause of the ET.
- 2.5 The ETCC also requires that the customer is sent confirmation that they will be returned to their previous supplier within 20 working days of their initial contact. Before sending this letter a supplier needs to have agreed with the other supplier that an ET has taken place and how the customer should be returned. This requires an effective data transfer mechanism between the two suppliers.

ETCC Supporting Processes

- 2.6 The ETWG developed supporting requirements for the ETCC. In electricity this is known as “MAP010 – The procedure for resolution of Erroneous Transfers”. These are mandated as an agreed procedure under the MRA. In the gas market “The Procedure for resolution of Gas Erroneous Transfers” has been developed under the Supplier’s Code of Practice (DCoP) for the Domestic Market. This procedure is voluntary but has the opportunity to be mandated through the SPAA gas governance arrangements.
- 2.7 These supporting procedures set out the data transfer requirements between the suppliers involved in the ET. This includes the format of data flows, the timescales for them to be sent and the industry escalation procedures should

responses not be received within the expected timescales. The October 2003 ETCC review identified weaknesses in the re-registration of erroneously transferred customers and suppliers implemented revised escalation procedures in Q1 2004.

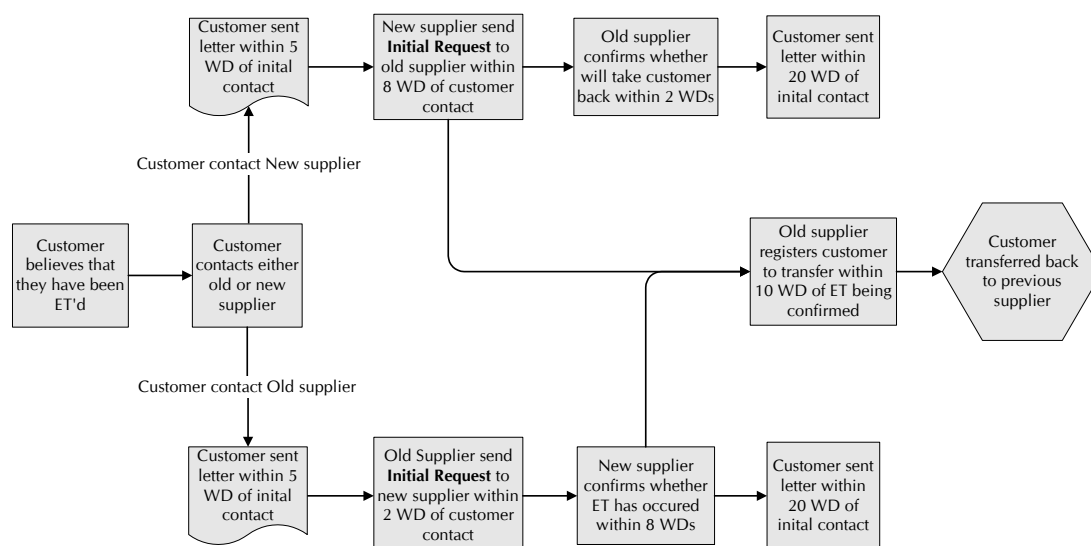


Figure 6: Summary of the ETCC Processes

2.8 The ETCC process differs slightly depending on whether the customer contacts the old or the new supplier. The following is a high level description of the process which is also summarised in Figure 6.

Old Supplier Initiates ET Return Process

2.9 When the old supplier has been contacted by a customer they will pass a message to the new supplier to indicate that the customer believes that an ET has taken place. This message (the initial request) is to be sent within 2 working days of the initial customer contact.

2.10 The new supplier will investigate whether they consider that an ET has taken place. They will conclude this investigation and inform the old supplier within 8 working days either that, an ET has occurred and that they want the old supplier to take the customer back or, the customer has been legitimately transferred.

2.11 Upon notification from the new supplier that an ET has taken place, the old supplier has 10 working days within which to register the customer to transfer.

Registration is the action taken by a supplier to set the future date for the customer transfer to take place.

- 2.12 From customer contact to registration, the process should take a maximum of 20 working days. The industry has indicated that, in some circumstances, for example where the new supplier needs to make a detailed investigation of the proposed ET, these timescales are challenging.

New Supplier Initiates ET Return Process

- 2.13 When the new supplier has been contacted by a customer, they will first investigate whether they consider that an ET has taken place. Where an ET has occurred, they are required to send a message to the old supplier within 8 working days to ask them to take the customer back.
- 2.14 Having received a request (the initial request), the old supplier will send a message back to the new supplier indicating that they will or will not register the customer. In some instances, for example where they were not the customer's previous supplier, it will be necessary to reject the new supplier's request. This message is required to be sent to the new supplier within 2 working days of the initial request.
- 2.15 Within 10 working days of receiving the initial request the old supplier should register the customer where they have confirmed that they were the customer's previous supplier.
- 2.16 From customer contact to registration the process should take a maximum of 18 working days.

Appendix 3 List of Respondents

3.1 On 16 July 2004 Ofgem wrote to domestic gas and electricity suppliers to request data to support analysis of the ETCC. The following suppliers provided data:

- ◆ British Gas
- ◆ EDF Energy
- ◆ Npower
- ◆ Powergen
- ◆ Scottish and Southern Energy
- ◆ Scottish Power
- ◆ Telecom Plus.

Appendix 4 ETCC Performance – Customer ET Returns Initiated on 24 and 25 May 2004

- 4.1 On 16 July 2004 Ofgem wrote to all domestic gas and electricity suppliers requesting information to help better understand their performance in meeting the standards set out by the ETCC and supporting requirements.
- 4.2 One of the data requests was for:
- ◆ Details of all erroneous transfer customer returns **initiated** by the supplier following customer contact on 24 and 25 May 2004 (this being the date that the customer contacted the supplier not the date the ET occurred). This included all cases initiated on these 2 days where the supplier lost or gained the customer as a result of an ET. If on 24 and 25 May the supplier had initiated less than 30 ETs then they were instructed to work forward until the total number of initiated ETs separately reached 30 for each category of gains and losses in both the gas and electricity markets or until 11 June 2004.
- 4.3 This appendix sets out a detailed analysis of the information received. In total Ofgem received 7 responses from suppliers. Many responses covered a number of supplier licences.

Data sample

- 4.4 During the sample period suppliers reported that 512 ETs were initiated in the electricity market, 351 by the new supplier and 161 by the old supplier. In the gas market 422 ETs were initiated, 268 by the new supplier and 154 by the old supplier. There has been a 25% reduction in the total number of ETs reported to Ofgem this year compared to the data received last year.
- 4.5 Throughout this analysis, calculations have been made based on working days.

Initial customer contact

- 4.6 As was the case with the 2002 and 2003 review, the majority of ETs are initiated by the new supplier following contact with the customer. Since last year the

proportion of customers who have initiated the ET process by contacting the old supplier has risen slightly from 33.2% to 33.7%.

- 4.7 In 12 cases in the data sample where they have approached the new supplier, the customer indicated that they did not want the old supplier to contact them directly. This is significantly down from 89 cases reported last year and 11 cases were reported by one supplier. In 38 cases where the initial contact was with the old supplier, the customer requested not to be contacted by the new supplier. This is significantly up from 9 cases reported last year and 33 of these were noted by one electricity supplier.

The 5-day letter

- 4.8 The ETCC requires the supplier to provide specified information to the customer in writing within 5 working days of the initial customer contact (the 5-day letter).
- 4.9 In the vast majority of cases, the 5-day letter was sent within the required timescales. Where the customer contacted the old supplier, the 5-day letter was sent on time in 85.0% of cases in electricity and 72.5% in gas. Where the initial contact was with the new supplier, the timeliness of the 5-day letter was better, with 94.6% of electricity and 93.3% of gas letters sent within the required timescale.
- 4.10 The data received during this year's review indicates that performance in meeting the required target has improved overall from 82.5% to 89.2% compared to last year. More detailed analysis indicates one company experienced particular problems. As described in Chapter 3, Scottish Power has informed Ofgem that it did not in all instances send the customer a letter within 5 working days as required by the ETCC. In particular, where Scottish Power has initiated the ETCC as the new supplier it has, in some instances contacted the customer by telephone rather than letter to follow up the customer's initial contact.
- 4.11 A summary of the full industry data provided regarding the 5-day letter is provided in Figure 7 below.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where letter not sent	5	3.1%	4	2.6%	6	1.7%	4	1.5%
Cases where letter sent in (working days):								
Less than 0 days	0	0.0%	0	0.0%	1	0.3%	1	0.4%
0 to 5 days	136	85.0%	115	75.2%	332	94.6%	250	93.3%
6 to 10 days	2	1.3%	15	9.8%	7	2.0%	9	3.4%
11 to 15 days	13	8.1%	12	7.8%	1	0.3%	1	0.4%
16 to 20 days	2	1.3%	6	3.9%	2	0.6%	0	0.0%
21 to 30 days	2	1.3%	1	0.7%	0	0.0%	1	0.4%
31 to 40 days	0	0.0%	0	0.0%	1	0.3%	2	0.7%
41 to 50 days	0	0.0%	0	0.0%	1	0.3%	0	0.0%
More than 50 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Cases where insufficient data was provided	1		1		0		0	
TOTAL	161		154		351		268	

Figure 7: Time taken to send the 5-day letter

Initiating the ET return process

- 4.12 Where the new supplier has been contacted by the customer, they are required to investigate whether an ET had occurred. Where they believe the customer has been erroneously transferred, they should send a message to the old supplier within 8 working days of the contact with the customer, asking them to take the customer back.
- 4.13 Figure 8 shows the performance of the new supplier in sending the initial request. In the electricity market, this initial request to the old supplier was made within the required timescale in 96.0% of cases. In the gas market, the initial request was sent in time in 98.1% of cases. Both figures show a high degree of compliance and represent an improvement on the data provided for the 2003 review (95.0% and 90.8% respectively).
- 4.14 The initial request was sent in all cases in the sample data. In addition, there was full reporting, with data being provided in all cases.
- 4.15 Unlike the 2002 and 2003 reviews, the performance in gas is slightly higher than in electricity.

Where new supplier initiated process				
	Electricity	%	Gas	%
Cases where initial request not sent	0	0.0%	0	0.0%
Cases where initial request sent in (working days):				
Less than 0 days	0	0.0%	0	0.0%
0 to 8 days	337	96.0%	263	98.1%
9 to 15 days	6	1.7%	3	1.1%
16 to 20 days	4	1.1%	0	0.0%
21 to 30 days	1	0.3%	0	0.0%
31 to 40 days	2	0.6%	2	0.7%
41 to 50 days	1	0.3%	0	0.0%
More then 50 days	0	0.0%	0	0.0%
Cases where insufficient data was provided	0		0	
TOTAL	351		268	

Figure 8: Time taken for the new supplier to send initial request

- 4.16 Where the customer has contacted the old supplier, their details should be passed to the new supplier within 2 working days to investigate whether an ET has occurred. This information is shown in Figure 9 below.
- 4.17 In 77.0% of cases in electricity and 71.4% in gas, this initial request to the new supplier was sent within the required timescale. This represents a decrease in performance compared to the 2003 review when 81.2% of cases in electricity and 83.5% of cases in gas were sent within 2 days. Scottish Power have informed Ofgem that, where a customer had contacted them as the old supplier in advance of the actual transfer date, they would wait for the transfer to complete before initiating the ET return process. Scottish Power have confirmed their intention to initiate the ET within the required timescales in future. If Scottish Power's data is excluded, the industry performance shows a high degree of compliance with 95.0% of electricity ETs and 83.1% of gas ETs being sent to the new supplier within 2 working days.
- 4.18 Again, the initial request was sent in all cases and data was reported in all cases.

Where old supplier initiated process				
	Electricity	%	Gas	%
Cases where initial request not sent	0	0.0%	0	0.0%
Cases where initial request sent in (working days):				
Less than 0 days	0	0.0%	0	0.0%
0 to 2 days	124	77.0%	110	71.4%
3 to 5 days	13	8.1%	18	11.7%
6 to 10 days	5	3.1%	9	5.8%
11 to 15 days	11	6.8%	9	5.8%
16 to 20 days	5	3.1%	4	2.6%
21 to 30 days	3	1.9%	3	1.9%
31 to 40 days	0	0.0%	1	0.6%
41 to 50 days	0	0.0%	0	0.0%
More than 50 days	0	0.0%	0	0.0%
Cases where insufficient data was provided	0		0	
TOTAL	161		154	

Figure 9: Time taken for the old supplier to send initial request

Response to initial request

- 4.19 Once the new supplier has sent an initial request, the old supplier should respond within 2 working days to confirm that they will or will not take back the customer. The data indicates a similar performance in this area compared to last year, with 31.6% of cases in electricity and 44.4% in gas being responded to within 2 working days.
- 4.20 As with last year, suppliers are having difficulties in getting a response back promptly from the old supplier in every case. However, these difficulties appear to be much less significant than in the 2003 data. Last year, in 9.2% of electricity cases and 1.9% of gas cases no response at all was received from the old supplier. This year, that figure has fallen to 0.6% and 0.0% respectively. In 2003 there were nine cases where insufficient data was provided. This had reduced to zero in 2004.
- 4.21 This data is set out in Figure 10.

Where new supplier initiated process				
	Electricity	%	Gas	%
Cases where response not received	2	0.6%	0	0.0%
Cases where response received in (working days):				
Less than 0 days	0	0.0%	0	0.0%
0 to 2 days	111	31.6%	119	44.4%
3 to 5 days	191	54.4%	100	37.3%
6 to 10 days	30	8.5%	33	12.3%
11 to 15 days	7	2.0%	13	4.9%
16 to 20 days	5	1.4%	2	0.7%
21 to 30 days	4	1.1%	1	0.4%
31 to 40 days	1	0.3%	0	0.0%
41 to 50 days	0	0.0%	0	0.0%
More then 50 days	0	0.0%	0	0.0%
Cases where insufficient data was provided	0		0	
TOTAL	351		268	

Figure 10: Time taken for new supplier to receive response to initial request

4.22 On receiving an initial request from the old supplier, the new supplier is required to investigate whether an ET has occurred and, if so, request within 8 working days that the old supplier take the customer back. In 79.5% of cases in electricity and 77.9% of cases in gas this response was received by the old supplier within 8 working days. This data is set out in Figure 11. This is a significant improvement on the performance reported in 2003 where 38.0% of cases in electricity and 65.9% in cases in gas were received by the old supplier within 8 working days.

Where old supplier initiated process				
	Electricity	%	Gas	%
Cases where response not received	1	0.6%	0	0.0%
Cases where response received in (working days):				
Less than 0 days	0	0.0%	0	0.0%
0 to 8 days	128	79.5%	120	77.9%
9 to 15 days	16	9.9%	26	16.9%
16 to 20 days	9	5.6%	5	3.2%
21 to 30 days	6	3.7%	3	1.9%
31 to 40 days	0	0.0%	0	0.0%
41 to 50 days	0	0.0%	0	0.0%
More then 50 days	1	0.6%	0	0.0%
Cases where insufficient data was provided	0		0	
TOTAL	161		154	

Figure 11: Time taken for old supplier to receive response to initial request

- 4.23 In only 1 case a response had not been received from the new supplier. This compares favourably to the 2003 data sample where 12 responses had not been received across both markets and in 27 cases insufficient data was provided.

The 20-day letter

- 4.24 Within 20 working days of the initial customer contact, the supplier that initiated the ET process is required to contact the customer to inform them that agreement has been reached between the two suppliers, that an ET has occurred and that the customer will be returned to their old supplier. This letter should only be sent once the supplier has received a response to the initial request confirming that agreement had been reached.
- 4.25 Figure 12 shows the performance of suppliers in sending this 20-day letter. As noted in Chapter 3, Scottish Power has not sent a 20-day letter in the majority of instances where they initiated the ET return process as the new supplier. In addition, they have not sent the letter on several occasions where they are initiating the process as the old supplier.
- 4.26 Overall, suppliers sent the 20-day letter within the required timescales in 88.0% of cases. This compares favourably with the 80.4% performance level in 2003.
- 4.27 If Scottish Power's data is excluded then the industry's compliance with the 20-day letter requirement is extremely high. In 95% electricity cases and 96% of gas cases where the old supplier initiates the process then the 20-day target is met. Where the new supplier has initiated the process, the target is being met in 99% and 99.2% of electricity and gas cases respectively.
- 4.28 In 2003 suppliers were not able to report to Ofgem when they had sent the 20-day letter for 13.8% of customers in the data sample. In the 2004 data sample, suppliers were able to demonstrate a much better understanding of their processes and in only one instance was a supplier not able to provide this information.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where 20 day letter not sent	5	3.1%	2	1.3%	45	12.8%	30	11.2%
Cases where 20 day letter sent in (working days):								
Less than 0 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
20 days or less	141	87.6%	140	90.9%	305	86.9%	235	88.0%
21 to 30 days	11	6.8%	8	5.2%	0	0.0%	1	0.4%
31 to 40 days	3	1.9%	3	1.9%	0	0.0%	0	0.0%
41 to 50 days	1	0.6%	0	0.0%	1	0.3%	1	0.4%
51 to 60 days	0	0.0%	1	0.6%	0	0.0%	0	0.0%
61 to 70 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
71 to 80 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
81 to 100 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
More than 100 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Cases where insufficient data was provided	0		0		0		1	
TOTAL	161		154		351		268	

Figure 12: Time taken to send 20-day letter

Returning the customer to their previous supplier

- 4.29 Once the two suppliers have agreed that the customer has been erroneously transferred and should be returned to their previous supplier, the old supplier is required to initiate the customer transfer process. After submitting the registration, it takes a minimum of 15 working days for a gas customer to transfer. In electricity the customer can be transferred in 1 working day, although it typically takes longer.
- 4.30 The 2004 data sample has shown an improvement in the number of customers being re-registered to transfer back within 30 working days to their old supplier. This has increased most notably in the gas market which has reached 94.2% in 2004 compared to 82.0% in 2003. In electricity, the percentage of cases re-registered within 30 working days has remained roughly the same at 79.3%.
- 4.31 The proportion of cases where the re-registration was not made has fallen slightly in all areas apart from where an electricity supplier has initiated the process as the new supplier. Here we have seen a significant increase from 5% of cases in 2003 to 11.4% in 2004.
- 4.32 The general standard of reporting on re-registrations has improved. In 2003 suppliers were not able to confirm whether a re-registration had been made in 4.8% of cases. The 2004 data sample has shown a significant decrease to 0.1%.

4.33 This data is set out below in Figure 13.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where registration not made	3	1.9%	1	0.7%	40	11.4%	7	2.7%
Cases where registration made in (working days):								
Less than 0 days	2	1.2%	3	2.0%	3	0.9%	4	1.5%
30 days or less	125	77.6%	140	92.1%	276	78.6%	244	92.8%
31 to 40 days	15	9.3%	5	3.3%	25	7.1%	7	2.7%
41 to 50 days	10	6.2%	3	2.0%	4	1.1%	1	0.4%
More than 50 days	6	3.7%	0	0.0%	3	0.9%	0	0.0%
Cases where insufficient data was provided	0		2		0		5	
TOTAL	161		154		351		268	

Figure 13: Time taken for registration to be made following initial customer contact

4.34 Figure 14 below shows a summary of the time taken for the customer to be re-registered following agreement being reached between the two suppliers.

4.35 In 29.1% of cases, re-registration did not occur within 10 working days of the response from the other supplier, as required by the ETCC supporting arrangements. In 2003 this figure was 34.8%. Overall performance in meeting the 10 day target was better in the gas market than in electricity (81.2% compared to 62.5%).

4.36 In a significant proportion of cases the customer has been registered before the response has been received from the other supplier. However the vast majority are only a few days prior to the response being sent to the other supplier. This is most evident where the new supplier has initiated the process.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where registration not made	3	1.9%	1	0.7%	40	11.4%	7	2.7%
Cases where registration made in (working days):								
Less than 0 days	7	4.3%	10	6.6%	69	19.7%	64	24.3%
0 to 5 days	42	26.1%	91	59.9%	115	32.8%	116	44.1%
6 to 10 days	45	28.0%	32	21.1%	42	12.0%	24	9.1%
11 to 15 days	31	19.3%	11	7.2%	21	6.0%	20	7.6%
16 to 20 days	11	6.8%	1	0.7%	15	4.3%	17	6.5%
21 to 30 days	8	5.0%	4	2.6%	34	9.7%	12	4.6%
31 to 40 days	7	4.3%	2	1.3%	11	3.1%	3	1.1%
41 to 50 days	5	3.1%	0	0.0%	3	0.9%	0	0.0%
More than 50 days	2	1.2%	0	0.0%	0	0.0%	0	0.0%
Registration made but no information on whether other supplier responded to Initial Request	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Registration made without other supplier responding to Initial Request	0	0.0%	0	0.0%	1	0.3%	0	0.0%
Cases where insufficient data provided to determine if registration made	0		2		0		5	
TOTAL	161		154		351		268	

Figure 14: Time taken for registration to be made following response from other supplier

4.37 Figure 15 below shows the time it has taken to transfer the customer back after their initial contact with either supplier. Where the old supplier has initiated the process, the customer was transferred back within 30 working days in 62.5% of cases while 88.3% were transferred within 50 working days. Where the ET has been initiated by the new supplier, in 72.4% of cases the customer was transferred within 30 working days and 89.8% within 50 working days.

4.38 There has been a significant improvement in the quality of reporting. In only 0.3% of cases in 2004 a supplier was not able to provide data. In 2003 the figure was 5.8%.

4.39 However, there has not been an equivalent improvement in the proportion of ETs where the transfer has yet to have been made. There appears to be a particular problem in the electricity market where the new supplier has initiated the process. In this instance 6.1% of ETs are yet to be returned.

	Where old supplier initiated process				Where new supplier initiated process			
	Electricity	%	Gas	%	Electricity	%	Gas	%
Cases where transfer not made	3	1.9%	3	2.0%	41	11.7%	10	3.7%
Cases where transfer made in (working days):								
Less than 0 days	0	0.0%	1	0.7%	2	0.6%	1	0.4%
30 days or less	104	64.6%	91	60.3%	231	65.8%	214	79.9%
31 to 40 days	26	16.1%	42	27.8%	39	11.1%	21	7.8%
41 to 50 days	7	4.3%	7	4.6%	28	8.0%	20	7.5%
51 to 60 days	14	8.7%	4	2.6%	7	2.0%	2	0.7%
61 to 70 days	4	2.5%	3	2.0%	3	0.9%	0	0.0%
71 to 80 days	3	1.9%	0	0.0%	0	0.0%	0	0.0%
81 to 90 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
91 to 100 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
More than 100 days	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Cases where insufficient data was provided	0		3		0		0	
TOTAL	161		154		351		268	

Figure 15: Time taken to transfer customer back after initial customer contact

Appendix 5 ETCC Performance – Analysis of Customer Return Timescales 10 to 21 May 2004

- 5.1 As noted above, on the 16 July 2004 Ofgem wrote to all domestic gas and electricity suppliers requesting supplementary information to help better understand the performance of suppliers.
- 5.2 One of the data requests was for:
- ◆ The number of working days it took the old supplier to transfer the customer back to them following the customer's initial contact. The starting point for the report was the initial customer contact date and the end date was the date the supply point was regained. The report was to separately identify cases where the customer's initial contact was with the new supplier and the old supplier. Data was requested for all ETs and CSRs initiated from 10 to 21 May 2004.
- 5.3 This appendix provides analysis of the data provided by suppliers.
- 5.4 In total, 3,942 ETs were identified between 10 and 21 May 2004. This is a reduction from the 5,577 ETs identified over a similar 2-week period in the 2003 review. In the 2002 review the number of ETs identified over the 2-week period of time was 13,609.
- 5.5 Of the total number of ETs identified, 1,369 occurred in the gas market and 2,546 in the electricity market. 987 cases were initiated by the customer contacting the old supplier, while 2,955 ETs were notified to the new supplier.
- 5.6 There has been a slight improvement for each of the categories identified in the number of ETs returned to the old supplier within 30 days compared to the 2003 data sample. Overall in 2003 this figure was 62.6%, which increased to 65.5% in 2004. The performance where the customer has contacted the new supplier first was significantly better than when the customer contacted the old supplier directly and was also better in gas compared to electricity.

5.7 In the 2003 review, suppliers reported that 4.3% of cases had not been registered at all. The 2004 review shows that this figure has improved slightly to 3.0%.

5.8 Figure 16 provides a summary of the time taken from notification of the ET to the old supplier to the customer having been transferred back to that supplier.

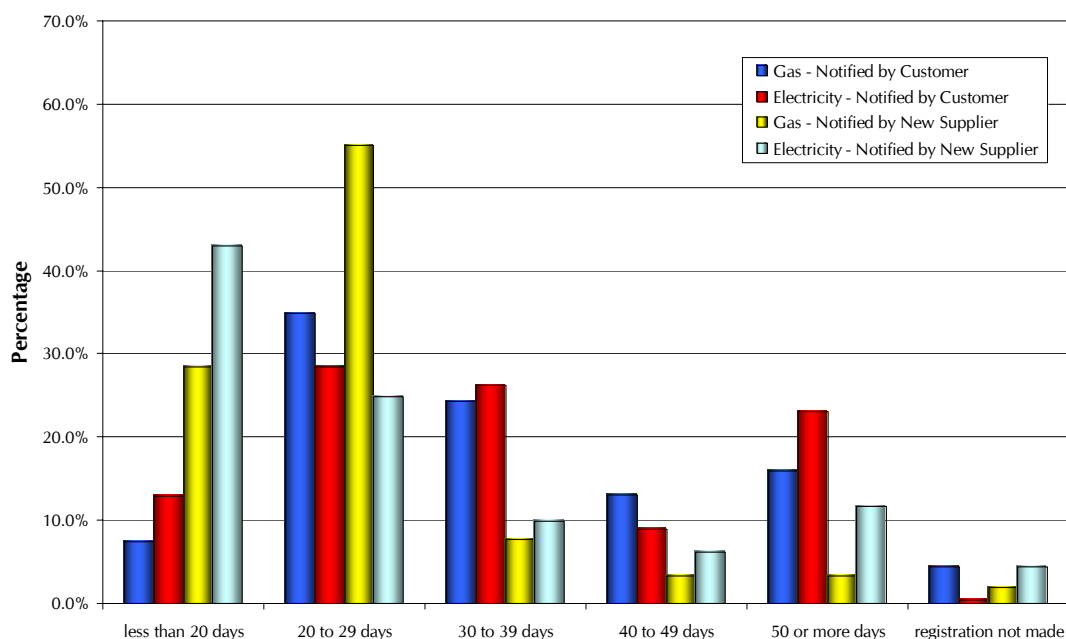


Figure 16: Time taken from initial customer notification of ET to transfer back by the old supplier.

5.9 In total, 1,889 CSRs were identified between 10 and 21 May 2004. Of this total, 708 CSRs were identified in the gas market and 1,181 in the electricity market. 338 cases were initiated by the customer contacting the old supplier, while 1,551 ETs were notified to the new supplier.

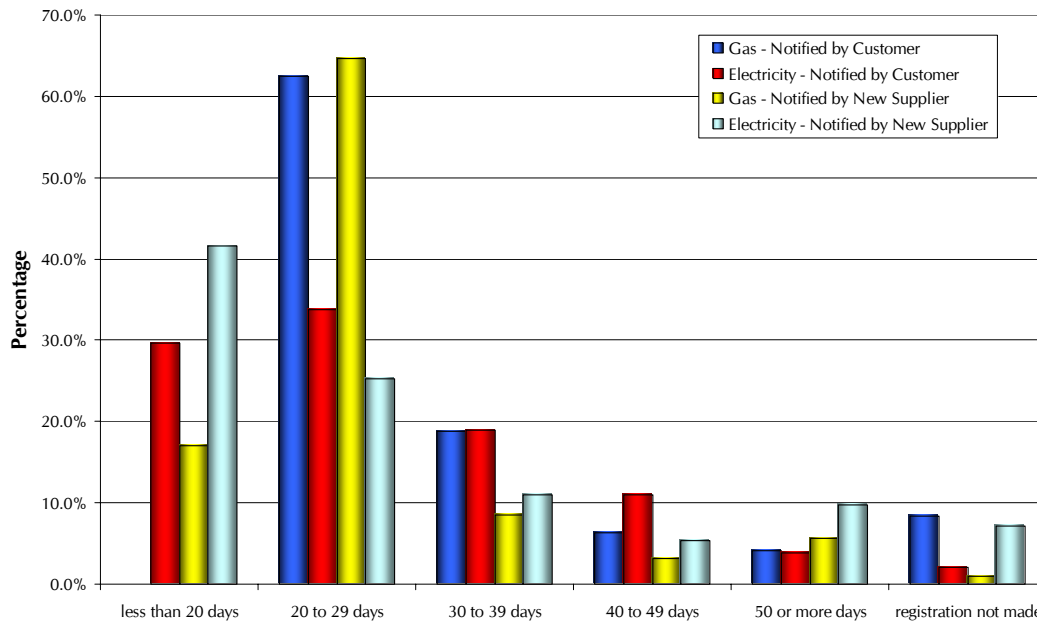


Figure 17: Time taken from initial customer notification of CSR to transfer back by the old supplier.

5.10 Ofgem asked for data on CSRs to analyse whether there was any difference in the timescales for returning these customers to their chosen supplier compared to customers who had been erroneously transferred. Figures 16 and 17 show that the proportion of electricity and gas CSRs that are notified to the new supplier are returned in less than 30 days is slightly higher for CSRs (71.4%) than for ETs (65.5%). The proportion of CSRs that have not yet been returned is however slightly higher at 4.2% of all cases reported.