

Our Ref  
Your Ref

Direct line:  
Fax:

Peter Dickinson  
Technical Adviser  
Ofgem  
9 Millbank  
London  
SW1P 3GE



5 November 2004

Dear Peter

**Gas Quality**  
**Wet Gas Administration Scheme – Initial Proposals**

We welcome the opportunity to comment on your proposals for wet gas administration. This response represents the views of EDF Energy, which includes the retail brands of London Energy, SWEB Energy, Seaboard Energy and Virgin HomeEnergy. I can confirm that our response can be treated as non-confidential and may therefore be placed on the Ofgem website.

We agree with the view expressed by Ofgem in this document that the current scheme does not provide protection for all customers and that the cost of introducing a more robust scheme would be disproportionate to the benefits it would provide. Option 3, to discontinue the wet gas administration scheme, is a logical solution and we support Ofgem's proposal that this option is adopted, thereby ensuring more accurate bills for all gas customers.

However, customers and suppliers must be confident that withdrawal of the scheme does not in itself lead to a high incidence of water ingress going undetected due to lack of monitoring. Ofgem should, therefore, ensure that appropriate mechanisms and incentives are in place to encourage Transporters to continue to perform a hygrometric testing, rather than leaving it entirely to choice.

**329 Portland Road**  
**Hove**  
**East Sussex**  
**BN3 5SU**

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

[www.edfenergy.com](http://www.edfenergy.com)

I hope you will find our comments helpful. If you have any queries on them please do not hesitate to contact me on 01273 428464.

Yours sincerely

Ann Neate  
Regulation and Compliance Manager  
Customers Branch

Attachment

EDF Energy's comments on specific proposals

### **1. FieldSales, Telesales, Internet and Direct Mail**

**The proposal is to provide clearer definition of what activity is regulated by the Licence Condition and a set of core requirements applicable to all sales and marketing channels**

At present Licence Condition 48 (LC48) covers Fieldsales and Telesales activities (including win-back and save). These channels involve, to a large extent, the cold calling of customers and are justifiably captured under LC48.

On the other hand, customers that are signing up via the Internet or Direct mail are pro-actively entering into a sales contract and are not at risk of feeling pressurised by sales agents. Furthermore these customers are already well protected by existing consumer legislation. To implement additional barriers to switching for these channels would be inconsistent with consumer protection regimes covering other goods and services.

### **2. Prohibition of certain activities**

We are sympathetic to Ofgem's concerns that certain activities such as misleading a customer or selling to a minor should be prevented. However, these activities are already included in the AES Code and existing consumer legislation. Whilst we advocate totally the ethos behind this proposal the introduction of such prohibitions into LC48 would appear to serve no purpose as they would only duplicate existing obligations. In addition, we are not persuaded that the proposed limitation on telesales i.e. no marketing or sales to be undertaken after 8 pm in the evening will work in the interests of customers. Our experience has been that many customers who are out at work all day welcome the opportunities provided by evening calls to take advantage of the competitive market and are happy to be approached after 8 pm.

### **3. Improvement of Information provided to customers**

We fully support Ofgem's view that information provided to customers should be accurate. As part of their legislative and regulatory obligations suppliers already provide a considerable amount of information to customers at the time of sale e.g. contract terms, price schedules, right to cancellation clause. EDF Energy makes every effort to ensure the information we provide is accurate and up to date.

We are concerned that the implementation of a mandatory process for producing written quotations, for which in our experience there is little evidence of customer demand, will increase costs and may confuse rather than inform customers. For example the accuracy of the quote would be dependent on customers providing their correct consumption history and their pattern of energy use remaining consistent over time. Clearly, this is not always the case and the dynamic nature of the business in which we operate means that any

quotation provided will be subject to change e.g. due to customer lifestyle changes and weather variations.

#### **4. A consumer right to a 14 day cancellation period**

We are committed to supporting the aims of the industry-wide review of the Customer Transfer Programme which has as its goal the simplification and speeding up of the transfer process. We are not persuaded that the introduction of a 14 days cancellation process is consistent with these two objectives. The introduction of such measure may also frustrate competition as the extended window of opportunity for win-back activity to take place may also encourage the industry to develop more defence driven strategies that will reduce switching.

#### **5. Reporting and Audit**

Ofgem has already acknowledged that suppliers' brands are valuable, we support that view and agree that compliance procedures are a key element to protecting brand image. The extent to which companies support their brand image through the reporting of sales compliance statistics at board level should be at the discretion of individual companies rather than as a mandate from Ofgem via Licence obligations. Those suppliers that have a high level of compliance and reporting in these areas will reap rewards for their diligence in the form of their brands' standing within the market.

#### **6. Contract Verification**

We recognise that obtaining separate verification that a customer wishes to enter a contract can benefit some customers and help reduce Erroneous Transfers. Many suppliers, including EDF Energy, are already implementing contract verification processes. We strongly believe that this decision should be left to the discretion of individual suppliers rather than be mandated under LC48. Suppliers should have the opportunity to promote verification as a differentiated service to their customers which can then be explained and promoted at the time of sale. The insistence on mandatory verification will be seen by some customers as patronising, whilst other customers who wish to switch may be stopped from transferring supply if they were unobtainable for verification calls.

**EDF Energy/30 January 2004**

