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Dear Steve

**Modifying the arrangements for the use of objections in the non-domestic market**

Thank you for the opportunity to comment on the above consultation which deals with issues surrounding the re-contracting of non-domestic customers during the Change of Supply objections period and seeks views on whether the existing governance arrangements to support the Transfer Process require to be amended.

As previously stated in our response to the Ofgem consultation on the BGB Appeal against the MEC decision on breach of the MRA, ScottishPower do not support the continued practise of re-contracting with customers within the objections window. We believe that if this activity continues, it will not serve to benefit the longer-term promotion of competition within the energy supply market. It will ultimately lead to Suppliers having to reinforce their contractual terms or to seek alternative remedies to recover costs incurred should a customer breach their contract terms. A further consequence is that customers within the non-domestic market may experience increased occurrences of transfer delays due to objection activity.

It is our belief that when competitive market arrangements were developed to support the Change of Supplier process, it was not contemplated within the terms set out within the MRA, that information provided within the D0058 withdrawal flow would proactively be used by Suppliers for marketing purposes. The exchange of data is provided primarily to support the transfer process. The receipt of the D0058 and the information contained therein should not be used as a trigger for the current Supplier to proactively engage within re-contracting activity with the customer.

ScottishPower are of the view that to permit re-contracting within the objections period, will serve to weaken the robustness of the Change of Supply model. Suppliers already have the ability to build into their contractual terms, conditions to prevent customers from terminating their supply agreement prior to the contract end date. Where specific terms do not exist, customers may engage with prospective Suppliers in order to seek to improve the terms of supply and service currently provided. The customer has, prior to signing a new agreement, the opportunity to contact not only their current Supplier but also other Suppliers' in order to obtain the best terms and price available. The fact that the customer has signed a new contract agreement with their chosen Supplier would indicate, that at the time of signing, they are satisfied that they have obtained competitive terms and price to meet their requirements.

When the registration process commences, the new Supplier should be afforded the confidence that the transfer should be completed in line with industry timelines. Objections should at this stage only be raised if the customer has breached the terms outlined within their existing contract with their current Supplier. This contract should exist prior to the commencement of the objection-raising period. ScottishPower do not support the action of any Supplier who proactively incites a customer to break specific terms of an existing contractual agreement. There may be consequences for the customer in that action may be taken to recover losses incurred as a result of contract breach. We are somewhat surprised that Ofgem has taken the view that "there is nothing wrong with customers receiving the offer of a better deal from their current Supplier at any point in time including up until the point at which they are finally about to switch". Legally binding contracts have been agreed between the customer and the new Supplier and it is fundamentally wrong to suggest that customers should be encouraged to knowingly break the terms of this agreement.

As mentioned within the consultation document, customers can in other competitive market places opt to contract with an alternative Supplier at any time up and until the transfer "go live" date. However unlike other markets, where the switching process is less complex, the electricity and gas industry has developed a centralised process aimed at delivering a transparent, fair and open transfer of service. This model should not be permitted to become less affective due to increased objections activity brought about by re-contracting within the objections window.

In conclusion, ScottishPower believe that the MRA requires to be amended to clearly state that information provided within the D0058 flow should not be used for re-contracting purposes. Objections that are permitted should be on the basis that the contract agreement was in place prior to the objections window opening.

If you wish to discuss the matter in more detail, please do not hesitate to contact me on the above telephone number.

Yours sincerely

Marie Clark  
Energy Commercial Manager  
ScottishPower