

**By e-mail only**

Philip Davies  
Director, GB Markets  
Ofgem  
9 Millbank  
London  
SW10 3GE

Name Gerald Jago  
Address Radcliffe House, Blenheim Court,  
Solihull, B91 2AA  
Phone 0121 703 3903  
Fax  
E-Mail Gerald.Jago@npower.com

7 September 2007

Dear Mr Davies,

**Modifying the arrangements for the use of objections in the non-domestic market for gas and electricity supply**

Thank you for your letter of 27 July outlining Ofgem's views on the use of objections and re-contracting in the non-domestic market.

We continue to believe that recontracting within the objection window is not in the best interests of customers and therefore should be proscribed. Our letter of 31 May, responding to the Authority's decision in relation to the BGT appeal on this matter, gave our detailed views, and suggested a means to resolve the issue. Your proposal, whilst differing from ours, has the effect of preventing the activity; therefore, we can accept that an objection may only be raised where the contract in place at the time the loss notification is received allows the supplier to exercise the right to object.

The draft licence conditions accompanying your letter, at clauses 14.2, appear to give effect to this proposal. However, the suggested supplementary guidance will be an important means of avoiding confusion by providing examples of what is and is not permissible.

In the context of the proposals, we have some concerns about the present method for dealing with erroneous registrations. At present, the licences provide a means for rectifying erroneous transfers in the non-domestic market, but only where both suppliers have agreed. In the domestic market a customer is able to ask for the old supplier to prevent the proposed supplier transfer from taking place where he informs the supplier that he has not entered into a contract with another supplier. In the non-domestic market, if the old supplier discovers that a customer, where the supplier does not have the right to object, has no knowledge of the transfer, there is nothing the old supplier can do without the agreement of the new supplier, even if the customer does not wish to move. We think that in these circumstances the old supplier should have the opportunity to discuss a contract with the customer, provided the process is underpinned by appropriate evidenced-based rules.

With regard to deemed contracts, our views have not changed from those set out in my letter of 30 August 2005 to Ofgem's Nicholas Rubin. To summarise our remarks:

**RWE npower**

Trigonos  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

T +44(0)1793/87 77 77  
F +44(0)1793/89 25 25  
I www.rwenpower.com

Registered office:  
RWE Npower plc  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 3892782

- unlike in other competitive markets, the electricity and gas industries are highly unusual in sometimes putting a supplier in the position of providing an involuntary supply. The regulatory framework should therefore reasonably provide protection for suppliers in the special circumstances of 'deemed contracts';
- such protection should allow objections in defined circumstances, to include where the customer has a debt that has been outstanding for more than 28 days;
- this approach would provide regulatory certainty and protect suppliers' legitimate interests.

This letter may be published with other responses.

Yours sincerely

Gerald Jago  
Economic Regulation