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Preventing Erroneous Transfers

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy supports reliable and accurate switching and is working with Ofgem and industry on solutions to speed up the switching process, provided this can be done at a sensible pace, and in stages, so that further cost pressures are not placed on customer bills.

We agree that suppliers should act in a manner which reduces the risk of Erroneous Transfers (ETs) occurring. However, we do not believe that an additional explicit licence condition requirement is justified.

Most importantly, suppliers already have a strong incentive to reduce ETs, as they do not produce a good customer experience, and are costly to put right. Last year the data submitted by the larger suppliers indicated ET processing costs of at least £10 million¹ per year. In the recent information request on change of supplier, we reported costs of between £70 and £100 for processing an ET for our domestic customers. Indeed, additional steps to check the data received may run counter to efforts to improve the speed and accuracy of the change of supply process, or block transfers from occurring altogether.

ETs are most often a technical error resulting in an incorrect MPAN or MPRN being selected during registration. ETs can be caused by suppliers being provided incorrect information, by industry databases, TPIs, switching sites or the consumer. We consider that such errors are likely to reduce in the future with the rollout of smart metering, as suppliers will be able to communicate with the meter to help verify that the correct site is being registered.

¹ Ofgem Change of Supplier Expert Group, 20 May 2013

However, even with smart and advanced meters it may not always be possible to objectively verify whether this information is correct prior to registration. This is particularly the case for non domestic customers, where there are very large numbers of sites, meaning that we are reliant upon the customer, or the TPI, to provide us with the correct site details. Any licence condition introduced should reflect this, by including a provision that acknowledges that if incorrect information is received that cannot be validated further, suppliers have met the requirement for 'all reasonable steps' to ensure a Valid Contract is in place.

Prior to committing to support any proposed implementation date, the issues outlined above need to be addressed and we would welcome further discussion on this.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Dan Simons on 07875 113701 or myself.

I confirm that this letter may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Delamare'.

Paul Delamare
Head of Downstream Policy and Regulation