



Andrew Wallace
The Office of Gas and Electricity Markets
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Email to: smartermarkets@ofgem.gov.uk

31 January 2014

Dear Andrew,

Enforcing three week switching consultation

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.

We support the proposed changes to require suppliers to take all reasonable steps to ensure that a customer's switch to a new supplier happens within three weeks. EDF Energy has already invested in a number of system and process improvements to help ensure that appropriate controls are in place to facilitate 21 day switching.

We believe that this is reflected in the data we provided to Ofgem as part of the three week switching standards information request that was issued in November 2013. The information we provided on our performance against the three week switching target shows that over 95% of electricity customers complete their transfer to EDF Energy within 21 days. Now that the difficulties with the central industry systems that support switching in gas have been resolved, we are beginning to see a similar level of performance in gas transfers.

EDF Energy is also aware that there is significant ongoing industry work and focus on switching timescales, ranging from improvements that can be made in the next twelve months, through to long term reform supported by fundamental change to central industry systems and processes with smart metering.

EDF Energy believes that changes to the customer switching process are best delivered in stages through a series of projects to achieve robust and cost-effective improvements to the transfer process. To this end, EDF Energy is actively engaged in the Energy UK (EUK) project to move to a 2 weeks +2 day switching process for domestic customers. This project will speed up the present switching process, whilst recognising the constraints placed on suppliers by current central systems.

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As Ofgem states in the consultation, the current licence condition already requires suppliers to include a term in consumers' supply contracts on completing customer switching within 21 days. Therefore, to avoid overregulation and to promote good regulatory practice, the proposed introduction of a direct licence condition should replace this requirement. We believe this would still be consistent with the EU Third Internal Energy Package requirements and we urge Ofgem to amend the existing licence conditions accordingly.

While we understand the rationale behind the proposed changes to the definition of "Relevant Date", we believe that this may have some unintended consequences. We consider that it may be better to revisit the definition once Government has made regulations in line with the Consumer Rights Directive (CRD) (2011/83/EC) on customer cancellation rights and cooling off periods.

Firstly, the CRD provides for a standardised 14 day cooling off period, whereas the "Relevant Date" definition in SLC 14A refers to both "(i) the day after the day on which the Cooling Off Period ends" and "(iii) 14 days after the day on which the customer entered into the contract". With the introduction of a standardised cooling off period of 14 days under the CRD, both of these dates would be the same, which would make one of these clauses superfluous.

Secondly, while the drafting in clause 14A.10 (b) (ii) will allow the transfer to commence during the cooling off period where the customer and supplier agree, the customer will still retain a right to cancel until the end of the 14 day period. So, in the event that a customer and supplier agreed to commence the switch during the early part of the cooling off period, it is possible that the registration could be confirmed in industry systems prior to the end of the 14 day cooling off period, and yet the customer would still retain a right to cancel. In this instance, it would not be possible to simply stop the transfer. This could result in potentially complex changes to industry systems and processes to undo the switch, in addition to the increased risk of erroneous transfers and a negative experience for the customer.

We agree with the proposed timetable for implementation, subject to there being further discussion on the introduction of a new definition of "Relevant Date" in light of Regulations implementing the CRD.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague 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