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23rd January 2014

Dear Maxine

Preventing Erroneous Transfers

First Utility welcomes the discussion as to what changes need to be made to the regulatory and contractual regime to limit the number of Erroneous Transfers (ET's) which adversely affect the customer experience. We also concur with Ofgem's view that a proportion of ET's could be avoided and that current obligations on suppliers may be insufficient.

Ofgem state that consideration is being given to requiring a supplier to pay compensation to a customer that has experienced an ET. It is our view that a better way to see a marked and enduring reduction in ET's is to create a scheme that allows suppliers to recover a proportion of lost energy costs and transportation costs from the other supplier in an ET scenario but only if that supplier's published ET rate is within the agreed ET rate that is set (by Ofgem). In this way those suppliers who incur a proportion of (recognised) unavoidable ETs will recoup a percentage of lost gas and transportation revenue from the other supplier. Critically, only those suppliers whose performance is within agreed industry standards for ET rates will be able to benefit from such a scheme. First Utility has aired this principle at a SPAA session and continues to work on the detail underpinning this proposal, with a view to tabling firm contractual proposals in Quarter 1 of 2014.

Returning to specific points within the consultation. We agree that any ET should be out of scope where the consumer has provided the wrong information or the customer cancels the contract in accordance with any relevant legislation or contract terms after the supplier submits a request to the central registration services to take over responsibility for the customer.

Turning to the specific questions within the consultation.

1. Do you agree with the proposed changes to SLC 14A?

We are satisfied with the proposed wording in SLC14A relating to an Obligation to prevent Erroneous Transfers. Providing there is an acceptance of the scenarios (referred to above) are out of scope, then this obligation provides the appropriate level of direction under which licensees should operate.

2. Do you agree with the proposed implementation timetable?

The licence condition proposed does not present any direct concerns with regards to a summer 2014 licence obligation. As previously mentioned, there are associated contractual amendments in this area which will complement the proposal and to that extent there may be merit in considering an aligned implementation of Licence and contractual solutions later in 2014.

We are committed to improving the customer experience and will continue to lead and support in initiatives to deliver a lower ET rate across the industry



Should you have any questions relating to this matter, please do not hesitate to contact me.

Yours sincerely

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Industry Codes Manager

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