

Maxine Frerk
Ofgem
9 Millbank
London
SW1P 3GE

5 February 2014

Dear Maxine,

PREVENTING ERRONEOUS TRANSFERS

Thank you for the opportunity to respond to the consultation on preventing erroneous transfers (ETs).

We agree that reliable hassle-free switching is vital to give customers the confidence to engage effectively in the retail energy market, and we fully support Ofgem in its efforts to assist the industry in delivering reliable switching. Ofgem is right to seek to address the problem of ETs, which lead to a poor customer experience and also add cost to the switching process.

We support Ofgem's desire to reduce the level of ETs as far as practicable, but would note that there will be significant challenges in addressing some of the most common causes of ETs, which would be difficult for an individual supplier to tackle in isolation from other industry stakeholders. For instance, a significant cause of ETs is poor quality data, such as incorrect meter point addresses held by distribution network operators (DNOs). Discussions are ongoing within the electricity industry involving suppliers, DNOs and other parties, aimed at rectifying these problems. We are willing to accept an obligation to play our part as a supplier, but we would stress that resolving this issue will need to be a collaborative industry effort, and we would welcome confirmation that Ofgem recognises this.

We would also note that suppliers already have a strong incentive to prevent ETs, given the adverse impact on the customer relationship as well as the financial costs for the gaining (incorrect) supplier. That supplier must pay for the energy costs during the period of the incorrect transfer as well as its administrative costs in resolving the matter.

Our answers to the consultation questions are in Annex 1 attached. Should you wish to discuss any of the above points, please contact me via the details provided or contact Lorna Mallon (lorna.mallon@scottishpower.com).

Yours sincerely,



Rupert Steele
Director of Regulation

**PREVENTING ERRONEOUS TRANSFERS – CONSULTATION QUESTIONS
SCOTTISHPOWER RESPONSE**

1) Do you agree with our proposed changes to SLC 14A?

We would be comfortable with Ofgem's proposed changes to SLC14A placing an obligation on suppliers to take all reasonable steps to prevent ETs if many of the issues causing ETs had been resolved or were in the process of being resolved. However, we are concerned that the proposed obligation could be seen as placing sole responsibility for ETs with the gaining supplier, and does not recognise interactions with other industry stakeholders.

As Ofgem notes from its own sampling exercise, a substantial proportion (59%) of the ETs identified were as a result of poor data, either from the industry data sources or the customer or a relevant third party. In many instances, therefore, a gaining supplier will attempt to register a supply based on information held by industry sources, such as meter point data, which is subsequently found to be incorrect. In such cases, the customer will still experience an ET, and even if it is found to be no fault of the supplier, this does not address the poor experience for that customer. It would be helpful for Ofgem to clarify to suppliers how it would interpret the 'all reasonable steps' obligation in the context of ETs which can only be addressed through industry collaboration.

In any event, it is important that any obligation is supported by concerted ongoing work by industry, facilitated by Ofgem, to reduce the underlying reasons for ETs and standardise these, where appropriate, across domestic and non-domestic customers. We think that this would also align well to wider industry activity to accelerate the switching process, leading into a smarter market.

In relation to the proposed modification of SLC 14A, we think that further consideration needs to be given to the definition of a "Valid Contract", to ensure that the gaining supplier does not inadvertently fall foul of the condition through poor quality data from other parties. We therefore would like to see further clarification in the form of guidance from Ofgem on exactly what can be regarded as Valid Contract at the time of the transfer request.

2) Do you agree with the proposed implementation timetable?

Ofgem is proposing that the modified licence condition would have effect from summer 2014. Subject to our comments above, we support Ofgem's aim to see improvements in this area and any required licence conditions should be introduced without unnecessary delay.

Should Ofgem proceed with the Summer 2014 timetable, we consider that the 'all reasonable steps' obligation should be interpreted with reference to the timescales for associated industry development work, to allow suppliers a fair opportunity to comply with the obligations.