

Network Code Development
0603 : Reduction of Notice Period for Domestic Customer Supply Point Confirmation Process v1.0
TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0603
"Reduction of Notice Period for Domestic Customer Supply Point Confirmation Process"
Version 1.0

Date: 19/11/2002

Proposed Implementation Date:

Urgency: Non-Urgent

Justification

At present when a domestic customer changes supplier, the Proposed Supply Point Registration Date can be between 15 and 30 Business Days after a Supply Point Confirmation has been submitted. That is, the earliest possible Supply Point Registration Date is three weeks after a Supply Point Confirmation. (The only exception being where the incumbent Registered User submits a Supply Point Withdrawal notice, in which case the Proposed Supply Point Registration Date shall be not less than eight (8) Business Days).

This condition is unduly restrictive for the following reasons:

- The energy supply market is characterised by 'dual fuel' supplies. Indeed four out of five of all domestic switchers now buy their gas and electricity from the same supplier. If a domestic customer moves house it is likely that they will wish to continue or move to such a dual fuel arrangement. If the customer's current supplier does not supply the address the customer is moving to, the customer/shipper/supplier must go through the Supply Point Confirmation and Registration process for both fuels. In electricity, there is a requirement to give one day's minimum notice to effect a change of supply, whereas generally in gas up to three weeks' notice is required.
- The minimum time required for a domestic customer to change gas supplier is therefore significantly longer than that required to change electricity supplier, which adds to the complexity of the change of supply process for a dual fuel customer. It also creates a situation where the customer is able to change to their preferred supplier for electricity relatively quickly, but not for gas (at least for a period of up to three weeks). As a consequence many domestic customers will remain with an incumbent gas supplier indefinitely. We therefore believe that the minimum 15 business days' notice gives an incumbent gas supplier a strong competitive advantage over the incoming supplier chosen by the customer.
- In electricity, there is a change of tenancy marker/indicator. The use of this tells the incumbent supplier the reason for the change of supply is because a new customer is moving in and the old customer is moving out. In these circumstances the old customer's existing supply contract or debt is not a valid ground for an objection to be raised against the new customer changing supplier when he moves in.
- SSE raised modification proposal 0591 "Introduction of Change of Tenancy Marker to the Confirmation/Registration Process", which has recently been issued for consultation. The introduction of a change of tenancy marker in gas will similarly tell an incumbent gas supplier that the reason for the change of supply is a change of tenancy and that it is not

therefore appropriate to raise an objection. This therefore removes the need for the seven day objection window in the registration notice period in change of tenancy circumstances.

- In electricity there is only one minimum registration period for all customers although in practice all suppliers recognise that it is inappropriate to register a customer gain within the objection window unless it is a Change of Tenancy situation. It is therefore proposed to adopt this principle in the gas customer registration timetable so as to avoid overcomplicating the process.

This modification to the Network Code would speed up the domestic customer transfer process, facilitating competition in shipping and supply. It would also be consistent with one of Ofgem's stated aims in its Review of Improving Customer Transfers.

In addition it is clear that the longer registration period in gas results in a significant delay in resolving gas erroneous transfers, compared with the time taken to resolve electricity erroneous transfers. This is supported by the recent information we have provided to Ofgem as part of the review of Erroneous Transfer Customer Charter. Such a delay is clearly not in the interests of customers or competition in general.

Nature of Proposal

To reduce the number of Business Days' notice required within the NDM Supply Point Confirmation process for domestic customers in order to shorten the minimum period within which the Supply Point Registration Date can be effected. The notice period would be two Business Days, so as to align the period more closely with electricity.

Purpose of Proposal

This proposal would better facilitate the relevant objective of facilitating competition in gas shipping and supply:

- It would speed up the domestic customer transfer process particularly where it associated with a change of tenancy and would have the added benefit of resolving erroneous customer transfers more quickly.
- It would reduce the administrative burden on all parties, including Transco, making the change of supplier process more efficient and effective, thereby improving domestic customers' perception of the competitive supply market.

Proposed Text:

Amend Section G 2.5.8 (b) so that the Proposed Supply Point Registration Date for domestic customers can be achieved within two Business Days.

As the proposal would apply only to domestic customers, there will be a need to specifically define domestic customer in the Network Code, as currently there is no distinction within the category of Non Daily Metered Supply Points. We suggest the following definition, which is consistent with the gas suppliers' licence:

‘Domestic Customer’ means a customer supplied or requiring to be supplied with gas at Domestic Premises (but excluding such customer insofar as he is supplied or required to be

supplied at premises other than Domestic Premises). ‘Domestic Premises’ means premises at which a supply is taken wholly or mainly for domestic purposes.

Consequence of not making this change

Domestic customers will be restricted in their ability to change supplier effectively and efficiently, which is clearly detrimental to competition. The incumbent gas supplier will retain a significant competitive advantage over new entrants, through the time taken for a customer to leave them. Maintaining the existing timescales is potentially detrimental to competition in supply, as customers are unable to remain with or move to the supplier of their choice.

Area of Network Code Concerned

Section G

Proposer's Representative

Katherine Marshall (Scottish And Southern Energy plc)

Proposer

Katherine Marshall (Scottish And Southern Energy plc)

Signature

.....