

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0586

"Supply Start Date Alignment"

Version 1.0

Date: 17/09/2002

Proposed Implementation Date:

Urgency: Non-Urgent

Justification

At present when a 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 21 days or three weeks after a Supply Point Confirmation.

This condition is unduly restrictive for the following reasons:

- As Ofgem has recognised, the supply market is characterised by 'dual fuel' supplies. Indeed four out of five of all switchers now buy their gas and electricity from the same supplier. If a customer moves house it is likely that they will wish to continue or move to such a dual fuel arrangement. If the current supplier does not supply the address the customer is moving to, the customer/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 notice to effect a change of supply, whereas generally in gas three weeks' minimum notice is required.
- The minimum time required 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 continue with their preferred supplier for electricity but not for gas (at least for a period of three weeks). As a consequence many 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 also 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 marker stops the old supplier from erroneously objecting to the loss of customer. We believe that it is essential for this functionality to be implemented in the gas change of supply process. Such functionality would substantially reduce unwarranted objections being raised by the incumbent gas supplier.

This modification to the Network Code would speed up the 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 Supply Point Confirmation process in order to shorten the minimum period within which the Supply Point Registration Date can be effected.

To identify when a Confirmation/Registration is a consequence of the customer moving house so that spurious objections by the incumbent supplier can be avoided.

Purpose of Proposal

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

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

Proposed Text:

1. Amend Section G 2.5.8 (b) so that the Proposed Supply Point Registration Date can be achieved within two Business Days.
2. Amend Section G.2.8.1 to identify that in circumstances where the Change of Tenancy (CoT) marker is populated, the incumbent cannot object to the Proposed Supply Point Registration.

It is suggested that the CoT marker is put on the information flow Users send to Transco when confirming (S38 - commercial or S42 - domestic), and on the flow to the incumbent shipper (S07).

Consequence of not making this change

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 and the potential for invalid objections to be raised on change of tenancy. 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

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