

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0591
"Introduction of Change of Tenancy Marker to the Confirmation/Registration process"
Version 1.0

Date: 14/10/2002

Proposed Implementation Date:

Urgency: Non-Urgent

Justification

- The energy 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 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. The change of tenancy marker would therefore provide the necessary information to enable the incumbent supplier to avoid raising objections erroneously against new customers. We believe that it is essential for this functionality to be implemented in the gas change of supply process. Such functionality would substantially reduce erroneous 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 lack of change of tenancy marker in gas often results in significant delays for customers who are moving house but wish to remain with the same supplier. Such a delay is clearly not in the interests of customers or competition in general.

Nature of Proposal

To identify when a Confirmation/Registration is a consequence of a customer moving house so that erroneous 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 remove a serious impediment to the customer transfer process, where it is concurrent with change of tenancy and minimise unnecessary delays to customers wishing to change supplier at the same time as moving house.
- 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:

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 potential for erroneous objections to be raised on change of tenancy raises significant issues regarding the competitive advantage that the incumbent gas supplier will retain over new entrants. This is clearly not in the interests of competition in supply, as customers moving house 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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