

Third Energy Package Option Representation

Please provide a response by: dd February 2011

Organisation: E.ON

Representative: Brian Durber

Date of Representation: 23 February 2011

There is an option to reduce the Objection Window to 3-5 days and the confirmation window to 5 days to achieve a 3 week switch as directed by EU. A further option has also been identified to treat Bank Holidays as working days for SPA processes.

Q1. Do you support any of these proposals?

We would support the change to 5 day objection and 5 day confirmation window. This would deliver the added advantage of aligning the objection window with electricity industry processes and enabling alignment of dual fuel switches which would lead to enhanced customer experience.

Q2. Please specify your preferred method to achieve the changes proposed i.e. which process or processes should be reduced and by how many days

As above.

Q3. Impacts and Costs:

What analysis, development and ongoing costs would you face if this change were implemented?

In addition to system and process changes other supporting systems/processes e.g. training material, training programmes, sales and marketing material updates etc. would require amendment. At this stage we are not able to provide costs. Detailed analysis would be required and we would wish to see a clear steer as to the most likely preferred solution before embarking on this analysis.

Q4. Implementation:

What lead-time would you require prior to this modification being implemented, and why?

We would need to complete our detailed analysis however an early indication would be approximately 6 months.

Q5. Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

IGT's

One aspect that we would need to understand is how IGT's intend to operate under the regime.

Option to commence registration before the end of the cooling off period

An alternative solution has been suggested by Xoserve whereby the shipper would commence the registration process before the end of the cooling off period using the option to cancel the confirmation should the customer cancel their contract. Whilst we acknowledge that this may deliver a least cost solution in terms of Xoserve systems we would be very concerned about the potential to adversely affect the customer experience by increasing the likely hood of erroneous transfers. The industry has spent a great deal of time and effort improving the transfer processes over recent years and we see this as being at risk of being rolled back by this option. Our analysis shows that the proportion of customer cancellations taking place over the final 3 days of the cancellation period typically can represent around 10% of total cancellations. We are happy to supply Xoserve and/or Ofgem with absolute numbers to support this.