

OFGEM DECISION LETTER No. 0487

"Release of the Identity of the Incoming Shipper/Supplier to Incumbent upon Supply Point Transfer Processes"
Version 1.0

To : Transco, Shippers, & other interested parties

13 June 2002
Direct Dial : 020 7901 7346
Your Ref:
Our Ref: IO/RM/1306

Re: Modification Proposal 0487 'Release of the identity of the incoming shipper/supplier to incumbent upon supply point transfer'

Ofgem has directed Transco to implement the above modification. This letter explains the background to the modification proposal and gives Ofgem's reasons for making this decision.

Modification Proposal

Modification 0487 was proposed by British Gas Trading. The modification proposes that the identity of the incoming shipper/supplier is disclosed to the incumbent following confirmation for domestic and I&C customer transfers.

BGT suggests that the identity of the incoming shipper/supplier will be used to resolve a number of transfer related problems that may occur in a small proportion of cases. For example, erroneous transfers, the majority of which arise during transfers involving domestic customers.

Respondents' views

Shippers supported the principles of the modification but raised a number of specific concerns. These are set out below, with a discussion and a conclusion.

1. use of supplier IDs for marketing purposes.

Some respondents suggest that incumbents may use the incoming shipper/supplier ID for marketing purposes. That is, incumbents may after receipt of supplier ID information decide to contact customers in an attempt to 'winback' business. If directed to implement this modification Transco has suggested that it intends to provide incoming shipper/supplier ID information at D-7. This is the point in time when the incoming shipper/supplier receives notification of a successful transfer. Therefore, any attempt by the incumbent to 'winback' the customer will not stop the impending transfer.

If Transco provided incoming shipper/supplier IDs to incumbents upon receipt of confirmations, i.e at withdrawal stage prior to transmission of successful transfer notifications, incumbents may have more time to contact customers in an attempt to 'winback' business.

When considering this point it is worthwhile noting that the identity of the incoming supplier is provided to the incumbent during the electricity transfer process at the withdrawal stage. Prior to its inclusion in the Master Registration Agreement (MRA) a number of suppliers expressed concerns about potential abuse of this data. Ofgem has not received any complaints from suppliers in this respect. Following receipt of Transco's final modification report Ofgem received a number of letters from suppliers expressing their support for this modification. The majority of suppliers who support this modification are active in the electricity market and suggest that the use of this data has provided significant operational benefits when resolving transfer problems that arise.

2. erroneous transfers

Respondents suggest this modification may improve the operation of the Erroneous Transfer Customer Charter (ETCC). In particular, respondents believe that provision of this information simplifies the processes required to deal with erroneous transfers (ETs).

Around 2% of domestic transfers result in a ET. Therefore, it is important for suppliers to put in place systems that aid the resolution of ETs. The provision of incoming shipper/supplier ID will aid the management of processes put in place by suppliers to comply with the ETCC.

3. metering competition.

During July 2001 Ofgem consulted on how the introduction of metering competition may affect the change of supplier process. More specifically we consulted on proposals to facilitate supplier to supplier communication concerning the meter in situ. The first option considered Transco providing the identity of the incoming shipper/supplier ID. The second option favoured by the industry was Transco providing the Meter Asset Manager (MAM) ID during the change of supplier process.

Although, the provision of the incoming shipper/supplier ID is not the industry's preferred solution for facilitating metering competition Transco has indicated that it will change its systems to store and disseminate MAM IDs. The provision of the incoming shipper/supplier ID may facilitate metering competition but it should not detract the industry from implementing MAM ID functionality which has been discussed and included in RGMA baseline documentation.

4. I&C respondents.

One respondent suggests that I&C customers do not want the identity of their incoming shipper/supplier provided to the incumbent during the transfer process. Although, Ofgem sympathises with this view, there are instances when I&C shippers/suppliers may make use of this information to resolve a small number of transfer related issues, for example, Inter Shipper Disputes (ISD) and I&C ETs.

Ofgem's view

Modification 0487 does not specify the timing of supplier ID release. In its final modification report Transco suggests (if directed to implement this modification) that it will release supplier ID data at D-7 to allay fears about potential misuse of this data.

Ofgem is aware of winback practices and we have written to suppliers during 2001 outlining our views on such practices. Ofgem does not proactively regulate retention practices as there are

no licence conditions which specifically cover this activity. However, all suppliers should be aware of the provisions of the Competition Act 1998 particularly in markets where they are in a dominant position. Suppliers should not make statements which could mislead (eg imply that it is not too late to cancel when the transfer is already going through) customers.

Ofgem's Decision

Taking into account the issues set out above, Ofgem has decided to direct Transco to implement this modification. If you wish to discuss any aspect of this decision, please do not hesitate to contact Roger Morgan on 020 7901 7346.

Yours sincerely

Iain Osborne
Director, Supply