



Modification Proposal 249

Decision

Mandatory Provision of Reasons for Supply Point Objection

6 November 1998

This modification was accepted by Ofgas on 28 October.

Present Position

When a supplier is informed that a customer intends switching to another competitor, it can prevent the supply point transfer by raising an objection. It does this by instructing the relevant shipper to lodge an objection with Transco. Under the standard conditions of the suppliers' Licence, a supplier can only request their shipper to object to the transfer of a supply point if (a) an outstanding debt exists or (b) if a valid contract is in place between the supplier and the customer, that prevents termination at that time.

Transco's network code does not require that the shipper provide a reason for objection when submitting a supply point objection to Transco. Following the publication of Ofgas' competitive market review in May 1998, and the publication of the government's green paper on utility regulation, Ofgas instructed Transco to take measures to prevent the misuse of this facility.

Proposal

As a result of this modification it is mandatory for an existing shipper to explain the reason for objecting to the transfer of a customer to another shipper. Where a valid reason is not provided, Transco will reject the objection and the transfer of the customer to the new supplier will proceed. Transco will provide to Ofgas a report on the number of objections raised by individual shippers and the reasons for those objections, to enable the use of this facility to be monitored.

Possible Impact on Customers

This modification will prevent shippers from abusing the ability to object without providing a valid reason. Customers choosing to transfer their supply to another supplier will no longer be subject to unqualified objections.

Customers were concerned that an incoming shipper may see the reason for objection. For example, an objection raised on the grounds of debt. In such circumstances it was feared that the incoming shipper may be reluctant to take over the supply. Therefore, it was agreed not to include this feature as part of the modification, as was originally proposed.

Further Information

The Ofgas contact is on Roger Morgan (0171 932 1605)
The Transco contact is on Chris Warner (0121 623 2014)