



Supplier Switching in the Gas Retail Market

ERGEG Guidelines of Good Practice and Status Review

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- **ERGEG's report on supplier switching in the gas retail market identified 4 strategic priorities...**
 - ⇒ Promote **easy and standardised** switching procedure
 - ⇒ Ensure **consumer confidence** and **protection through good information**
 - ⇒ Address the aspects of the **relationship between DSOs, suppliers and customers** including rules, responsibilities, contractual arrangements, data exchanges agreements, commitments to customers, quality guarantees, etc.
 - ⇒ Enhance **customer protection** through good information and clear procedures
- **... and made about 15 concrete proposals - most of them applicable both for electricity and gas. 2 exceptions due to gas retail market specificity :**
 - ⇒ ERGEG proposal # 11: **Information on gas price changes mechanism**, in order to improve customer's understanding.
 - ⇒ ERGEG proposal # 12: **Non discriminatory access to a list of existing and new connections for all suppliers**, insofar as the entire population is not connected to a gas DSO network.
- **Purpose of this presentation : highlight some key ERGEG proposals illustrated by examples on how these proposals could be achieved in France**

1. Relationship between the customer and the supplier
2. Relationship between the supplier and the DSO
3. Possible cancellation of erroneous switch

Customer information



- ⇒ **ERGEG proposal # 5: A list of all gas retail suppliers that are active in the market should be made available. The energy regulatory authority or any other competent body, should ensure the easy availability of such a list.**
 - CRE has developed a website alongside with French administration (www.energie-info.fr), with a **search engine** giving information on available suppliers

- ⇒ **ERGEG proposal # 9: Availability of information, especially pricing issue, should be encouraged through the Internet but also traditional systems.**
 - Any supplier has to inform potential customers of their rights **before the subscription** (Consumer Code). The customer must be specifically informed about the content of the supply offer (types of service, **prices**, validity of the offer, billing and refund arrangements, ...)

 - **Standardised models for presentation** of offers were created by consumer associations and suppliers, within a workshop monitored by CRE.

1. Relationship between the customer and the supplier (2/3)

Contract & Certificate for switching supplier



- ⇒ **ERGEG proposal # 15: There should not be any unnecessary obstacles for switching from the customer's point of view.**
 - The customer **does not need to ask the prior supplier** to terminate the former contract (Law of 7 December 2006), except for non-household customers having exercised their eligibility
 - The customer must own a “certificate for switching supplier”, which proves his intention to change supplier

- ⇒ **ERGEG proposal # 16: The customer should only need to be in direct contact with one party preferably the new supplier when initiating the switch.**
 - The customer agrees with the supplier a **sole contract** that covers both :
 - the conditions for gas supply
 - the conditions for gas transmission by the DSO

- ⇒ **ERGEG proposal # 16: Contracting should be possible electronically, e.g. through the Internet to facilitate the switch.**
 - The subscription can be made in writing, **by phone or on the Internet**
 - The customer is only liable through **its signature (written or electronically)** (Law of 4 August 2008)

1. Relationship between the customer and the supplier (3/3)

Agreement on the beginning of the contract



- ⇒ **ERGEG proposal # 14: Metering should not be an obstacle for switching [...]. The DSO is responsible for meter reading in most MS. It should be however possible for the customer to read the meter [...].**
 - The index which will be used for the switch can be :
 - **an estimated index based on a self-reading by the customer.** In that case, the customer reads his meter on the subscription day and gives it to the supplier
 - a dedicated meter value reading
 - an estimated index based on historical consumption

- ⇒ **ERGEG proposal # 15: The switching period should be as short as possible and the restrictions regarding the dates when a switch can take place should be minimized.**
 - The switch can take place whenever the customer wants it to, with a **minimal technical processing timeframe of 21 days**

- ⇒ **ERGEG proposal # 18: The entity responsible for meter values must improve and, if possible automates access to past and present consumption data for their customers.**
 - Suppliers have **automated access to their customers present consumption data**
 - Concerning **past consumption data**, the supplier has to ask the DSO to communicate the information (maximum historical period = 1 year).

2. Relationship between the supplier and the DSO (1/3)

Opportunities to withdraw & objection to the switch



- ⇒ ERGEG proposal # 15: There should not be any unnecessary obstacles for switching from the customer's point of view. These may include restrictions on the permitted number of switches per year.
- The former supplier cannot appeal against the switch any further even in case of overdue accounts
 - The DSO may object if :
 - a previous application to switch is already underway
 - fraud has been observed on the metering system
 - erroneous data has been communicated

2. Relationship between the supplier and the DSO (2/3)

Information given to the supplier



- ⇒ **ERGEG proposal # 19: A unique and stable Delivery Point Identification should be the key on which every exchange should be based on.**
 - The **network identification number** is a compulsory information related to an location and will not be amended should the customer move

- ⇒ **ERGEG proposal # 12: All suppliers are granted a non discriminatory access to a list of connections (existing & new).**
 - The **network identification number** must be displayed on the customer invoice.
 - Should the customer fail to provide it, the new supplier can either obtain the network identification number from the DSO or from the list of identification numbers distributed by the DSOs

2. Relationship between the supplier and the DSO (3/3)

Estimation of the switch index



- ⇒ ERGEG proposal # 14: If the meter is not read due to certain circumstances, the meter value may be estimated by the DSO [...]. DSOs must document their estimation methodology.
 - In most cases, the DSO **calculates the switch index**. If the self-read index has not been admitted by the DSO, the switch index is calculated using historical consumption
 - Methods used by DSOs to estimate indexes and to control admissibility of self-read indexes are **public**

3. Possible cancellation of erroneous switch

⇒ ERGEG proposal # 4: Regulators should enhance customer protection through procedures capable of dealing with the consequences of inappropriate commercial practices or mistakes.

- For household customers, the consumer code provides a retraction period of 7 days in case of door-to-door or remote selling
- A « reversal » procedure was defined for customers who were switched without request, based on the following concepts : the customer has to recover its initial supply contract
 - in the same terms
 - easily
 - quickly
 - and at no cost