SAP response to the invitation for interested parties to comment on

The ERGEG Supplier Switching Process Best Practice Proposition for Public Consultation
Ref: E05-CFG-03-05; 24th February 2006

Introduction
Following positions and comments constitute SAP opinions on the above mentioned proposition focusing IT and process-automation perspectives. Several additional aspects are raised, which were not covered in the proposition paper, but are considered relevant especially focusing on the aspects of complexity reductions and easiness of the switching models.
Due to SAP's goal to support supplier switching in all European countries, we are confronted with the variety of different national approaches and hope that common European standards are being established to guideline the activities in the member states. We would also like to express that lessons should be learned from the electricity division, one lesson being that European rules and guidelines need to be established first to function as orientation for national transpositions especially for future switching and moving of several regulated and non-regulated products.
SAP wants to explicitly express that European standardization efforts are increasingly important to establish a common base for business, enabling cross country activities of market participants and IT support to decrease the process costs.

General

ERGEG's proposition focuses on the easiness of switching from the customer's point of view and the manageability and efficiency of the procedure for all parties involved.
- SAP focuses on the cost efficiency, easiness and robustness of the switching process as well as manageability/complexity and fault tolerance degree of the process. A transparent and well understood process is a prerequisite for a functioning market with a high degree of automation. At the same time an easy process helps to save costs for the market participants when executing the switch. Errors in process handling can be avoided when easy processing rules exist for the market.

ERGEG puts forward two strategic priorities for the supplier switching process
1. to promote easy, cost efficient and standardized switching procedure
2. to ensure customer confidence and sound monitoring systems

SAP proposes following options for complexity reductions to support the above mentioned ERGEG goals:

- A bi-directional switching model where the old supplier has limited rights to interfere is generally less complex, the degree of automation which can be reached

will be higher and manual interaction can be reduced to a minimum. A tri-directional switching model allows the old supplier several interactions into the switching processes, but the bi-directional model where the old supplier is receiving information about the switch only is more straightforward and easier to support in software.

In a tri-directional model the complexity of interaction between the market partners involved is much higher and the robustness lower. Especially the roll back functions, communication and conflict management between suppliers as well as forwarding of switching between the suppliers involved are complex, costly and time consuming. **The ERGEG strategic priorities are easier to be met with a standardized bi-directional approach**.

- The number of suppliers at one metering point should be limited to one only especially for load profile customers. A supply scenario where one supplier provides non-metered low tariff heating consumption in a night period and another supplier delivers the rest at daytime is complex and costly.
- Requests for delivery should be processed individually on the basis of first in first serve without delay.
- An automated forwarding of the requested start of supply to the next date possible, in case the requested start of supply date is rejected should not be allowed to limit complexity of problem handling and manual interventions.
- The data communication for the switching process should be wrapped into identical data communication messages.
- Non discriminatory switching and moving processes should be processed by identical rules and SAP advises not to distinguish between incumbent supplier and any other supplier.
- The EU should provide for one set of data communication rules and technical standards only. Data communication between market partners requires very precise rules about content and formats. This is also true for all communication beyond the supplier switch and has been subject of some sort of trial and error approaches in many countries including severe changes and costly reengineering. European standards should be provided to limit the existing differences and technical variations, as well as the frequent changes.
- The electricity and the gas market should follow the same rules as far as possible, otherwise the linking of gas and electricity switches will even add more complexity and process costs.

Supplier Switch in detail

12. ERGEG: Clear roles and responsibilities are important. The proposition is that the DSO generally acts as a hub and a market facilitator given that the DSO in most cases has primary access to customer data
- SAP fully agrees that clear roles and responsibilities are important or even a prerequisite for a functioning market

- A clear definition of market roles and responsibilities will be mandatory to achieve an EU wide understanding of the processes. The ebIX-ETSO-EFET initiative has defined a role model for the European market. SAP supports this role model and recommends making use of at least some of the definitions for a precise description of responsibilities.
- SAP disagrees with the general proposition that the DSO acts as a hub and a market facilitator, because the DSO will increasingly miss customer data in case a supplier will act as the single point of contact.

13. ERGEG: It is recommended that the meters are read upon switching. If possible, the customer reads his meter and sends the meter value to the DSO…

- SAP agrees that a meter reading should not be an obstacle for switching. A meter read by the customer should be transported from the supplier to the DSO, but European rules are missing. Estimations of consumption should only be done by the DSO. From a simplicity point of view and if clear responsibilities exist, the estimation should be done by the DSO and provided to all parties concerned. In that case there cannot arise any differences for the final customer caused by different calculation methods. In the near future an intensified use of new technologies like AMI will allow access to precise values for consumption to any time. The discussion about required meter readings will become obsolete.

15. ERGEG: If possible, the customer reads his meter and sends the meter value to the DSO.

- SAP: This seems to be a contradiction that the customer "should only need to be in direct contact with one party, preferably the new supplier" (23). If the customer shall be provided with one single point of contact, the new supplier shall be enabled to accept meter reads and with or without plausibility checks to deliver the reads to the DSO. Process descriptions and rules need to be established in almost all member countries in case the single point of contact practice shall be established and implemented even for the combined gas & electricity switches where two old suppliers, two new suppliers and two DSO can be involved.

22. ERGEG: the type of contract cannot prevent the customer from switching supplier -> fee for withdrawing from contract.

- From SAP's point of view this would help to reduce complexity and save IT-costs. It is more efficient to enable the parties to set up a new supply contract. The cancellation of the existing supply contract with the old supplier should be subject–matter between the customer and the old supplier only and not an obstacle to supplier switch. A withdrawing fee could solve or ease the issue.

23. ERGEG: There should be regulations on the information needed to be able to switch, for instance … metering point ID.

- SAP agrees that all data communication (not only switching related processes) should integrate the metering point ID centric for identification. Within the initial opening phase of a market the metering point ID is not always known by the customer and the ignorance of the ID could be an obstacle to supplier switching. The

initial identification of the metering point ID should be the responsibility of the DSO (in the role of metering point administrator) and provided to the supplier later on.

23. ERGEG: The customer should only need to be in contact with one party, preferably the new supplier when initiating the switch.

- In general SAP shares this point of view. If the customer shall be provided with one single point of contact, the new supplier shall be enabled to accept meter reads and with or without plausibility checks deliver the reads to the DSO. Please refer to comment 15.

27. ERGEG: There need to be clear rules and information in the event of supplier withdrawal. There also need to be clear and common definitions of supplier of last resort and default supplier.
- Currently the concept of customer protection and the definitions of "supplier of last resort, default supplier and concepts of universal service suppliers" vary considerably. How is the supplier of last resort defined and which market participant is responsible? When and how is the role redefined, can the DSO be simultaneously take a role of last resort supplier if the market partner withdrawals from the market. Is there an obligation to accept the role of supplier of last resort and under which circumstances? There seem to be a bundle of open questions and answers are manifold, the variety of rules and models extensive. Examples: Shall it be possible that open claims are transferred to the supplier of last resort in case the old supplier(s) have no means to disconnect any more; should the supplier of last resort be allowed to install pre paid meters to ensure payment in severe cases. For process automation the variety of chosen models and rules should be limited and ideally follow one ERGEG guideline which needs to be designed.