

SUPPLIER SWITCHING PROCESS

COMMENTS IN RESPONSE TO THE ERGEG BEST PRACTICE PROPOSITION

Introduction

Eurogas was pleased to have been able to present to the ERGEG Customer Focus Group its review of customer switching processes in the domestic gas market. We hope that this has stimulated thinking about some of the key principles which should lie at the heart of switching processes, as well as informing regulators about the range of different process approaches which have been considered, reflecting differing industry structures across member states.

Comments

There is much that we agree with in this Best Practice Proposition, which closely matches Eurogas's own views about the need for:

- an easy (and free) switching process from the domestic customer's point of view
- efficient and cheap data exchange
- clear roles and responsibilities for the different market players
- sound market monitoring by regulators and/or other authorities.

We also agree with the need for clarity in what is meant by 'switching' – ERGEG's proposals are helpful.

We would highlight a few points in the ERGEG's Proposition which are perhaps unclear or where we have different views.

Common platform (paragraph 8)

We are unsure what is meant by 'a common platform' for supplier switching in the electricity and gas retail markets. Eurogas has previously noted that while the customer switching experience in gas and electricity may be broadly similar, the underlying systems and processes differ. We do not see that the goal should be a single harmonised system, but we do support the development of common solutions.

In practice this means it is helpful if the customer experience at Member State level is as far as possible similar for gas and electricity and if switching systems over time can converge. More specifically we would support the identification of particular modules which can facilitate convergence.

Hub (paragraph 12) **and Switching Diagram** (paragraph 13)

We consider that the way these sections are drafted does not fully reflect the key role of the supplier as the customer's key point of contact in the switching process. As ERGEG recognise later (in paragraph 23), 'the customer should only need to be in direct contact with one party, preferably the new supplier'.

From the point of view of the switching process itself, suppliers are critically dependent on the DSO, particularly for the maintenance of the necessary supply point data and involvement in most of the dataflows.

A way, however, should be found to describe the role of the DSO, which does not employ the term "hub", given the use of this word in other contexts and the fact that not all data necessarily flows through the DSO. Practices in member states vary, and the DSO does not in all cases request and receive meter readings from the customer, as suggested in the switching diagram.

We suggest that the diagram and wording of paragraphs 12 – 15 are reconsidered, to distinguish between the principal roles of supplier and DSO, while recognizing varying Member States' practices, and especially to avoid the word "hub".

Data quality

Eurogas would wish to see greater recognition of the importance of high quality data to aim successful and smooth switching process. Unless this is recognised by all industry parties and the necessary steps are taken to improve the data on which the industry was able to rely before market opening, errors and dataflow problems will arise which undermine automated switching processes, add cost to suppliers and DSOs and create an unsatisfactory switching experience for the customer.

We therefore suggest two specific changes to the ERGEG wording.

- A slight reordering of para 15: "Metering should not be an obstacle to switching. Records of meter type and functionality should be accurate, and advanced meters which are automatically read should not be a pre-requisite for the customer's eligibility to switch. In a dynamic market..." etc.
- At the end of para 16: an additional sentence "To assist customer switching, profiles and the settlement process should be fair and accurate"

Form of Contract (paragraph 23)

ERGEG refers to there normally being a written contract between the customer and the supplier. There is recognition that contracting should be possible electronically, but no acknowledgement that sales can be concluded by telephone or other means.

However the contract is concluded, we support the point recognised in paragraph 26 about the importance of ensuring high standards of selling practices.

Conclusion

With the exception of the few points above, we warmly welcome this best practice proposition, which successfully covers most of the key issues which need to be right for domestic customer switching.