

Paris, June 16 th

ERGEG

CONSULTATION

DRAFT GUIDELINES OF GOOD PRACTICE ON INDICATORS FOR RETAIL MARKET MONITORING

ERDF's ANSWER

ERDF welcomes the initiative of ERGEG, to propose some “guidelines of good practice”, in order to allow a better monitoring of the retail market of energy.

ERDF agrees on the principles explained in the executive summary of the consultation:
“ (Following full market opening on 1st July 2007),...the purpose of the indicators suggested in the report is to provide an informed basis on which all NRAs can evaluate and assess the development and functioning of their retail energy market”.

According to this general purpose, ERDF would make some general comments, before giving the detailed remarks for each proposed indicator.

- 1- ERDF supports the “General Provisions” mentioned in chapter 2 of the consultation. Particularly, ERDF underlines the fact that these indicators must be applied and utilised by each NRA for relevant market sectors. It means:
 - a. That these indicators are not able to compare results across Europe, due to the numerous differences between the structures and the assets of the several markets and countries.
 - b. Each NRA has to define the relevant markets for the indicators, and in the same time consider the relationships between these indicators for each relevant market, in order to get a real understanding of this market.
- 2- ERDF thinks that the proposal of ERGEG to consider “Market conditions and DSO services” in one single category, cannot give a transparent, efficient and realistic view of the market. Two main reasons create confusing interpretations:
 - a. For some indicators, the reasons of the potential failures can be very different: default of the DSO, of the supplier, (the old one or the new one), default of the customer, etc... With these confused reasons, it will be quite impossible to monitor any improvement of the processes, regulations or objectives, if the origin is not determined.
 - b. Some other indicators are not really linked to the opening of the market, but to national and operational objectives defined by the NRA for the core business of the DSO, whatever is the market. They should be considered in another frame.
- 3- In order to avoid new costs for the customers, the data necessary to define the indicators should be already collected, publicly available, and clearly defined, as well for their content as for the methodology to collect and treat them.

In this frame, ERDF would like to give the following more detailed remarks for each proposed indicator. However, ERDF will focus only on the indicators concerning the distribution responsibility.

page	ERGEG's proposal	ERDF's remarks
------	-------------------------	-----------------------

Customer satisfaction – Indicator 1 : Number of customer complaints

P 16	<p><u>Measurement</u>: Number of customer complaints by category</p> <p><u>Frequency</u> : annually at least</p> <p>Nota : the DSO (and the supplier) are to specify the month in which the complaint was received.</p>	<p>According to its missions, ERDF collects these complaints related to its scope, and pass them to the NRA (CRE) and to the involved suppliers..</p> <p>No remark, subject to the definition of the « categories » of customers.</p>
------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Customer satisfaction – Indicator 2 – Customer inquiries

P 19	<p><u>Measurement</u> : Number of customer inquiries, by category of customer.</p> <p><u>Frequency</u> : annually at least</p>	<p>This indicator seems not to be relevant :</p> <p>In one hand, the definition of « inquiry » will be very difficult to establish in an objective and indisputable way.</p> <p>On the other hand, so many players of the market seem to be concerned that the calculation of the real number of « inquiries » is not reliable.</p>
------	--------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	ERGEG's proposal	ERDF's remarks
--	-------------------------	-----------------------

page

Customer satisfaction : indicator 3

P 20	<u>Measurement</u> : Is there a reliable price comparison website available for customers ?	ERDF not directly concerned.
------	---------------------------------------------------------------------------------------------	------------------------------

Retail market outcomes– Indicators 4, 5, 6, 7, 8

P 23-29	End user price, retail margin, price spread, number of offers	ERDF not directly concerned
---------	---------------------------------------------------------------	-----------------------------

Market structure – Indicators 9, 10 :

P 30-33	Number of active suppliers, market concentration	ERDF not directly concerned
---------	--------------------------------------------------	-----------------------------

Market structure – Indicator 11 : Branding

P 34	<p>Branding <u>Measurement</u> : What percentage of customer is served by a DSO that :</p> <ul style="list-style-type: none"> • Has separate branding from the supply branch of its vertically-integrated undertaking ? • Does not have separate branding from the supply branch of its vertically integrated undertaking ? • Is totally separate from the supplier of that customer ? 	<p>If we refer to the 3rd Directive, saying that an integrated DSO «shall not in its communication and branding create confusion... », ERDF thinks that this indicator is not appropriate, because it doesn't measure the reality of the « confusion ».</p> <p>In fact, the interpretation would be very difficult, depending on some subjective preconception.</p> <p>ERDF has developed an independant communication, which is now clearly recognized by the customers. It guaranties a free, transparent and non discriminatory access to every customer and every supplier, according to a « code of good conduct » controled by the NRA.</p>
------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	ERGEG's proposal	ERDF's remarks
page		

**Market conditions and DSO services Indicator 12 :
Switching rates**

P 36	<u>Measurement</u> : Number of switches for household customers as a percentage of customer numbers.	No remark : the datas can be collected in an objective way.
------	------------------------------------------------------------------------------------------------------	-------------------------------------------------------------

**Market conditions and DSO services : Indicator 13 –
Renegotiations**

P 37	<u>Measurement</u> : Number of renegotiated contracts for household.	ERDF is not directly concerned
------	----------------------------------------------------------------------	--------------------------------

**Market conditiond and DSO services : Indicator 14 – Number
of delayed switches.**

P 38	A delay occurs when the switching time exceeds the nationally stated time frame for the switching process. <u>Measurement</u> : Number of delayed switches	The notion of « delay » must be more precisely defined by each NRA. Indeed, ERDF offers to the customer several options for his wished date of switching, according to his real needs and opportunities. The delay should be measured , taking into account the contractual frame.
------	---------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Market conditions and DSO services : Indicateur 15 – Failure
to fulfil the switch.**

P 39	<u>Measurement</u> : Number of failures in relation to the total switching rate.	Seems redundant with n° 14 ; with the same remarks.
------	-------------------------------------------------------------------------------------	-----------------------------------------------------

	ERGEG's proposal	ERDF's remarks
page		

Market conditions and DSO services - Indicator 16 - Connections

P 40	Connections <u>Measurement</u> : Average time between a connection being requested and completed.	Some concrete and precise definitions have to be given. Indeed, the starting point of the request and the time of full completion shall be clearly defined by each NRA, to avoid any misunderstanding.
------	------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Market conditions and DSO services Indicator 17 – Repairs

P 41	Repairs <u>Measurement</u> : Average time until repair	The global idea can be accepted. But the concrete definition by the NRA should take into account the several existing indicators (SAIFI, SAIDI, ...) as well as the european cooperations and existing works in order to have a common understanding of the efficiency of such indicators. Furthermore, it does not appear clearly that such technical indicator has something to do with the opening of the market.(CF general remark).
------	-----------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	ERGEG's proposal	ERDF's remarks
page		

**Market conditions and DSO services – Indicator 18 –
Relative number of disconnections**

P 42	<p><u>Measurement</u> : number of disconnections/ Number of connections points. Annual report on the total number and the relative number.</p>	<p>ERDF would like to express strong reservations for this indicator. The reasons for « disconnections » can be very diverse : failures on the network, disconnections for works, disconnections required by the supplier, by the distributor, etc...</p> <p>Because of these very different causes, the interpretation of the indicator will be very difficult, and cannot lead to any concrete decision to improve processes or regulations or any other target.</p>
------	----------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Market conditions and DSO services – Indicator 19 –
Maintenance services**

P 43	<p><u>Measurement</u> :</p> <ul style="list-style-type: none"> • Is there a charge for execution of maintenance services ? • Average time taken for execution of MS. • Average charge for execution of MS. 	<p>ERDF does not understand clearly the interest of this indicator :</p> <ul style="list-style-type: none"> • First, the definition of « maintenance services » should be done : maintenance on the network ? on the connections ? on the meters ? on the private disposal ? etc... • These several services are, in France, defined by the NRA ; the NRA defines which service is free of charge, or not ; in this case, the NRA also defines the price and conditions : what will measure this indicator ? • What does this indicator intend to prove ? Quality of service ? Price ? benchmark ? Other ?...
------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------