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Re  
Public consultation E09-RMF-14-04

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Dear Sir, Madam ,

Herewith Liander's reaction to the ERGEG public consultation E09-RMF-14-04:

"An ERGEG Public Consultation Paper on Draft Guidelines of Good Practice on Indicators for Retail Markets"

#### Introduction

Liander is one of the largest DSOs in the Netherlands. We build, maintain, replace and manage the electricity and gas grid in large parts of the country. Our grid supplies the energy to 2.8 million electricity and 2.1 million gas customers. In addition, we facilitate the market by handling over 448,000 switches annually.

In the Netherlands there is a strictly ownership unbundling between network operators and other parties on the energy market (trade, generators and retailers).

Liander has read the ERGEG public consultation paper with great interest. We welcome the work done by ERGEG, and would like to take the opportunity to contribute to the process with this set of comments on the public consultation.

#### Before answering the various questions in the consultation paper, we would like to make some general comments

Liander is a supporter of the existence of a competitive, healthy internal energy market. We believe that a mature market is able to address all the challenges regarding security of supply, reasonable pricing, renewable energy sources and customer satisfaction.

We would like to point out that determining the level and effectiveness of market opening and competition by monitoring retail market indicators is very complex. This is due to the triangular relationship of the market parties involved (DSO, Supplier and Customer). Also the mixture of technical (disturbances, maintenance and power quality issues) and market facilitating aspects (switches, determining indexes, etc) of the market performance makes it difficult to determine an overall figure of effectiveness and maturity of the market.

We would like to point out that good consumer satisfaction and counteracting consumer complaints on the accomplishments of companies are therefore a joint effort of DSO, Supplier and Customer. A clear understanding of the processes of all parties is crucial.

ERGEG has recognised this complexity and suggest 4 area's and 19 indicators. However the interaction between the market parties, the dependency of the parties to each other and the possibility of "gaming" of one of the parties makes the objective evaluation of the outcome of the indicators still complex.

We suggest that besides these 19 indicators, ERGEG should advise the national regulatory authorities that interpretation of the outcome is difficult, dependent of the market processes, market arrangements and of the legal status en legal contracts of all the parties involved. This would also mean that the value of the market indicators is not in the comparison with other member states; however it would enable the NRA to identify trends in its markets.

In response to the general questions mentioned in chapter 1.3

*"Do ERGEG's suggestions provide a comprehensive approach to assessing market development?"*

We believe that these 19 indicators will provide insight in the effectiveness and market opening at retail levels, however if these indicators would also provide the same insight at wholesale level is doubtful.

*"if any indicators should be left out of the final recommendations";*

We would like to point out that the disadvantages of collection and classification (costs, administration, etc) of the indicators should be balanced with the potential benefits. Therefore we prefer a simple system with few indicators.

*"if any indicators you think are insightful are not present";*

This is already an extensive list of indicators. National situations within the member states should be in the lead to determine the exact indicators necessary to the market within the member states.

*"if any indicators should be measured differently";*

The measurement of indicators is strongly connected to the specific market design and processes in the member states; we do not have any recommendation to this point.

*"in the light of national circumstances among other things, if suggested frequencies for collection are appropriate and feasible";*

The measurement of indicators is strongly connected to the specific market design and processes in the member states; we do not have any recommendation to this point.

*"if there is any indicator for which the results should be published in an unaggregated form, thus naming the individual energy company"*

We believe that the publication of information about the performance of individual company's is helpful in determining the level and effectiveness of market opening and competition. The "naming and shaming" of company's can improve their market response. However we would like to point out that the outcome of many indicators are not the sole responsibility of single company's.

In response to the specific questions mentioned in the consultation document.

As we are a DSO we limit our response to questions related to chapter 7 "Market condition and DSO service".

**INDICATOR 12: Number of switches for household customers as a percentage of customer numbers**  
Liander's reaction to indicator 12.



In our view this indicator alone provides some insight of market performance. Although the interpretation of this indicator is dependent of the type of market, the number of suppliers, etc within the member states. Also the type of switches (consumers switch, residential move or changes in the portfolio of holding company's by transferring groups of consumers from one entity to another) can influence this indicator.

*INDICATOR 13: Number of renegotiated contracts for household customers*

Liander's reaction to indicator 13.

Is this a DSO indicator? The explanation on this point suggest it is a supplier indicator.

*INDICATOR 14: Number of delayed switches*

Liander's reaction to indicator 14.

In our view this indicator alone provides insufficient insight of market performance. Important is to exactly know why there are delay's and not necessarily the amount of delayed switches. Switches is a complex process that requires the effort of consumers (delivering the index of the meters), supplier (breaking up the old contract and setting up a new contract) and DSO's (providing information on the connection).

*INDICATOR 15: Number of failures in relation to the total switching rate*

Liander's reaction to indicator 15.

In our view this indicator alone provides insufficient insight of market performance. Important is to know why there are failures. As stated at indicator 14 switching is a complex process that needs precise information from three stakeholders. If for whatever reason wrong the information is provided the switch fails, it therefore is not an indicator of an efficient market but an indicator how efficient the switching process is.

*INDICATOR 16: Average time between a connection being requested by a customer and completed*

Liander's reaction to indicator 16.

The performance of individual company's regarding the time necessary to build a connection is not helpful in determining the level and effectiveness of market opening and competition. It is an indicator of the effectiveness and organizational skills of that company. The completion time is also dependent on the timing of the request.

*INDICATOR 17: Average time until repair*

Liander's reaction to indicator 17.

The performance of individual company's regarding the time necessary for repairs is not helpful in determining the level and effectiveness of market opening and competition. It is an indicator of the effectiveness and organizational skills of that company.

*INDICATOR 18: Relative number of disconnections*

Liander's reaction to indicator 18.

The performance of individual company's regarding the number of disconnections is not helpful in determining the level and effectiveness of market opening and competition. This indicator is strongly linked to the economic circumstances within the member states and the payment discipline of the consumer involved. We would like to point out that in some member states it is prohibited to disconnect in winter, seasonal patrons are common in the number of disconnections.

*INDICATOR 19: Is there a charge for execution of maintenance services? (Y/N); Average time taken for execution of maintenance services; Average charge for execution of maintenance services;*

Liander's reaction to indicator 19.

In our view this indicator provides insufficient insight of market performance. Charges for maintenance can be part of the regulated allowed turnover of DSO's. Public service obligations regarding the quality of service usually sets a certain response time to repairs/maintenance services.

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We hope that you find this response helpful. Please do not hesitate to contact us if you would like to discuss any of the issues raised in more detail.

Kind regards,

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