



CEDEC POSITION PAPER

ERGEG Best Practice Proposition Supplier switching process

CEDEC – representing local energy companies at European level – participated in ERGEG's Customer Focus Group in October 2005 and welcomes the integration of several elements it proposed at that occasion, in the ERGEG Best Practice Propositions on the Supplier switching process.

CEDEC generally agrees with the different recommendations made by ERGEG for the supplier switching process, but would nevertheless like to communicate some remarks and observations on the two strategic priorities ERGEG has identified :

1. Promote easy, cost efficient and standardised switching and activating/deactivating procedures

The possibility for customers to switch to a new supplier within a short but reasonable period of time and without obstacles and disadvantages for the customer is indeed an essential pre-requisite for a functioning and efficient market.

Nevertheless, to avoid unnecessary administrative burden and the associated costs for DSO's and suppliers, "re-switch" should not be allowed too fast. The time to switch should be compatible with consumer rights : not too long, not too short.

The switching process IT infrastructure should preferably be managed by the Distribution system operators (DSO), who has primary access to customer data. A strict application of internal market rules as laid down in the energy directives, should avoid that distribution system operators, who are part of a vertically integrated enterprise, make supplier switch more difficult when a customer chooses for a supplier which does not belong to his vertically integrated company.

In some countries, the metering activities are exposed to competition. Exposing metering activities to competition (instead of leaving it in the hands of the regulated and neutral DSO) brings of course the risk that a supplier – or his subsidiary – will obtain primary access to and thus control over customer data.

Therefore, CEDEC insists that the metering activity is kept or brought back under the responsibility of the DSO.

The control of gas meters by DSO's is equally important from a security point of view.

Metering can also become an element of security of supply for the overall network. By means of so called intelligent meters, a blackout of the network can be avoided by a contractually agreed interruption of supply with specific customers. This is another argument which pleads in favour of keeping or bringing the metering activity under control of the DSO.

2. Ensure customer confidence and sound monitoring systems

Protection (rules and measures) against misselling is needed to safeguard customers from unprofessional market players. Some switches are sometimes carried out without the knowledge of the customers, what raises the question of legal safety for the customer.

CEDEC is in favour of a code of conduct signed and respected by all suppliers.

Energy regulators can give information on switching rates, price advantages when switching, market shares of suppliers, etc.

The information should be available for various customer groups, also on the internet.
