European Regulators Group for Electricity & Gas

Status Review
Supplier Switching Process
Electricity and Gas markets

Five case studies

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1. Introduction

In 2007, the electricity and gas markets in EU Member States were opened up to competition. Since 1st July 2007, all customers are eligible to switch supplier in both the electricity and the gas markets. Customers can also take part in the free market by renegotiating the terms and conditions with their existing supplier.

A well-functioning market needs well-informed and active customers with a strong position. It is important that the markets are organised in such a way that customers have easily accessible information about suppliers and their offers. It is also important that the actual switch is simple to carry out for both for customers and suppliers. In 2006, ERGEG published recommendations and basic principles for the supplier switching process in the retail electricity and gas markets.[1] In 2007 and 2008, ERGEG also published 2 reports focusing on the obstacles to supplier switching in the gas and electricity retail markets, respectively.[2]

While some countries have more than a decade of experience with an open market, other Member States have had regulated markets until quite recently. Sharing experiences is an important tool for improving national markets. This report will focus on good examples, which could be an inspiration for regulators in countries where the market is still developing.

The report covers case studies both in the electricity retail market and gas retail market. Thereby, it is possible to observe differences in the supplier switching process between the electricity and the gas markets.

[1] ERGEG, "Supplier Switching Process – Best Practice Proposition" (E05-CFG-03-05).

[2] ERGEG, "GGP and Status Review – Obstacles to Switching in the Gas Retail Market" (E06-CSW-05-03) and "Obstacles to Supplier Switching in the Electricity Retail Market - Guidelines of Good Practice and Status Review" (E07-RMF-06-03).

2. Executive Summary

All consumers in the EU have the right to choose their supplier since the 1st July 2007, both in the electricity and gas markets. ERGEG has developed on guidelines for good practice (GGP) for the supplier switching process in order to facilitate well-functioning retail markets. In its GGP, ERGEG identified two strategic priorities for the supplier switching process. These are (1) promote easy, cost efficient and standardised switching and activating/deactivating procedure and (2) ensure customer confidence and sound monitoring systems.

This report monitors the transposition of supplier switching Best Practice Propositions (BPPs) in the electricity and gas retail markets. The report is based on five case studies. Five countries where improvement of the supplier switching process has recently been implemented or is underway have been identified as case studies, namely Austria (electricity and gas), France (electricity and gas), Romania (electricity and gas), Spain (electricity) and Sweden (electricity).

The supplier switching process is legally binding in all case study countries except in Spain where only key points of the process have been included in the legislation. A standardised supplier switching process is applied in all the case study countries. However, in Romania the process is not yet applied for household customers.

The customer should only need to be in direct contact with one party, preferably the new supplier, when initiating a switch. This is the case in most case study countries. In Romania, the customers might also have to contact the current supplier.

The amount of information needed to switch supplier varies in the countries. In Austria, name and address is sufficient, if the facility can be clearly identified with this information. In Spain, more data is needed to be able to switch supplier. The required information in Spain is name, address, customer ID, metering point ID, contract code, contract type and characteristics and owner of the control and metering device.

The duration of the switching process varies between 15 days to two months in the electricity market and between 15 and 75 days in the natural gas market. Austria and France have the same duration for the switching process in both the electricity market and gas market. In Romania, however, the duration of the switching process is longer in the gas market than in the electricity market. Restrictions regarding the dates when a switch can take place are found in Austria and Sweden, where a switch can only be carried out on the 1st of each month. The other case study countries have no restrictions regarding when the switch can take place.

Regulated prices are found in France, Spain and Romania. It is possible for the customer to return to the regulated market in the French and Spanish electricity markets and in the Romanian electricity and gas markets. However, in the Romanian electricity market there is a restriction and the customer can only return to the regulated market twice. In the French gas market, customers in the free market cannot switch back to regulated tariffs.

The supplier switching processes in the electricity and the gas markets in the case study countries are comparable. However, some minor differences regarding supplier switching between the electricity and the gas markets can be observed.

3. Supplier switching process – Best Practice Proposition

ERGEG defines switching supplier as the action through which a customer changes supplier; for instance, a switch is essentially seen as the freedom (by choice) to change supplier for a specific supply or metering point and the volume of energy associated with it.

ERGEG published recommendations and basic principles for the supplier switching process in the report "Supplier Switching Process – Best Practice Proposition" and in the reports "GGP and Status Review – Obstacles to Switching in the Gas Retail Market" and "Obstacles to Supplier Switching in the Electricity Retail Market - Guidelines of Good Practice and Status Review".[3] ERGEG has identified two strategic priorities for the supplier switching process. These are (1) promote easy, cost efficient and standardised switching and activating/deactivating procedure and (2) ensure customer confidence and sound monitoring systems. In addition, ERGEG has set out some basic guidelines:

- The customer's right to switch supplier should be statutory;
- The process of switching supplier has to be easy from the customer's point of view and the customer shall not pay any direct fees for changing supplier;
- The process of data exchange has to be cost efficient and standardised for the suppliers and the distribution system operators;
- Clear roles and responsibilities among actors are of vital importance throughout the entire procedure;
- The switching period should be as short as possible. There should not be any unnecessary obstacles for switching from the customer's point of view;
- The customer should only need to be in direct contact with one party, preferably the new supplier, when initiating the switch;
- There should be easy access to relevant and correct information for the customer prior to switching. The regulator or some other competent body should ensure the availability of a list of alternative suppliers;
- Regulators and/or other authorities should ensure sound market monitoring. Information about various market indicators should be available in order to make national analyses and comparisons between countries and markets. Harmonisation on the definitions of switching and the statistics needed should be sought across markets and countries.

[3] Report E05-CFG-03-05, E06-CSW-05-03 and E07-RMF-06-03. *http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Customers*

4. Case studies

Five countries where improvement of the supplier switching process has recently been implemented or is underway have been identified as case studies in this report. The case studies presented are: Austria, France, Romania, Spain and Sweden. The supplier switching process is described with respect to ERGEG's best practice proposition and GGP. For Austria, France and Romania both the electricity market and gas market are described. For Spain and Sweden, only the electricity market is described. In addition, the supplier switching process in Norway is briefly described.

4.1. Austria

General information
According to the balance group system introduced in Austria in 2001, each market participant must be a member of a balance group. Therefore, each supplier has to join a balance group or set up his own balance group. The balance group representative (BGV) represents all members of a balance group externally and also bears the commercial responsibility for the balance group.

The supplier switching process requires either four weeks (20 working days) or six weeks (30 working days). If the switching request is transmitted 30 working days before the planned switching date, incomplete records can be amended by the new supplier and the change of supplier can still be carried out for the appointed date. If the announcement of the switch is carried out 20 working days before the planned switching date, such completion of records is not possible. If there are incomplete or faulty records, the switching request will be rejected for the intended switching date.

Since 1st January 2007, it is sufficient to indicate the consumer's name and address for a switching request if the facility to be switched can be identified clearly by means of this data. However, registration solely with name and address can only be carried out within the six weeks period. For the four weeks period, the indication of the so-called metering point identification number is obligatory.

A switch can only be carried out on the 1st of each month. The Austrian regulator, Energie-Control GmbH, publishes annually an overview of all possible dates for a switch and the deadlines for suppliers to send the transfer register to the grid operator on E-Control's website.

Evaluation of consumption
The meter value on the date of the switch is estimated by the grid operator on the basis of the customer's last annual consumption for those customers whose consumption is not measured via load profile meter. Alternatively, the customer may also carry out the meter reading him/herself and communicate the data to the grid operator. The grid user, the new or the present supplier may also request a meter reading by the grid operator. The meter reading will be charged to the person who has demanded the meter reading.

Invoice
During the course of the supplier switch, the customer receives a final invoice of his consumption for the period from the last invoice up to the switching date.

Switching Process

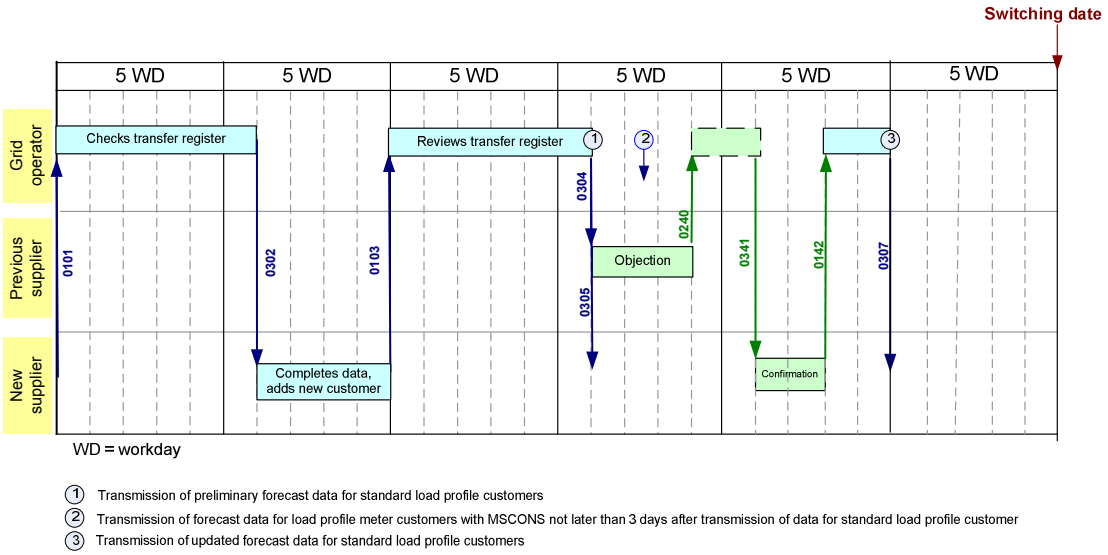

Figure 1: Time limits and deadlines in the supplier switching process in the Austrian electricity market.

The process of switching supplier is divided into two phases:

- switching of supplier
- objection due to civil law reasons

A switch with address and name only can only be implemented in six weeks.

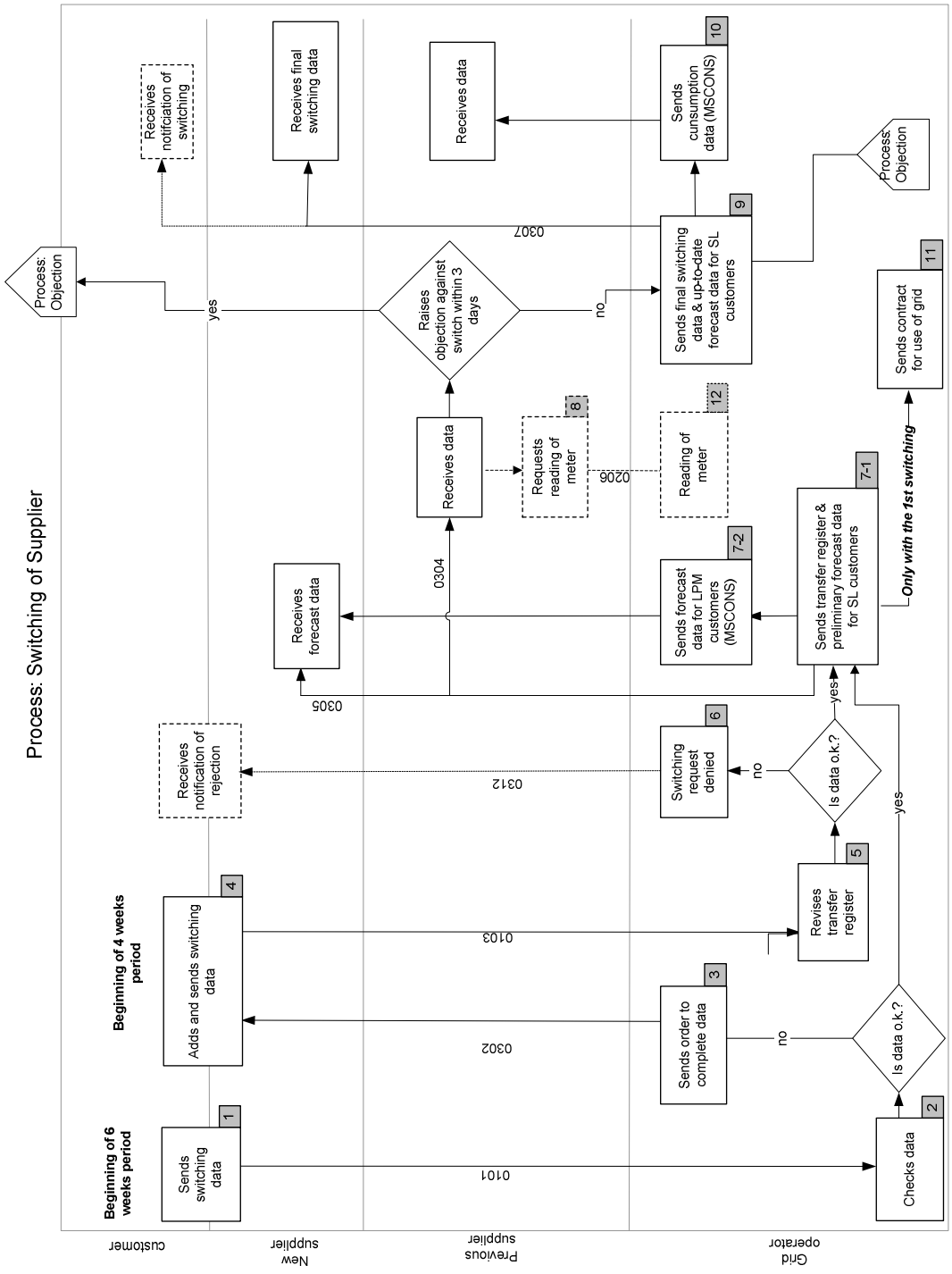

Figure 2: The supplier switching process in the Austrian electricity market.

Supplier Switching in Austria - Timeline

Ref.	Date	Action	From	To	Required information
1	Up to 30 working days before the switching date[4]	Start of the 6 weeks switching period Announcement of customers switching the supplier. The request for a meter reading has to be stated by either the customer or the supplier together with the announcement of the switch.	new supplier	grid operator	Switch announced by supplier: • transfer register • customer's scanned authorisation Switch announced by customer: • data according to transfer register • confirmation of supply agreement
2	Within 6 working days	Verifying whether data sets can be identified and if they are complete, and correct. Unidentifiable, incomplete or faulty data sets are rejected. Identified and accepted data sets are transferred by the grid operator into the 4 weeks switching period. From the switching date January 1st 2007, the switch can also be registered with the indication of name and meter address. As long as the metering point can be identified clearly due to this data, these sets shall not be rejected.	grid operator		
3	24 working days before the switching deadline	Request for completion or correction of the switching data	grid operator	new supplier	

[4] switch can only be carried out on the first day of a month at 00:00

4	Up to 20 working days before the switching deadline	Start of the 4 weeks switching period: Announcement of customers switching the supplier (new and revised data sets) Data sets which were already transmitted before and which have been identified by the grid operator do not need to be sent again by the new supplier. Data sets which were already transmitted but were returned by the grid operator have to be re-transmitted after completion or revision. The request for a meter reading has to be stated if required together with the announcement of the switch.	new supplier	grid operator	Switch announced by supplier: • transfer register • customer's scanned authorisation Switch announced by customer: • data according to transfer register • confirmation of supply agreement
5	Within 6 working days	Checking switching data. If data is incomplete or incorrect or can not be identified clearly, the switch will not be carried out on determined day.	grid operator		
6	6 working days from beginning of switching period	Optional: Information about rejection of switch due to incomplete data.	grid operator	new supplier	• Transfer register with comment: no switch
7-1	Not later than 14 working days before the switching date	Transmission of the switching information to previous and new supplier. At the same time, transmission of the forecast data and announcement of the standardised load profile for SL customers[5] to new supplier. Provide Metering Point Identification Number if necessary.	grid operator	previous supplier new supplier	To present supplier: • Transfer register: without consumption value To new supplier: • Transfer register: with consumption of preceding year for SL-customers, type of load profile, grid level, time of annual reading

[5] SL-customers: customers who were assigned a standardised load profile

7-2	Not later than 11 working days before the switching date	Transmission of forecast data for customer with load profile meter via MSCONS	grid operator	new supplier	• data of load profile meter of last 12 months
8	Within 5 working days upon receipt of the switching data	If meter reading is requested the present supplier has to announce this intention to the grid operator	previous supplier	grid operator	• Transfer register
9	Not later than 5 working days before switching deadline Reading data within 15 days after reading, if requested	Transmission of definite list of switching customers; including updated forecast data for SL customers to new supplier. If new supplier requested a meter reading, obtained data has to be transmitted within 15 days	grid operator	new supplier	<u>To new supplier:</u> • Transfer register • incl. updated consumption of preceding year for SL-customers
10	Within 15 working days after switching date.	Transmission of consumption data to the previous supplier via MSCONS.	grid operator	previous supplier	• Consumption data in MSCONS format
11	Immediately upon receipt of the entire switching data	Sending grid contract to customer for signing	grid operator	costumer	• Grid contract
12	+/- 10 working days around switching deadline	Meter reading	grid operator	customer	

Table 1: Timeline of switching process in Austria

Process of objection against supplier switching due to civil law reasons
The old supplier can raise an objection to the switch due to civil law reasons. The process is described below.

Ref.	Date	Action	From	To	Required Information
1b	Up to 3 working days upon receipt of switching data	Possibility to raise objection to switch due to a valid contract. Reason and time of termination of the contract have to be written down in the comments box The objection is forwarded by the grid operator (as passage) to the new supplier.	Previous supplier	grid operator	Transfer register with objected customers.
2b	Within 2 working days upon receipt of objection	Forwarding objection to new supplier	grid operator	new supplier	Transfer register
3b	Within 2 working days upon receipt of objection	Sending a declaration of intent (rejects objection) or acceptance of objection by new supplier to grid operator. If switch is approved, the grid operator has to carry out the switch.	new supplier	grid operator	Transfer register
4b	Immediately upon receipt of notification of acceptance of objection or expiry of term	Notification to all involved parties that the switch will not be carried out	grid operator	previous supplier new supplier	To present supplier: Transfer register comment: no switch To new supplier: Transfer register comment: no switch
5b	Immediately upon receipt of confirmation of intention to switch	Information to previous supplier that switch will be carried out	grid operator	Previous supplier	Transfer register: without consumption values comment: switch will be carried out

Table 2: Process of objection against supplier switching due to civil law reasons

Data Format
The communication between supplier and grid operator is based on a so-called transfer register which is a standardised Excel file with a strictly defined format and cell content. The information has to be transmitted via e-mail in CSV format. The transfer register contains all relevant switching information, including: name, address, metering point identification number[6] and consumption. The transfer register is available for download on E-Control's homepage (www.e-control.at).

A 4-digit transaction number used in the file name of the transfer register gives information about the contents of the file. The first number defines the type of switch, the second number determines the sender of the transfer register and the third and fourth numbers give information about the transaction.

[6] The metering point identification number, which allows a unique identification of each metering point in Austria, is a 33-digit number which is allocated by the grid operator and has to be stated on the electricity bill.

Examples of Transaction Code:

Transaction Number	Transaction
0101	Sending transfer register from new supplier to grid operator
0304	Switching information from grid operator to old supplier
0305	Switching information from grid operator to new supplier

Table 3: Examples of transaction code.

General information – the gas market
The switching process is similar to the one in the electricity sector.

The supplier switching process requires either four weeks (20 working days) or six weeks (30 working days). If the switching request is transmitted 30 working days before the planned switching date, incomplete records can be amended by the new supplier and the change of supplier can still be carried out for the appointed date. If the announcement of the switch is carried out 20 working days before the planned switching date, such completion of records is not possible. If there are incomplete or faulty records, the switching request will be rejected for the intended switching date.

Since 1st June 2007 it is sufficient to indicate the consumer's name and address for a switching request if the facility to be switched can be identified clearly by means of these data. However, registration solely with name and address can only be carried out within the six weeks period.

Evaluation of consumption in the gas market
The meter value on the date of the switch is estimated by the grid operator through a standardised load profile. If the consumer informs the grid operator five work days before until five work days after the switch about the value of the meter reading, the grid operator has to draw on the value reported.

Switching process in the gas market
The process of switching a supplier is divided into two phases:

- switching of supplier
- objection due to civil law reasons

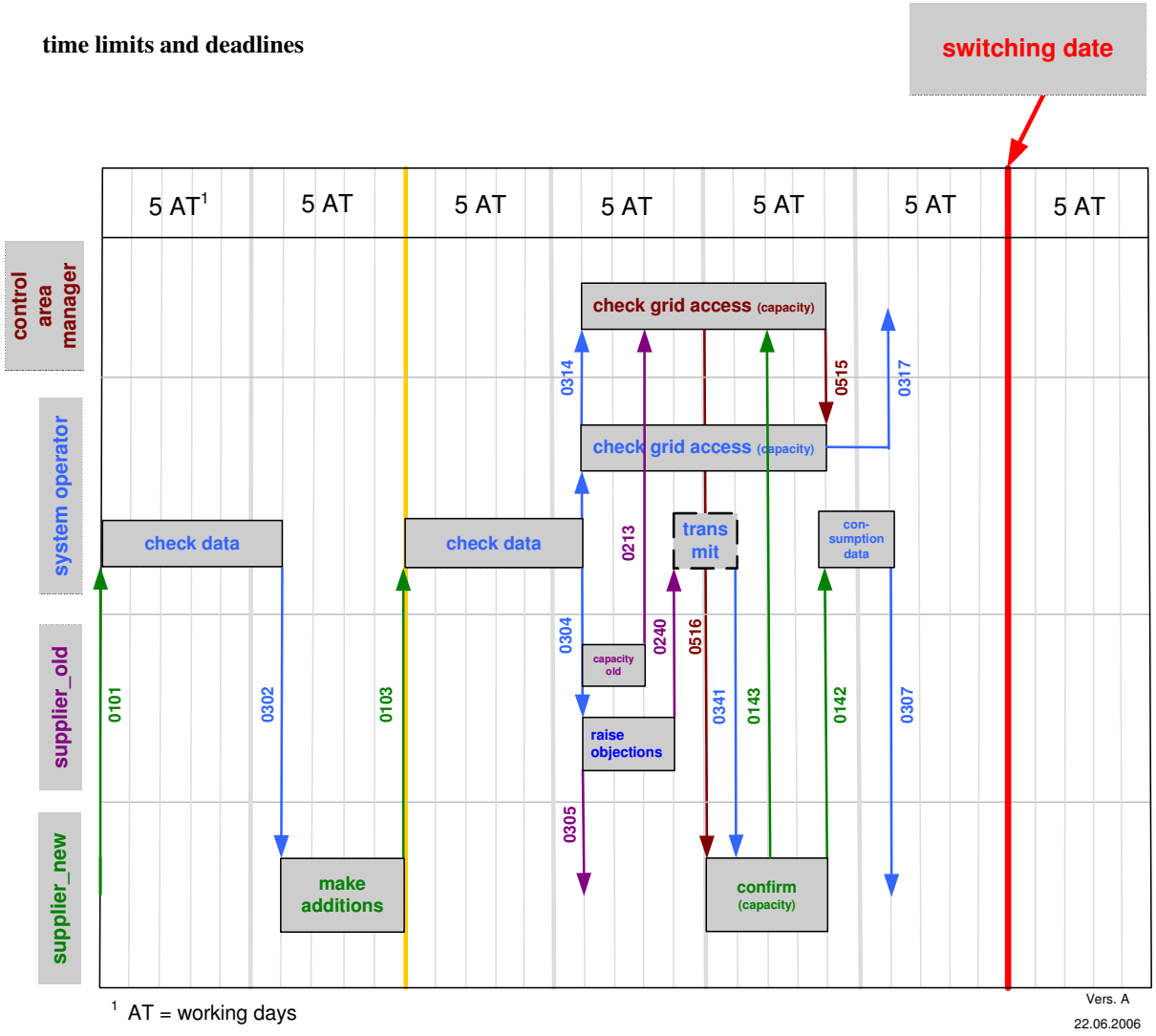

Figure 3: Time limits and deadlines in the supplier switching process in the Austrian gas market.

Regulator's view

A huge problem in Austria is the estimation of consumption for customers switching their electricity supplier. No consistent model exists for the whole market, so each DSO does the estimation by using his own model, which leads to high discrepancies in the market. E-Control is aware of this problem and is working on a standard estimation model. In the gas market, there is already a standardised estimation model.

To date, the data exchange within the supplier switching process is based on standardised Excel files which have to be transmitted via e-mail, which makes the switching process complex and time-consuming. For this reason, this is one of the challenging issues for E-Control in the future.
No consistent process exists for moving and new grid connections. It is now the case that those customers are mostly automatically supplied by the local player. This process can hinder effective competition.

4.2. France

Brief description of the energy market
Since July 2007, the French energy market is fully opened to competition after the opening-up for non-household customers had been achieved in 2004.

In 2008, there were 10 electricity suppliers, 4 gas suppliers and 3 dual fuel suppliers, for the household market. Figures are the same for the small non-household market, except for gas for which there are 6 suppliers. Bigger customers (industrial) have a larger choice.

At the end of May 2008,

- Electricity, 344 000 non-household customers of a total of 4 700 000 (≅ 7 %) had switched suppliers, and 221 000 household customers of 29 500 000 (≅ 0.7 %) had switched suppliers. After a very slow beginning, the pace for electricity supplier switching is dramatically increasing for household customers (monthly flow of 50 000 customers exercising their eligibility for May 2008).

- Gas, 83 000 non-household customers of 680 000 (≅ 12 %) had switched suppliers, and 175 000 household customers of 10 800 000 (≅ 1.6 %) had switched suppliers.

Types of offers
Two types of supply offer exist side by side: regulated supply tariffs and market supply prices. Incumbent suppliers may offer both regulated and market prices.

Possibility to return to the regulated market
As far as regulated electricity and gas tariffs are concerned, the law allows their continuation at sites which already benefit from the tariff. The law of 5th March 2007 stipulates that new consumption sites connected to the network before 1st July 2010 may benefit from a regulated tariff, except for professional sites in gas. Furthermore, the law of 21st January 2008 allowed residential customers to benefit from a regulated tariff, when moving, even if the previous occupant of the site had a contract at market price. This law also introduced the reversibility of supplier switching in electricity, allowing sites for which a contract at market price was established, more than 6 months ago, to change it back to another one with regulated tariffs.

The supplier switching process
As a customer-oriented process, the supplier switching process applies in the same way both for electricity and gas. SMEs benefit from the same conditions as household customers. There is only one main difference between the two market segments: there is no interruption of supply for household customers during moving in (in every case in electricity), except if the new occupant of the house is not already known by the DSO (for safety reasons, in gas only).

Setting up and improving the supplier switching process
Standard procedures were drawn up to organise the methods for switching suppliers. Some of these procedures are defined by law (e.g. the law of 7th December 2006 provides elements for the duration of the switching process). The other parts have resulted from a consultation process between various stakeholders and are considered to be self-binding practices.

The supplier switching process has indeed been defined by the French regulator (CRE) through deliberations, based on the deliverables of *ad hoc* consultation bodies (created in 2003), consisting of representatives of the respective market players (suppliers, network operators and customers).

Any change in updating or improving the supplier switching process shall be submitted by the DSOs to the other market players and the regulator for consultation. Any request for changing this process can be initiated by the regulator, DSOs, customers or suppliers. DSOs and suppliers shall keep record of any problems caused by the current procedure and report them yearly and at its request to the regulator. It is the regulator's wish that any change should be conducted in a transparency manner and through a consultation process.

CRE's objective was for the process of switching supplier to be easy, quick and free of charge.

The various stages in the supplier switching process – Easiness
The customer only needs to contact his new supplier and provide it with his contact details (name, address), and, preferably, the network identification number (compulsory information to be displayed on the invoice). The subscription can be made in writing, by phone or on the internet.

The customer does not need to contact his former supplier, i.e. the customer does not have to formally rescind the former contract. If customers do not know the identification number of the premises (e.g. when moving in), suppliers can get it from the DSO. This type of request will become rare as DSOs have been forced to give suppliers the entire list of network identification numbers with address details (address, floor, staircase…).

Within the framework of a single contract covering both the conditions for energy supply and for its transportation by the public distribution system operator, suppliers can be switched in the following way:

1. Customers conclude a contract with their new supplier and sign a 'certificate for switching supplier'.

    - In most cases, this certificate is attached to the new supply contract. It is therefore held by the new supplier and does not need to be communicated to the DSOs in order not to overburden the exchange of information.
    - The customer and the new supplier agree on the consumption index to serve as a basis for the new supply contract (either the supplier arranges a meter value reading meeting between the relevant DSO and the customer, or an estimated index is calculated by the relevant DSO based on historical consumption or on self-reading by the customer).

2. The new supplier informs the DSO of the customer's desire to switch supplier.

    - For household customers, the consumer code provides for a retraction period of 7 days in cases of canvassing or distance selling. Information on switching supplier is only given to the DSO once this period has elapsed. It is part of the new supplier's responsibility to make sure this condition is fulfilled.

3. DSOs acknowledge receipt of the application :

    - they check admissibility of the application (consistency of technical information);

- then they inform the customer's current supplier.
-

4. DSOs estimate the customer's index for switching :

   - they send the indices to the current supplier on the date suppliers are switched along with the invoice for the corresponding amount ;
   - they send the same indices and the initial invoice corresponding to the fixed part of the grid tariff to the new supplier.

Some DSOs impose additional obligations on their customers: some systematically demand the "certificate for switching supplier", signed by the customer, from the new supplier, others carry out a special meter reading, invoiced to the new supplier.

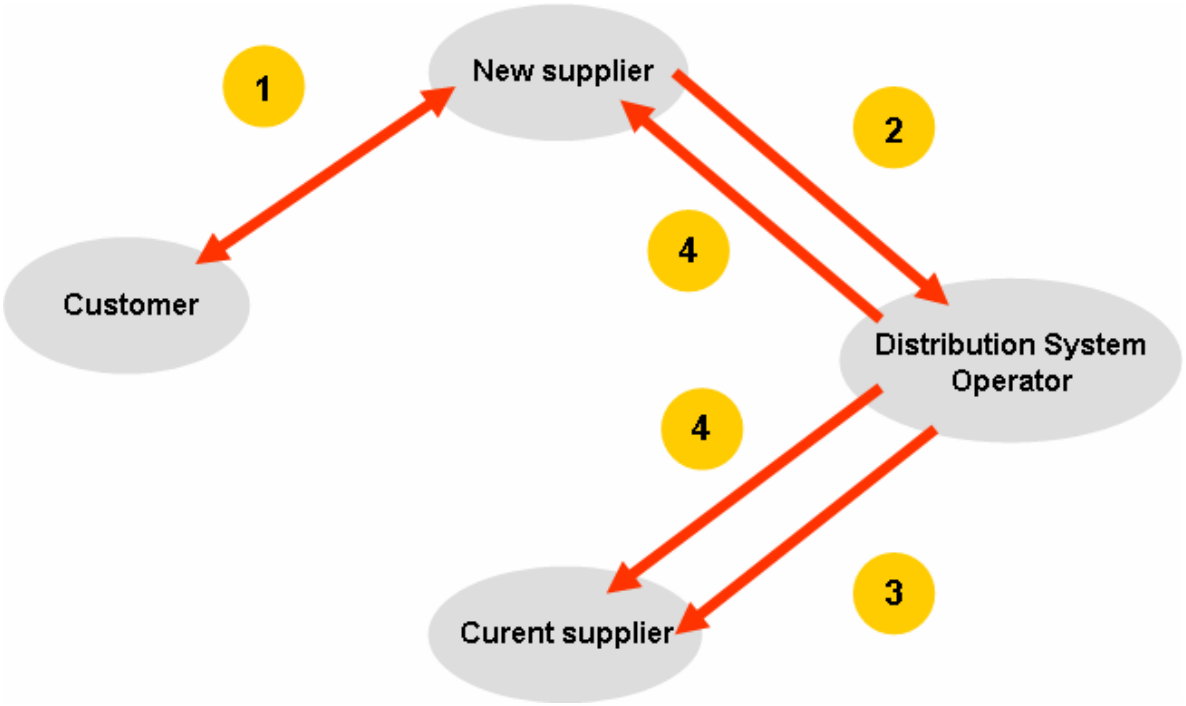

Figure 4: Procedure for supplier switching in France

Possible objection against supplier switching
The DSO may object to an application to switch supplier if:

- a previous application to switch supplier is already underway;
- fraud has been observed on the metering equipment;
- it has been given erroneous data.

The former supplier cannot oppose the switch (even in cases of debt).

Methods for termination and timeframe – Quickness
The Law of 7th December 2006 inserting article L.121-89 in the consumer code indicates for household customers that "in the case of switching suppliers, the contract is legally terminated on the date that the new energy supply contract takes effect".

The technical duration of the switching process is 21 days minimum.

The process of switching supplier, without modification of the metering equipment, can take place whenever the customer wants it to (still with a minimal processing period of 21 days). This provision already applied for gas and has been extended to electricity since July 2008.

The new supplier may also ask for the switching to take place at another date within the following timeframes:

- the 1st of the month following the application if it was made before the 10th of the month ;
- the 1st of the second month following the application if it was made after the 10th of the month.

Metering arrangements and settlement procedure
The former supplier receives information about (and prior to) the switch by the DSO. When the switch takes place, the former supplier receives information about meter reading. The DSO is responsible for metering operations: it provides both the former and the new supplier with an estimation of the switching index. Ideally, the customer reads his meter on the subscription day (and gives it to the new supplier) and this self-reading is used by the DSO to calculate the switching index which will be used for the switch (21 days minimum after the subscription). The method used by the DSO is public and available on the internet[7].

The DSO provides the new supplier with the historical consumption data.

Data format exchange
Definition of standardised process of data exchange was put on the agenda of the working groups set up by the French regulator. This process, and the corresponding common messages, has been adopted by the main DSOs (95 % of customers). For instance, the main DSO offers a multi-channel communication system to suppliers: extranet portal, xml messages, FTP, e-mail, etc.). But uncertainty remains for the smaller DSO's (160 for electricity, 20 for gas).

Through its decisions and by monitoring the working groups, the French regulator ensures that suppliers have enough information to build their information system. DSOs must define their IT upgrades taking into account the suppliers' wishes, and give a precise overview of these upgrades at least 6 months in advance.

Confidentiality agreements
DSOs shall not communicate to any supplier the identity of the new or the former supplier. DSOs shall not disclose to the new supplier any information regarding the customer's previous supply contracts.

DSOs shall keep record of customers' past meter values (5 years mandatory record keeping) and put them at customers' and suppliers' disposal (for suppliers it applies only for periods of time they had a contractual relationship with the customer).

[7] http://www.erdfdistribution.fr/fichiers/fckeditor/File/ERD/PDF/modifsV3/pro_cf%2091E.pdf

Costs related to supplier switching
Supplier switching is by law free of charge for household customers. The law 2006-1537 of 7th December 2006 inserting article L.121-89 in the consumer code says that "the supplier may only bill the customer for the costs effectively borne for termination, either directly or by intermediary of the grid operator, providing that these expenses were explicitly stated in the contract and are duly justified. No other costs may be claimed from the customer for the sole reason of switching supplier."

Some DSOs actually charge the costs related to household customers' supplier switching to the new supplier.

For electricity and for non-household customers, the law 2005-781 of 13th July 2005 of the programme setting out the energy policy guidelines amends the rules governing payment of services provided for switching supplier.

Article 83 stipulates that, when eligible customers take up their eligibility for a site and switching supplier, "their current contracts at the regulated tariff regarding electricity supply from this site are legally terminated. This termination may not give rise to any compensation whatsoever".

However, "when this termination occurs within one year following a modification, made at the customer's initiative, to the subscribed power in the contract, Electricité de France or the non-nationalised distributor concerned shall be entitled to compensation corresponding to the sum of fixed premiums due for the electricity actually consumed".

Finally, "when customers who have already exercised their eligibility switch supplier for a second time, they alone are liable for the costs incurred by this change, particularly to the operator of the grid to which they are connected".

For gas and for non-household customers, the applicable rules are still contained in Article 3 of Law 2003-8 of 3rd January 2003 defining joint rules for the internal natural gas market which provides that "if an eligible customer exercises eligibility for a site the supply contract […] for this site, concluded at regulated prices is legally terminated without giving rise to any compensation whatsoever".

Customer confidence and market monitoring
Some of the effects of the transposition of the Annexes A of the 2003 Electricity and Gas Directives[8] are listed below:

- The customer's right to switch supplier is guaranteed by the law and is free of charge;
- Customers are free to switch without paying any penalty, even if this action terminates a fixed-period contract (for household customers);
- Suppliers have to inform their consumers at the latest one month before any contractual changes;

[8] Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity, Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas

- Invoices must present compulsory items such as network identification number, historical (previous year at least) data consumption, date of contract termination…;
- Suppliers must provide customers with complete and precise pre-contractual information.

Pre-contractual requirements listed in Annex of the 2003 Directives oblige all suppliers to inform potential customers of their rights (this list was amended by the law of 4th August 2008). Namely, customers must receive information on:

- the identity and address of the supplier;
- the services provided, the service quality levels offered, as well as the time for the initial connection;
- if offered, the types of maintenance service offered;
- the means by which up-to-date information on all applicable tariffs and maintenance charges may be obtained;
- the duration of the contract, the conditions for renewal and termination of services and of the contract, the existence of any right of withdrawal;
- any compensation and the refund arrangements which apply if contracted service quality levels are not met;
- and the method of initiating procedures for settlement of disputes.

The French regulator has designed a dedicated website (*www.energie-info.fr*) where household (and, from June 2008, small non-household) customers can find general information on the energy markets, thematic leaflets, Q&As and the suppliers' list (with contact information and links to the offers). The content of this website was elaborated by the working groups the regulator created in 2003, to which customer representatives have brought a great contribution. Customers who do not have access to the internet can call a dedicated phone number (0 810 112 212).

In addition, customer representatives and suppliers have designed together a standardised offer presentation leaflet[9] (examples can be found on the suppliers' list[10]), where customers can find all the essential items to compare and to make their choice. Incumbent suppliers sent a general information leaflet (designed by the regulator) about the open energy market with their bills.

Based on data provided by the DSOs, the regulator ensures some level of market monitoring. The public statistics[11] include: number and type of customers who have left the regulated tariffs, according volumes of energy, market share of alternative suppliers, number of sales. The quality of DSO service is also monitored (though non-publicly released). An informal review of mass market offers is also undertaken on a regular basis.

[9] *http://www.gtc2007.com/download.php?rubrique=referentiel&idFichier=80*

[10] *http://www.energie-info.fr/pratique/liste-des-fournisseurs*

[11] *http://www.cre.fr/en/marches/observatoire_des_marches*

Regulator's view

The French regulator is of the opinion that the supplier switching process is satisfactory as it stands. Some problems may occasionally emerge which are rapidly identified and settled. For example, a "getting back" procedure has been put in place and is intended for solving the issue of customers who have been switched without a request by them.

This procedure has been set up to allow customers to easily recover their initial contract at no cost, with the same conditions and in a swift period of time. This procedure is simple as the unwillingly switched customer only has to contact his unexpected new supplier who in turn organises a return to the customer's original supplier directly with this supplier.

4.3. Romania

Brief description of the electricity market
More than 95% of all localities are connected to the electricity grid. The overall annual consumption is approximately 53 TWh and the total number of customers exceeds 8 million. As of 1st July 2007, the market is fully opened. In real terms, 50% of the electricity volumes are traded on the free market. When it comes to the number of customers, only around 2700 are exercising their eligibility rights and they are all non-household customers. Nevertheless, there are signs that households are becoming much more aware of their rights. The appropriate regulatory framework is in place but the process will probably take more time, due to the fact that most suppliers on the free market are accustomed to dealing only with big clients.

Supplier switching process
The Romanian regulator approved the procedure for switching suppliers through Decision 21/2005. The rights and liabilities of the DSO and of the supplier are also to be found in the framework licensing conditions. There are also some rules imposed by the Regulation for supplying the customers with electricity, approved through the Government's Decision no. 1007/2004.

The customer can find information about new suppliers at the DSO's headquarters, customer centres, and on the regulator's website. The information includes the name of the company, contact person, address, telephone and fax numbers, website (if available), and the email address. No data about the types of contracts offered to the customers or about the prices can be found from the regulator or the DSO. The price comparison calculation method is neither on the regulator's site nor in other places. The customer must contact the new supplier directly and negotiate the contract terms and price. The information that is to be provided to the new supplier is not standardised. In practice, the new supplier enquires about the information concerning the place of consumption, category of consumption for that place and estimated duration of the contract. He can also enquire about last year's consumption, but this is not compulsory. The ID data of the metering device is provided on the bill and if the new supplier asks for the consumption pattern, the current supplier is legally bound to give it to the customer. The current supplier must give the customer data about last year's consumption, at the customer's request.

The standardised procedure for switching suppliers is in place only for non-household customers. No charges are applicable to the customers for switching suppliers. The customer chooses a new supplier and signs a new contract, taking into account the necessary time period needed to notify the current supplier. In all cases of switching, the minimum notification term is 30 days. Together with the request for cancellation of the contract, the customer must provide the current supplier with a prognosis of its consumption up to the date of the switch. In 10 days' time, the current supplier will issue an invoice based on this estimated consumption. The customer will agree with the current supplier the way the unpaid debts are going to be dealt with, together with the settlement invoice (for the difference between the estimated and the real consumption up to the date of the switch). The former supplier can object to the switch if the customer has unpaid debts. In order to be allowed to switch suppliers, the customer is bound to pay all his current debts to the current supplier, except for cases when the new supplier commits itself to take over the unpaid debts and to settle the matter with the customer.

A customer can return to the regulated market only twice but there is no minimum duration for the regulated contract. Nevertheless, the customer who returned to the regulated market will pay a tariff which is not differentiated based on hourly consumption. This tariff is applicable for at least 12 consecutive months.

The new supplier will inform the DSO/TSO about the switch, within at most 5 days after having received the customer's request.
The DSO/TSO will read the meter on the switching day or within at most 10 days after the settlement of all the financial issues. The DSO/TSO will notify all the involved parties of the reading.

Hence, the responsibilities among actors fall as follows:

- the customer finds out information about new suppliers, chooses a supplier, notifies the current supplier and, if necessary with the new supplier, signs a new contract, pays all debts to the current supplier, and notifies the current supplier about the estimated consumption up to the date of the switch;
- the new supplier makes the notifications to the DSO/TSO, and it can take over the customer's unpaid debts;
- the former supplier can object if unpaid debts exist; it must provide the customer with the history of consumption, and must issue the estimated and final invoices;
- the DSO reads the meter value, notifies all the involved parties about the meter reading, and keeps evidence of customers in the area.

The licensing conditions stipulate that the DSO must have in place an information system in order to keep informed all the existing and potential users of the system.
The DSO is responsible for keeping a database of the consumption places in the area, which will contain at least the following information:

- code of the consumption place;
- identification information about the client (name, address, telephone number, fax, etc);
- address of the consumption place;
- electrical chart with the metering device;
- historical consumption for the last 12 months.

The DSO will also brief the regulator on the number of customers who have switched suppliers in their area.

Metering arrangements and settlement procedure
There is no standard format for data communication: neither imposed by regulations nor voluntarily agreed. The communication of data is made by fax or email. It is legally binding that the DSO provides the data but there is no binding format and there is a common agreement between the parties on how to handle the data.

The Regulation for supplying electricity to the customers also includes the provision that the DSO has to do all the measurements of electricity volumes and to ensure the meter reading. The switching procedure stipulates that the DSO must read the index of the customer on the switching day or in maximum 10 days from the settlement of all financial issues. The DSO fixes a day and a certain time for the reading and all involved parties can be present at that moment but it is not compulsory to be there. The DSO notifies all the parties about the result of the metering. There are no rules regarding estimations. Consumption profiles are not in use at the moment.

When requesting the cancellation of the contract, the customer must provide the current supplier with an estimation regarding his consumption up to the date of the switch. In 10 days' time, the current supplier issues an invoice based on this estimation. After the final reading of the metering device, the settlement invoice is issued. Both invoices have normal payments terms. The new supplier can take over the customer's debts from the current supplier but it is not compelled to do so.

Customer confidence and market monitoring

As regards the duration of the switching process, legally it should take only 30 days (needed for notifying the current supplier). In practice, the process can take more than two months, taking into account the time needed to find the new supplier, discuss the terms of the new contract, and to make the arrangements. The suppliers do not have on-line offers; they must be contacted by phone. The regulator and the DSO provide the list of the suppliers and their contact data but there is no tool for comparing the offers.

The restrictions for renouncing a certain type of contract are only connected to the time limits. When leaving the contract, the current supplier must be notified 30 days in advance. There are no minimum contract durations imposed by regulation but when returning to the regulated market a certain type of tariff is imposed for at least 12 months. A customer can return to the regulated market only twice.

As far as the regulator knows, there are no fix price contracts on the market. There are no special rules that can protect the customer from onerous sale contracts. A particularity of the Romanian market is that the prices on the free market are below the regulated ones. As a result, the regulated price functions like a ceiling price on the free market. The regulated framework contract works like a reference of minimum clauses for the free market, as well. There are also no special rules for a supplier's voluntary withdrawal. If a supplier loses its supply license due to bad commercial practices or bankruptcy, the supplier of last resort takes over the customer.

The supplier of last resort is appointed by the regulator each year for each distribution area. The SOLR price is the same as the regulated tariff for household customers, 10% more than the regulated tariff for small non-household customers and 15% more than the regulated tariff for big non-household customers. The SOLR price can be charged only for six months. If, after the 6 months, the customer did not find a new supplier, the SOLR must offer a regulated contract for the household customers and a negotiated one for the rest of the customers. The monitoring of the market covers mainly volumes and prices. The suppliers report the quantities and delivery prices on a monthly basis, aggregated for each customer type (on the regulated or on the free market) and for consumption categories As a result, the market share and the average price are monitored for each supplier. The quantities of electricity delivered in negotiated contracts are monitored too (the real opening of the market in terms of volumes - if a customer changes from a regulated to a negotiated contract with the same supplier, the respective volumes are counted). The regulator makes a synthesis of these reports and publishes it on its website every month. Only the market shares are available in these synthetic reports, but no real quantities.

The DSOs will also report the switching rates in the format that was already mentioned.

Regulator's view

The supplier switching process, at least for household customers, is still in its infancy. While important steps have been taken to ensure an appropriate regulatory framework, efforts are still needed in order to give consumers confidence in the process and to ensure the smooth functioning of the market.

Some steps are being taken, both from the standpoint of industry and from that of the regulator and these primarily concern:

- introduction of the consumption profiles, commonly agreed by industry; this will accelerate the switching process, by making the settlement between the former supplier and the new one much easier and much quicker;
- improvement of the transparency of the market; this can mean a standardised communication system, agreed by the industry, which will also result in the improvement of the switching process, and also in clearer obligations of the actors involved, especially for DSOs;
- transparency of the contracting process, by imposing a legal obligation for suppliers concerning the publication of at least their minimum contracting conditions, standard offers, etc;
- creation and promotion of viable and accessible tools in order to advise and inform consumers about the offers on the market and, through this, to help customers choose the most suitable offer for them from the ones currently available on the market;
- changes in market monitoring methodology.

It is impossible to truly discuss the liberalisation of the market without a viable supplier switching procedure. It is our view that the most important elements regarding this problem refer to the available information for the customers. No customer will even think about switching suppliers if there is no available and easy to access information about the existing suppliers on the market, their offers and prices, eventually the origin of the energy, and all this data can be easily compared. For this, the existence of a price calculator is mandatory, to permit an easy comparison of the available options. It is equally important that the customers can do this without having to pay additional costs, as this can be a further obstacle for the switching process.

A new methodology for market monitoring is to be implemented in 2008, which is currently contained in a discussion paper. The proposals contain the following indicators:

•Supplier switching rate (ssr)
  - gross ssr – number of customers which changed suppliers at least once (including customers that choose their incumbent suppliers)
  - net ssr - number of customers which changed suppliers at least once (without customers that choose their incumbent suppliers)
  - gross multiple switching rate - number of customers which changed suppliers at least twice (including customers that choose their incumbent suppliers)
  - net multiple switching rate - number of customers which changed suppliers at least twice (without customers that choose their incumbent suppliers)

•Number of customers which leave the incumbent supplier
•Number of customers which choose the incumbent supplier
•Number of customers which never left the incumbent supplier
•Proportion of customers which choose regulated prices
•Initial prices (prices that are offered by the incumbent supplier for the first contracting period)
•Market opening in terms of volumes and number of consumption points with negotiated prices
•Number of licensed suppliers
•Number of active suppliers
•Total final consumption
•Average medium prices for final consumers
•Rate of market concentration
  - C1 – market quota of the biggest supplier
  - C3 – sum of market quotas of the three biggest suppliers

•Herfindahl – Hirschman Index (HHI)
•Market quota of each supplier
•Market quota of incumbent suppliers

Brief description of the gas market
All big cities and around 80% of big villages are supplied with natural gas. The overall annual consumption is approximately 17 bn cm, out of which households represent approximately 16% for the entire year (it can vary from 21% in winter time to 10% in summer time).

In total, there are 2,700,000 customers, out of which households represent 94%. In 86% of the households natural gas is used for heating and cooking, the remaining value representing households which use gas only for cooking (where customers connected to district central heating).
As of 1st July 2007, the market has been fully open. In real terms, 56% of the gas volumes are traded on the free market. When it comes to the number of customers, only around 1,000 have exercised their right to change supplier and they are all non-domestic customers. Nevertheless, there are signs that households are becoming much more aware of their right to switch; the appropriate regulatory framework is in place but the process will probably take more time, due to the fact that most suppliers on the free market are accustomed to deal only with big clients.

Supplier switching process in the gas market
In September 2007, through Decision 47, the regulating authority approved the procedure for switching suppliers for household customers. Provisions regarding DSO's rights and liabilities in relation to supplier switching can also be found in the supplier of last resort regulation, approved through the ANRE's Decision no. 1000/2006 and in the framework license conditions, also approved through the ANRE's Decision no. 1271/2004. There are also some time limits and rules provided in the regulated framework supply contract, also approved through Decision 182/2005.

Switching covers three types of actions:
a) Switching from a regulated contract to a negotiated one.
b) Switching from one negotiated contract to another.
c) Switching from a negotiated contract to a regulated one.

Consumers can find information about new suppliers at the DSO's headquarters and customer centres, and on the regulator's website. The information comprises the name of the company, contact person, address, telephone and fax numbers, website (if available), and the email address. No data about the types of contracts offered to the customers or about the prices can be found at the regulator or at the DSO. There is no price comparison calculator either on the regulator's site or in other places. The customer must contact the new supplier directly and negotiate the contract terms and price. The information that is to be provided to the new supplier is not standardised. In practice, the new supplier enquires about the information concerning the place of consumption, category of consumption for that place and estimated duration of the contract. It can also enquire about the last year's consumption, but it is not compulsory. The ID data of the metering device are provided on the bill and if the new supplier asks for the consumption pattern, the current supplier is legally bound to give it to the customer. The current supplier must give the customer data about the last three years' consumption, free of charge.

The standardised procedure of switching suppliers is in place only for household customers. It is believed that the non-household customers have sufficient negotiation power in order to deal with this process. Some rules for smaller non-domestic customers will be designed in the first half of 2008.

Consumers choose a new supplier and sign a new contract, taking into account the necessary period of time necessary to notify the current supplier. In the case of switching from a regulated contract, the minimum notification term is of 30 days. In the other cases (negotiated contracts), the terms are negotiated for each individual contract. Nevertheless, when switching from a negotiated contract to a regulated one, the new supplier must be notified with 45 days ahead of entering into the regulated contract. The supplier is bound by regulations to accept the customer. If there are special conditions due to which the new supplier does not agree to sign a regulated contract, the client must be informed within 15 days and also the regulator, together with all the necessary substantiations of the refusal.

The new supplier will inform the DSO/TSO about the switch, at least 5 days before the new contract comes in force. When changing suppliers the "capacity follows the customer" principle applies. The former and the new supplier will notify the DSO/TSO about the capacity transfer. If they cannot agree on the matter, the DSO/TSO will make the transfer automatically. The former supplier can object to the switch if the customer has unpaid debts. The DSO/TSO agrees with the former supplier the value of the index on the day of the switch.
Hence, the responsibilities among actors fall as follows:

- the customer finds out information about new suppliers, chooses a supplier, notifies the current supplier and, if necessary with the new supplier, signs a new contract, and clears all debts with their current supplier;
- the new supplier makes the notifications to the DSO/TSO;
- the former supplier transfers the capacity, and can object if unpaid debts exist; it must provide the customer with the history of consumption, must keep the record of consumption for each customer and also must hand it over to the DSO the moment when the contract ends;
- the DSO agrees on the meter value, makes the transfer of capacity, and keeps evidence of customers in the area.

The licensing conditions stipulate that the DSO must have in place an information system in order to keep informed all the existing and potential users of the system. The supplier of the last resort regulation also stipulates the format of the report that each DSO must present to the regulator every 6 months:

Distributor
No of distribution license

	Number of customers and distributed volumes					
Number of switches	No switching		One switch		Two or more switches	
Customer category	Number	Volume	Number	Volume	Number	Volume

Signature

Figure 5: Format for reporting for DSO, supplier of last resort

The SOLR regulation came into force at the end of 2006 but the first reports are to be submitted from the moment of the full liberalisation of the market (namely, the first report for the second half of 2007 is expected in the first half of 2008).

Metering arrangements and settlement procedure
There is no standard format for data communication: neither imposed by regulations nor voluntarily agreed. The communication of data is made by fax or email. It is legally required that the DSO provides the data but there is no binding format and there is a common agreement between the parties on how to handle the data. No unique identification numbers are implemented or used in these communications.

The distribution license also includes the provision that the DSO has to carry out all the measurements of gas volumes, including meters reading. The switching procedure stipulates that the DSO must agree on the index of the customer with the current supplier. Practically speaking, when switching suppliers, the DSO reads the meter and there are no rules regarding estimations. Consumption profiles are not in use at the moment. The two big DSO's that cover almost 95% of the Romanian market (Distrigaz Sud and Eon Distribution) are currently working on these profiles and it is expected that in the second half of 2008 they will present them to the regulator for approval.

Customer confidence and market monitoring
As regards the duration of the switching process, legally it should take only 30 days (needed for notifying the current supplier) if switching to a negotiated contract, and 45 days (needed for notifying the new supplier) when returning to the regulated market. In practice, the process can take around two months, taking into account the time needed to find the new supplier and to discuss the terms of the new contract. The suppliers do not have on-line offers; they must be contacted by telephone. The regulator and the DSO provide the list of the suppliers and their contact data but there is no tool for comparing the offers.

The restrictions for terminating a contract are only connected to the time limits. When leaving the regulated market, the current supplier must be notified with 30 days in advance and there can be similar clauses in the negotiated contracts. There are no minimum contract durations imposed by regulation. Furthermore, there is no restriction on the number of times a consumer can move between a free market contact and a regulated tariff. As far as the regulator knows, there are no fixed-price contracts on the gas market, which is understandable given the constant rise of gas prices over the last period.

There are no special rules that can protect the customer from onerous sale contracts. A particularity of the Romanian market is that the prices on the free market are below the regulated ones. As a result, the regulated price functions like a ceiling price on the free market. The regulated framework contract works like a reference of minimum clauses for the free market, as well.

There are also no special rules for a supplier's voluntary withdrawal. If a supplier loses its supply license due to bad commercial practices or bankruptcy, the supplier of last resort takes over the customer. The supplier of last resort is bound to be the supply affiliate of the DSO in that area and it is compulsory to take over the household customers. The SOLR price is 10% higher than the regulated price for that area but it can be charged only for three months. If, after the 3 months, the customer did not find a new supplier, the SOLR must offer a regulated contract for all the aforementioned customers.

The monitoring of the market covers mainly volumes and prices. The suppliers report the quantities and delivery prices on a monthly basis, aggregated for each customer type (on the regulated or on the free market) and for consumption categories (there are 11 categories, depending on the connection – directly to the transmission system or to the distribution system, and then depending on the annual consumption level). As a result, the market share and the average price are monitored for each supplier. The quantities of gas delivered in negotiated contracts are monitored too (the real opening of the market in terms of volumes - if a customer changes from a regulated to a negotiated contract with the same supplier, the respective volumes are counted). The regulator makes a synthesis of these reports and publishes it on its website every month. Only the market shares are available in these synthetic reports, but no real quantities.
The DSOs will also report the switching rates starting with 2008, in the format that was specified above.

4.4. Spain

Supplier switching process

When the Spanish retail market began in 2003, a set of procedures were developed by the main stakeholders in the industry, in collaboration with the regulator (CNE). The minister did not approve these procedures, so they cannot be considered official, and they are not legally binding.

However, they have become the working scheme for the industry, and some of the key points from these procedures have been included in the legislation issued in the last years.

Though a customer can sign a grid access contract by himself and purchase energy directly from the wholesale market, we are going to focus on the most common scheme where household customers contact a new supplier who will handle the grid access contract with the distributor.

Supplier requests (to the distributor) must provide the following information: meter point identifier (CUPS), contract code, contract type, customer identifier (NIF), duration of the contract, characteristics and owner of the control and metering devices.

Distributors must reply to requests from the new supplier within five working days, notifying them of whether it is appropriate to deal with the request or if there is any objection preventing it. Rejections can be based mainly on data mistakes (CUPS, NIF), previous grid access request still running, client debts, denial of access to client premises, or three or more client absences.

In 15 days or in the next reading cycle (depending on the customer election), the distributor informs the former and new suppliers about the date when the switching took place, and informs the new supplier about the metering device.

In case the supply point lacks a capacity control switch (i.e. it is the first time the supply point enters the free market), this must be installed before the switchover can take place. The installation may take up to one month, and once it has been done the grid access contract is activated.

If the new contract implies power capacity modifications, the supplier must send to the distributor information about the new grid access tariff that is required. The change will take place in two steps: First, the new supplier enters and provides energy under the same conditions. Second, actions are taken on the installations, and the new grid access contract begins.

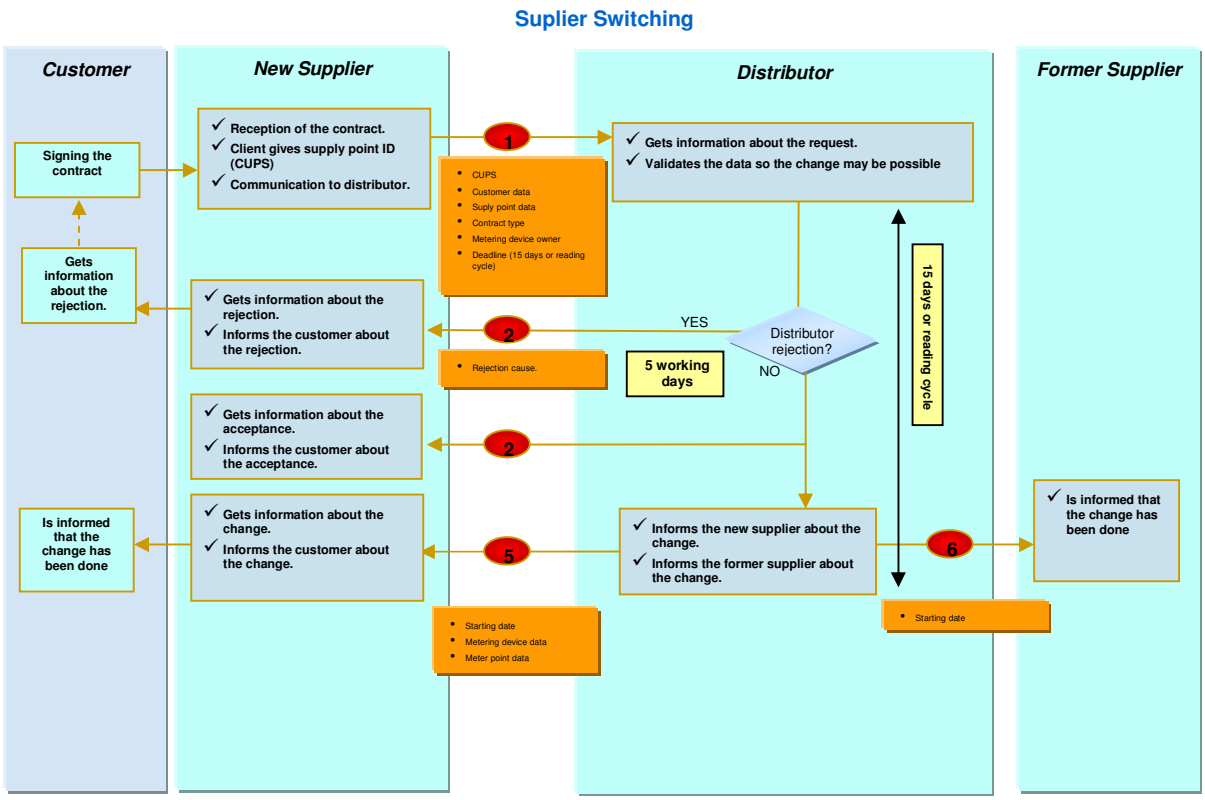

Figure 6: Supplier switching process in the Spanish electricity market.

Roles in data exchange

The distributor is the main actor in the flow of information; he must have a database referring to all the supply points connected to their networks and to the transmission networks in their area. It must be updated on an ongoing basis, and must contain at least the following data:

a) Universal Supply Point Code.
b) Distributor.
c) Location of supply point.
d) Supply point town.
e) Supply point province.
f) Supply birth date.
g) Current supply or access tariff.
h) Supply voltage.
i) Maximum authorised capacity according to the installer's technical certificate
j) Maximum capacity authorised by the authorisation certificate for the commissioning of high voltage installations.
k) Metering point type.
l) Availability of Capacity Control Switch.
m) Consumption profile type.
n) Acknowledged extension rights.
o) Acknowledged access rights.
p) Ownership of the metering equipment.
q) Ownership of the Capacity Control Switch.

r) Capacities contracted in each period.
s) Date of the last contracting movement.
t) Date of the last supplier switching.
u) Deadline date of the acknowledged extension rights.
v) Last calendar year consumption (by time-based discrimination and by months).
w) Date of the last reading.

Distributors must equip themselves with the necessary IT systems to enable data requests from consumers and suppliers.

Consumers shall be entitled to access their data contained in this register free of charge, and they only need to provide the unique identification number (CUPS) and the contract code to obtain it. Once the request has been made distributors must reply in 5 days.

A customer can ask the distributor to deny a supplier access to his data.

Roles in metering
Customers are responsible for the installation, maintenance and preservation of the metering device. Distributors must provide the equipment needed to measure the consumption of electrical power to all low voltage connections. The Government will set the rental price. Distributors must generate a unique identification number for each metering point.

Distributors are responsible for the measurement and so responsible for the estimation of consumption when it is necessary in supplier switching. Distributors must send this measurement to the system operator (REE) and the supplier.

Metering arrangements in connection to supplier switching
Smart metering is not a requisite for supplier switching.

When a customer asks for the switch to be carried in 15 days (instead of at the end of the reading cycle) and has no remote meter reading, the distributor can read manually or estimate the consumption before the switch.

This estimation is based on a standard procedure that can be simplified in these two steps:
1. - Calculate the increase of consumption in the two previous periods compared to those in the last year.
2. - Apply this increase to the consumption in the same period in the last year.

If there is no available information from the previous year or if the contracting terms and conditions have been modified in the last year but the information is available on the three previous periods, the estimation will be the average of these three periods.

If there is no historical data corresponding to the three previous periods, the estimation that replaces the value missing from these previous periods is:

(Contracted Capacity) * (number of days in the period) * K

where K is a coefficient from 1.78 to 4.16 that depends on the grid access tariff type.

If an actual reading is taken and produces a negative value for the power read for the second part of the reading period, a correction must be made in the first part of the period and a payment made solely for the purposes of the regulated or access tariff without any new settlement of the energy supplied by the supplier.

Load profile system
Suppliers have to know the energy consumed by their clients every hour for the purposes of the settlement of the power in the wholesale market. For those clients with no hourly recorder, the distributor, knowing the whole consumption of the period of each client, must estimate how much energy is consumed every hour. This estimation is based on a load profile applicable to each group of consumers, in line with the access tariff contracted and the metering and control equipment installed. (It does not depend on the area of the country.)

Every year the regulator generates an initial-profile for each group of consumers with an estimated demand for every hour of the year. Once the month is over, the system operator recalculates a final-profile knowing the real demand and the initial-profile. This final-profile is then published and used by the distributors to estimate hourly consumption.

Data format
There is no legal stipulation in relation to the data format, however industry have agreed some standards for electronic data transfer based on XML technology.

Identification number
Each metering point has a unique identifier called CUPS, generated by the agent responsible for measurement of electoral consumption (distributors in case of household consumers). This code is associated with the metering point, and does not change, regardless of any change in customer, supplier or distributor.

This code is generated from the union of a country identifier, a distributor identifier (the distributor when the CUPS was created), a number code (different points belonging the same distributor), an error code, a number code (different points belonging the same customer), and a letter code (main, redundant or back-up meter point).

Distributor and supplier must include this identification number in the supply contract, and in the invoice.

The switching process from a customer perspective
A prerequisite for consumers to be able to enter into power purchase contracts and access tariff contracts is that their capacity control and metering equipment must satisfy all the requirements that are stipulated, in order to be able to go ahead with the calculation of the access tariffs and the settlement of the power consumed.

At those low voltage supply points where no action needs to be taken on the installations for the changeover from a supply tariff to an access tariff to be possible, this changeover must take place before the following deadlines:
a) For those supplies with a bi-monthly reading and billing cycle (most household consumers), the consumer may choose the option for the changeover to the liberalised market to take place before the deadline of fifteen days following the application or whenever it is due according to the reading cycle. The consumer will communicate this fact directly to the distributor or to the supply sales agent whenever it acts as the consumer's representative agent or substitute.
b) For those supplies with a monthly reading and billing cycle, the changeover to a power purchase contract and access tariff contract shall take place whenever it is due according to the reading cycle.

At those low voltage supply points where the distributor is required to take some kind of action as regards the installations for the changeover from supply tariff to power purchase contract and access tariff to go ahead, that changeover shall take place whenever those actions are taken which must always be before the statutory deadlines. To this end, the distributor shall close the readings together with the actions taken on the installations. The deadlines must also be adhered to in the processes to switch suppliers.

In free market, as a rule, contracts have an annual term and are automatically extended for equal periods, unless one of the parties decides to cancel the extension 15 days before the beginning of the next year. Nevertheless, the consumer may terminate the contract for the current year; it is possible that he has to pay a charge included in the contract. (Penalties for early cancellation must be explicitly included in the contract). This charge cannot be over 5% of the estimated consumption until the end of the year. Once the customer decides to go to free market, he must remain there for a year.

The only information a supplier needs from a customer to have access to his information from the distributor database is the supply point identifier (which can be found in an invoice), the contract ID in effect until this moment, and a customer authorisation.

Any claims or disagreements arising in connection with the tariff supply contract or with the bills stemming from it should be raised with the competent authority for energy in the corresponding Autonomous Region or City. That authority will solve the disputes regardless of any jurisdictional actions that may be taken by any party involved.

Rules in event of supplier withdrawal

Except in cases when the reason for termination of a contract is the non-payment of bills by the consumer, whenever a contract to purchase power at low voltage between a consumer and a supplier is terminated before its expiry date or when the term of the contract comes to an end, the supplier must notify the consumer and the distributor 15 days in advance.

That notification sent to the consumer and to the distributor shall indicate that, unless the consumer certifies having a contract to purchase power with another, the distributor will go ahead and bill the consumer at the corresponding supply tariff after fifteen working days have elapsed from the date of the notification. The notification must be sent by registered post or any other means that reliably guarantees the communication has taken place. The distributor will proceed in accordance with the above unless, within the fifteen days of notice given, the supplier agent has given indication to the contrary or the consumer has certified having a new contract with a supplier or having entered into a supply tariff contract.

The distribution company may suspend the tariff supply to private consumers whenever at least two months have elapsed from the time when the demand for payment was sent and the payment has still not been made. The demand must be made to the address appearing on the contract for communication purposes by registered post with acknowledgement of receipt or any other method certifying the sending and receipt of the payment demand.

This communication must include the procedure to interrupt supply on account of non-payment, specifying the date from which it will be interrupted if the amount owing is not paid off before that time.

The day given for interrupting supply due to non-payment may not be a public holiday or any days when there is no customer service available for the purposes of restoration of supply, or the day immediately before those days.

The service will be restored, at the latest, the day after payment of the amount owing and the amount authorised as a supply reconnection fee (customer connection charges).

Cases of fraud or negligence on safe-keeping of the metering and control apparatus will lead to the automatic cancellation of the contract.

Market monitoring
Every three months, suppliers and distributors must send information to the regulator about the functioning of the retail market.

1. To get a picture on consumption and price in **free market**:

Suppliers must send information to the regulator about the number of consumers, annual energy consumption, energy average price and grid tariff average price, depending on the type of metering point, the distributor and the province, as well as the type of supply (only electricity, or gas & electricity).

Distributors must send information about:
Number of consumers and annual energy consumption (in the previous 12 months), depending on the type of metering point, province, supplier, grid tariff and the type of load profile.

2. To get a picture on consumption and price in **regulated market**:

Distributors must send information about:
Number of consumers and annual energy consumption (in the previous 12 months) depending on the type of metering point and province.
Discount scheme stating:
- Type of regulated price affected by this discount;
- How this is calculated (percentage, fixed amount of money, fixed amount of free energy);
- If this is automatically applied or if the customer must ask;
- How customers can be informed;
- How much the sum of discount is;
- How much energy is affected by this discount.

3. To monitor the flow of consumers moving from regulated to free market, and from one supplier to another in free market:

Distributors must send information about requests for switching

from regulated market to free market *or* ***from on supplier to another (in free market)***
depending on the type of metering point, supplier, cause of rejection and the length of the delay;
depending on the number of switches (0, 1, 2, 3, 4, 5, 5 to 10, over 5) carried out in different periods (last term, last year, last five years, total).

from free market to regulated market
depending on the type of metering point, voltage, length of the delay and type of regulated price.

Regulator's view
Some improvements in retail market are now underway:

Metering system:
Since July 2007, all the new metering devices must be smart meters that are capable of hourly metering and automated meter management, sending their measures to secondary information concentrators. There is an approved plan for replacing all the household meters by smart ones. The roll-out programme will take place from 2008 to 2018. The automated meter management system must be ready in 2014.

Switching procedure:
Since June 2006, the Portuguese and the Spanish wholesale markets have worked together in a unique market called MIBEL. The MIBEL regulatory council is now working to establish a more harmonised retail market between these two countries. This work is mainly focused on supplier switching procedures and market supervision. To reach this target, both regulators have launched a public consultation for getting proposals from the industry and consumers.

Regulated prices:
In 2009, the regulated supply system will disappear and the Supplier of Last Resort comes into force.
In 2010, this tariff will be only available to low voltage consumers, and in 2011 only for those clients under 50 kW.

Market monitoring:
A Supplier Switching Office has been recently created for direct surveillance tasks. It can have free access to the distributor database of consumers' data and metering points. In the future, it will be able to get further information from suppliers and distributors (e.g. client debts when switching), and may carry some direct tasks in supplier switching.

The most challenging issue:
Though the retail market has been open since 2003, the existence of a regulated supply system has been the main obstacle to the development of supplier switching. In 2009, regulated tariffs will be abolished and so all consumers will be transferred to the free market. Last resort supply will appear, and the requirements to enjoy this will be a significant subject to balance consumer's rights and retail market development.

From 2003, the supplier switching has been based on a set of procedures that were agreed between industry and the regulator. These procedures are still not legally binding, but they seem to have helped industry to standardise the switching process.

The latest statistics for supplier switching reveal a very acceptable functioning of the market, but considering that the current number of customers in the free market is still very low (7.5%), once regulated tariffs disappears, the increasing number of switches may cause more delays and rejections.

4.5. Sweden

Brief description of the electricity market
The Swedish electricity market was deregulated in 1996, when electricity trading and production were opened to competition. In 1996, only customers with hourly metering could change their supplier. In 1999, the requirement of hourly metering was given up, and from November 1999 all customers could change their supplier.

In 2007, there were 115 electricity suppliers in Sweden. About 95 of these sell electricity to customers throughout Sweden. Customers can choose among different types of contracts, for example fixed-rate contracts or variable-rate contracts. Customers who have neither switched supplier nor renegotiated their contract with their existing supplier have open-ended contracts. There are approximately 5.2 million household customers in Sweden. The annual switching rate in 2007 was about 8 per cent. The figure does not include re-negotiations of contracts.

The supplier switching process
The customer' contacts the new supplier or is contacted by the new supplier. This contact can be made in person, by phone, by e-mail or a written contract. The customer and the supplier agree upon making a contract which can be oral or written. If the customer wants a written contract, the new supplier is obligated to make a written contract with the customer. According to general terms of contracts, made by the industry and the consumer agency, a written confirmation should be sent to the customer as soon as possible. The customer making the contract must be the same person as the person who has the contract with the DSO.

Figure 7 describes the Swedish supplier switching process.

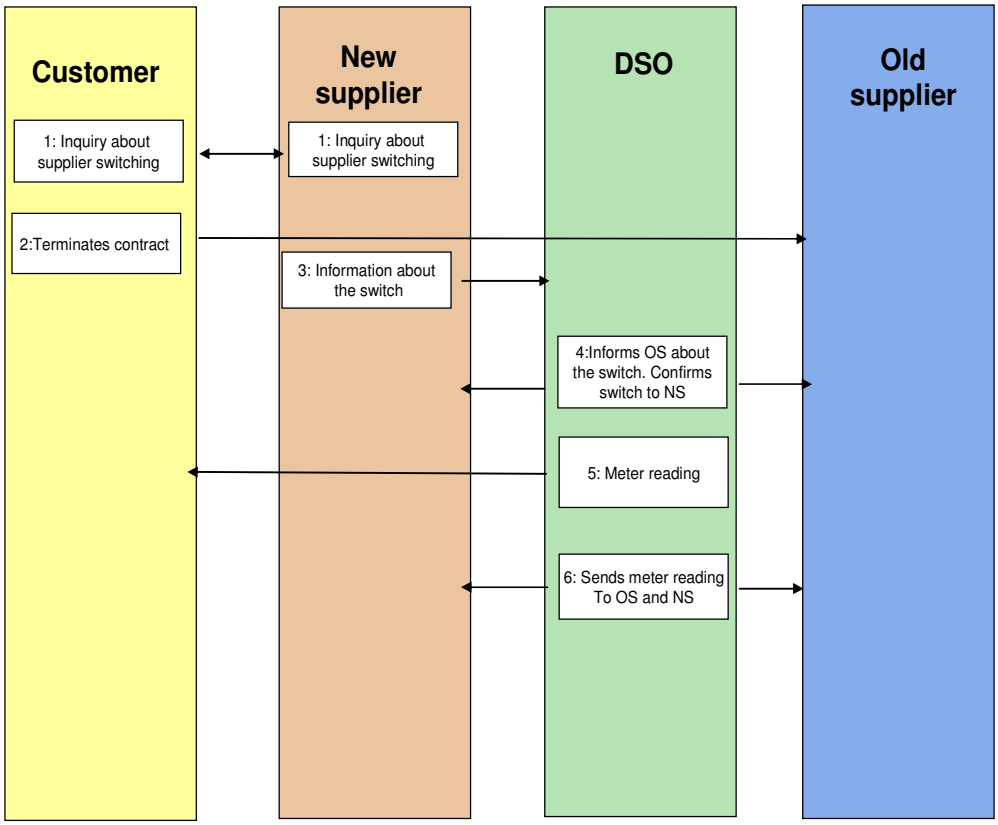

Figure 7: Description of the Swedish supplier switching process

The customer is responsible to check if he/she has a valid contract with his existing supplier. If the customer has a valid contract, for example is in the middle of a three year fixed price contract, he must contact his old supplier before making a new contract in order to avoid having to pay for terminating his existing contract in advance. This is, however, no prerequisite for switching supplier; the switch will still take place. A switching procedure can therefore take place with the customer only having to deal with one party, the new supplier.

The customer has to provide the following information to the new supplier:

- Name, address, civil registration number, metering point ID, network area ID.

Information about the metering point ID and the network area ID has to be displayed on the customer's bill from the DSO. If the customer is unable to give this information, the supplier may request this information from the DSO. The DSO is obligated to give this information to the new supplier free of charge. The new supplier should, however, have a letter of authority from the customer to get access to this information.

The new supplier informs the DSO about the switch and also checks to see if the customer has a contract with the DSO.

The DSO informs the former supplier that the switch is taking place. At the same time, the DSO confirms the switch with the new supplier. It is only possible to switch supplier on the 1st of every month.

The flow of information between the new supplier, the DSO and the former supplier must be in an EDIEL-format. An EDIEL-contract is made by the parties with the TSO. The content of the information between the parties is regulated in subsidiary law, made by The Energy Markets Inspectorate. The TSO is responsible for testing the technical systems.

The old supplier receives information about the switch from the DSO. When the switch takes place the old suppliers receives information about meter reading. The old supplier cannot oppose the switch.

Metering arrangements in connection to supplier switching
The DSO is responsible for meter reading. The meter should be read within five days before or five days after the switch. If the customer does not have a smart meter, the reading can be done by a person from the DSO or by the customer. Under specific conditions, it is allowed to estimate the reading. This regulation is binding through subsidiary laws. There are no metering fees for the customer related to the switch.

The load profile system used in Sweden gives one consumption profile per network area. The network owner is responsible for establishing the basis for the calculation needed to setup the consumption profile and the division of the consumption between the different suppliers. At each change of supplier within the area, the proportions for the division must be re-calculated. The consumption profile will be the same for all consumers within a given area, but varies from area to area.

Data format
In Sweden, both consumer data and meter data are sent by EDIEL message, which is a type of EDIFACT message format. The message format is regulated in subsidiary law. The table below describes the messages sent.

From whom to whom	Type of message	Content of message	Deadline
New supplier -> DSO	Z03, subtype L	Ediel-ID, new supplier Ediel-ID, DSO Metering point ID Area ID (områdes ID) Ref. to new contract Ediel-ID, balancing responsible Customer ID Customer name/address Cause for change, new/switch Start date for delivery	At the latest the 15th of the month before the switching month. Only possible to switch on the first day of the month, at 00:00. Customer must be same person who has the contract with DSO. Within 30 minutes after receiving Z03, L
DSO -> new supplier		After check of information in Z03,L – complete/incomplete	

DSO -> new supplier	Z04, Subtype L	Confirmation of switch Customer's name, address Metering point ID Identity of measuring values Confirmation of the date for switch Estimated yearly consumption	Within three working days after receiving Z03.
DSO -> old supplier	Z05, Subtype L	Message customer has a new supplier Old suppliers EDIEL-ID DSO's EDIEL-ID Metering point ID Area ID Balancing responsible EDIEL-ID Cause of change Last date for delivery	Within three working days after receiving Z03.
DSO -> new supplier and old supplier DSO -> customer	MSCONS message	Meter reading Date for switch Cause for the change New supplier's name Metering point ID Area ID Meter identity	10 days after the switch, at the latest. 15 working days after the switch, at the latest
New supplier -> DSO	Z03, Suptype LK	When a customer moves in	The day the new customer moves in.
New supplier -> DSO	Z03, Subtype C	Cancellation of switch	The 5th day after receiving Z04.

Table 4: Data format in Sweden

Customer confidence and market monitoring

The right to switch supplier is regulated in the Electricity Act. It is only possible to switch supplier on the 1st of the month. The message from the new supplier to the DSO has to be sent, at the latest, on the 15th day of the month before the switch. The customer making the contract must be the same person who has the contract with the DSO. It is possible to switch supplier regardless of the current type of contract. However, if the customer has a fixed price contract, the customer has to pay a fee for withdrawing from the contract within fixed term of the contract.

The supplier has to inform a consumer at least 60 days before his contract expires. The information should include the date and the consequence of the expiration of the contract.

The Energy Markets Inspectorate provides a web-based electricity price calculator. Suppliers have to provide information on prices to the Energy Markets Inspectorate. Consumers can compare all suppliers' electricity prices for different types of contracts on the Energy Markets Inspectorate's website.

The Energy Markets Inspectorate also presents statistics on its website for example on:

- Supplier switching rates
- Renegotiation of contracts
- Retail margins
- Electricity prices
- Most common types of contracts

Regulators view

New regulations were incorporated in the Electricity Act as from 1st January 2007 in order to strengthen the position of customers on the electricity market. The aim was to make it easier for the customers to make the most of the opportunities offered by a deregulated electricity market. The amendments mean that customers are informed who the assigned electricity supplier is and when an electricity supply contract expires. Only the customer who has the network contract can sign an electricity supply contract, which means that the same person in any one household must be responsible for both contracts. In addition, the notification period when switching from one electricity supplier to another has been shortened and the electricity supplier concerned must inform the network operator of the change no later than the 15th day of the month in which the change is intended to take place.

Work is underway in the Nordic countries (Sweden, Norway, Denmark and Finland) to develop a common electricity retail market. One important step is to establish harmonised supplier switching model in the Nordic countries.[12] NordREG, the organisation for collaboration between the Nordic energy regulators, has identified a common Nordic electricity retail market as a strategic priority.

[12] More information is found in the NordREG report "Harmonised supplier switching model".

4.6. Supplier switching in Norway

In Norway, the new supplier will most often be the one sending the message about the supplier switching to the DSO. It will do so by request of the customer. The message from the new supplier to the DSO has to contain information about the customer and the metering point ID. In addition, a message containing an actual meter reading is necessary for the switch to go through (this is for metering points without automatic reading capabilities). The switch then takes place between 6 and 20 working days after the actual meter reading. This gives a possible minimum switching time of only 6 working days. The time limits in the switching process, the type of EDIEL–message, as well as the information contained in the messages are regulated by law.

For more on the Norwegian and Nordic switching models, see NordREG report: “Harmonised supplier switching model”. It is to be found on the NordREG website:
https://www.nordicenergyregulators.org/Publications/

4.7. The supplier switching process in the case study countries

The report presents five electricity retail market case studies. The supplier switching process should be easy from the customer's point of view. It is also important that the process is manageable and efficient for all parties involved. The table below summarises some important subjects regarding the supplier switching process in the electricity market.

	Austria	France	Romania	Spain	Sweden
Supplier switching process legally binding	Yes	Yes	Yes	No	Yes
Standardised supplier switching process	Yes	Yes	Only for non-household customers	Yes	Yes
Evaluation of consumption in relation to supplier switching	Estimated by the DSO or reported by the customer	Estimated by the DSO or meter read by the customer	Meter read by the DSO	Estimated by the DSO	Meter read by the DSO
Information needed to switch supplier	Name, address and costumer identification number e.g. metering point access number, costumer number etc	Name, address and preferably network ID	Name, address, consumption forecast, metering point ID	Name, address, customer ID, metering point ID, contract code, contract type, characteristics and owner of the control and metering device	Name, address, civil registration number, metering point ID, network area ID
Duration of the supplier switching process	4 or 6 weeks	21 days	1-2 months	15 days - > 2 months	15 days – 1 month and 15 days
Continuously supplier switching process	No	Yes	Yes	Yes	No
Possible for the old supplier to object to the switch	Yes, but it is on the new supplier to reject or accept the objection	No	Yes	No	No
Possible for the customer to return to the regulated market	No regulated prices	Yes	Yes, twice	Yes	No regulated prices

Table 5: Comparison of the supplier switching process in the electricity retail market

The report also presents three gas retail market case studies. The table below summarises some important subjects regarding the supplier switching process in the gas market.

	Austria	France	Romania
Supplier switching process legally binding	Yes	Yes	Yes
Standardised supplier switching process	Yes	Yes	Only for household customers
Evaluation of consumption in relation to supplier switching	Estimated by the DSO or reported by the customer	Estimated by the DSO or meter read by the customer	Meter read by the DSO
Information needed to switch supplier	Name, address	Name, address and preferably network identification number	Name, address, consumption, metering point ID
Duration of the supplier switching process	4 or 6 weeks	21 days	75 days
Continuously supplier switching process	No	Yes	Yes
Possible for the old supplier to object the switch	Yes, but it is on the new supplier to reject or accept the objection	No	Yes
Possible for the customer to return to the regulated market	No regulated prices	No	Yes

Table 6: Comparison of the supplier switching process in the gas retail market

5. Concluding remarks

All consumers in the EU have the right to choose their supplier since the 1st July 2007, both in the electricity and gas markets. Some of the countries that have served as case studies opened their markets to competition before July last year and thus have a longer history of market liberalisation. Some of the case study countries have more recently deregulated their markets.

In France, the incumbent suppliers offer both regulated and market prices. Household customers can switch back to regulated tariffs for electricity but not for gas. In Romania, the customer has the possibility to return to the regulated market twice. In Spain, customers can switch back to regulated market prices when the agreed contract expires. Austria and Sweden have no regulated prices.

The customer's right to switch supplier should be statutory
Since 1st July 2007 all customers in EU have the right to switch supplier in the electricity and gas markets. The case studies show that a standardised process of switching suppliers is applied in all countries included in the report. In Romania, however, the standardised process is not applied for household customers.

The supplier switching process in the case study countries is either issued by or approved by the regulatory authority. In France, the supplier switching model has been defined by the regulator, but was developed in co-operation with the market actors. Also, in Spain, the regulator took part in the development of the supplier switching process. Some of the key points from the process have been included in the legislation, but as a whole the procedure is not legally binding. In Romania, the regulator has approved the process. In Sweden, the right to switch supplier is stated in the law. The supplier switching process is for the most part defined by industry but approved by the regulator.

The process of switching supplier has to be easy from the customer's point of view and the customer shall not pay any direct fees for changing supplier
There are no direct fees for changing supplier in any of the case study countries.

The process of data exchange has to be cost efficient and standardised for the suppliers and the distribution system operators
Standard data format is in place in Spain and Sweden. In Spain, however, the format is not legally binding. In Austria, the market participants can find a so-called transfer register, based on a standardised Excel file, which is sent via e-mail and is published on the regulator's website. In Sweden, the data format used is EDIEL and the format is regulated in subsidiary law.

In France, only the main DSOs have adopted the standardised data format suggested. This, however, covers a majority of the customers.

Clear roles and responsibilities among actors are of vital importance throughout the entire procedure
In Romania, Spain and Sweden the DSO is responsible for meter reading in connection to the switch. In Austria, the DSO estimates the meter reading at the date of the switch in case the customer's consumption is not measured via a load profile meter (used only for industrial customer with a yearly consumption of at least 100,000 kWh).

In Austria, France and Sweden the customer can carry out the meter reading himself and send the meter value to the DSO.

In the case study countries, the standardised supplier switching process also defines the roles of the actors involved.

The switching period should be as short as possible. There should not be any unnecessary obstacles for switching from the customer's point of view
ERGEG states that the switching period should be as short as possible and the restrictions regarding the dates when a switch can take place, should be minimised. There should not be any unnecessary obstacles to switching from the customer's point of view. These may include the restrictions limiting the number of switches per year. The switching period should last less than one month with an absolute requirement of no more than two months.

Restrictions regarding the dates when a switch can take place are found in Austria and Sweden, where a switch only can be carried out on the 1st of each month.

The duration of the switching process varies between 15 days to two months in the electricity market and between 15 and 75 days in the natural gas market. Austria and France have the same duration of the switching process in both the electricity market and gas market. In Romania, however, the duration of the switching process is longer in the gas market than in the electricity market. In Austria, the duration of the switching period in both the electricity and the gas market is either 4 or 6 weeks, depending on the amount of costumer data available. Switching with only the name and address of the consumer is only possible within the 6 week period. In France, the technical duration of the switching process is 21 days. In the French gas market, the switch is not limited to a special day and that is also the case for the electricity market since July 2008. In Romania, the legal duration of the switching process is 30 days in the electricity market and 30 or 45 days in the gas market depending on the customer's current contract. In practice, however, the process can take about two months in the electricity market and 75 days in the gas market. In Spain, the customer can require a switch to be carried out within 15 days in the free market. In Sweden, the duration of the switching process varies from a minimum of 15 days to a maximum of one month and 15 days, depending on when the switch is initiated.

In France and Sweden, the former supplier cannot object to a consumer switching supplier. This is, however, possible in Austria and Romania. In Austria, the previous supplier has the possibility to raise an objection against the switch due to civil law reasons (i.e. a valid contract), within 3 working days of receiving switching data. However, it is on the new supplier to decide if he wants to accept or reject the objection. In Romania, the previous supplier has the possibility to raise an objection to the switch if the customer has unpaid debts. In France, the DSO may raise an objection to the switch if a previous application to switch suppliers is already underway, fraud has been observed on the metering equipment or it has been sent erroneous data.

In Spain, a prerequisite for switching from a supplier in the regulated market to a supplier in the free market is a capacity control that satisfies requirements. This installation may take up to one month.

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

The customer should only need to be in direct contact with one party, preferably the new supplier, when initiating the switch. There should normally be a written contract between the customer and the supplier. Contracting should however be possible electronically, e.g. through the internet, or orally, in order to facilitate switching. There should be rules on the information needed to be able to switch, for instance name, address, date of birth, organisation (VAT) number, meter reading and metering point identification number.

In France, Austria and Sweden, the customer only needs to contact the new supplier initiating the switch. In Romania, contact with the current supplier might also be needed.

In Austria, the consumer's name and address is sufficient data for a switching request, if the facility can be clearly identified. The switch can, with this information, be carried out in 6 weeks. To be able to carry out the switch within a 4-week-period, metering point identification number is needed.

In France, the customer has to provide the new supplier with name, address and preferably the network identification number. This is also the case in Sweden, but there the customer's civil registration number is also needed.

In France and Sweden, it is possible for the customer to agree on a contract with a new supplier in writing, by phone or on the internet.

There should be easy access to relevant and correct information for the customer prior to switching. The regulator or some other competent body should ensure the availability of a list of alternative suppliers

A list of alternative suppliers is available in all countries. In Romania, Sweden, Austria and France this information can be found on the regulator's website. In Romania, information about alternative suppliers can also be found at DSO's headquarters and customer centres.

In addition, the regulatory authority in Austria and Sweden provides web-based price calculators where customers can find information about suppliers and prices (from different suppliers and for different types of contracts).

Differences between the electricity and gas retail markets

The case studies cover both the electricity and the gas markets in Austria, France and Romania. The supplier switching process in the electricity and the gas markets in the case study countries are similar. However some minor differences regarding supplier switching between the electricity and the gas markets can be observed.

A standardised supplier switching process is in place both in the electricity and the gas markets in Austria, France and Romania. In Romania, however, this process is only applicable to non-domestic customers in the electricity market and domestic customer in the gas market.

The duration of the switching process varies between 15 days to two months in the electricity market and between 15 and 75 days in the natural gas market. In Romania, it takes two months to switch supplier in the electricity market and 75 days to switch supplier in the gas market.