

UTILITY customerswitching RESEARCH PROJECT

Definition of Customer Switching

Background

The following is the definition of customer switching as developed by Dr Philip E. Lewis in January 2006 and subsequently adopted in principle by CEER and ERGEG. This definition is a pragmatic definition, for the purpose of guiding the benchmarking of customer switching. A slightly more comprehensive (idealistic) definition was also developed in 2006 by Dr Philip E. Lewis (more information available on request)

Definition Overview

Switching supplier is defined as “the action through which a customer changes supplier”. More detailed: A switch is essentially seen as the free (by choice) movement of a customer (defined in terms of an overall relationship or the supply points and quantity of electricity or gas associated with the relationship) from one supplier to another. Switching activity is defined as the number of switches in a given period of time.

A switch additionally includes:

- A re-switch: when a customer switches for the second or subsequent time, even within the same measured period of time.
- A switch-back: when a customer switches back to his/her former or previous supplier.

Switching and moving

When a customer moves, a switch should only be recorded if a customer switches to a supplier other than the supplier which is incumbent in the area where he/she is moving to.

Changes of tariffs

A change of tariff with the same retailer is not equivalent to a switch (this exclusion extends to: changing to a new tariff; changing from a regulated to a non-regulated tariff with the same supplier or a subsidiary of the same supplier).

More Information:

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