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Nigel Nash
Ofgem
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Dear Nigel

Customer Transfer Process – June 2003

We have reviewed your latest paper on this subject and have the following comments to make.

Aquila Networks is supportive of the Customer Switching project and are in agreement with the methodology to be adopted i.e. detailed root cause analysis and full industry consultation prior to delivering any form of change recommendation.

It is of great importance throughout this project that DNOs are well represented and that their views are fully taken into account. Whilst the project is very much Supplier / Customer driven, it must not lose sight of the fact that DNOs are fundamental to the transfer process and are also reliant on quality data and processes in order to run their businesses efficiently (e.g. Use of System charging and distribution metering services).

In previous ICT consultations we have commented on whether there is sound business justification for change and once again, I would highlight our concern about the prospect of industry wide process re-engineering, both in terms of its cost and practicability. Following the review process and suitable justification for change, then we would be more comfortable with an evolutionary approach to change. In either of these change scenarios, we would need assurance that in discharging our statutory obligation to facilitate

competition in supply, all efficiently incurred costs would be recoverable (as was the case with 1998 via the DMSCR).

Industry Data Manager

Of the more radical suggestions for improvement discussed in the paper being the formation of a new market role, Industry Data Manager, we have concerns that all this would add is yet another layer of complexity and cost to the market. The synchronization of data sources in this role would be an extremely difficult process to manage and may ultimately lead to bottlenecks and degradation in the quality of the data. The introduction of such a function will not address the root cause failings of the process; this could be better addressed through increased industry wide compliance monitoring.

If you have any questions in respect of the content of this letter, please do not hesitate to call Mark Tolley (MPAS Manager) or myself on 0121 530 7572.

Yours Sincerely

Andy Phelps
Regulation Director