

ElectraLink

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Andrew Wallace
Ofgem,
9 Millbank,
London,
SW1P 3GE

31 January 2014

Dear Andrew,

Re. 'Enforcing three week switching' (03 December 2013)

ElectraLink Ltd is pleased to respond to Ofgem's consultation entitled 'Enforcing three week switching' (03 December 2013). In accordance with our central role as service provider of the Data Transfer Service (DTS) to the GB electricity market we have focused our response on those areas most closely aligned with our experience, knowledge and core competencies.

In response to the government's call for the industry to improve switching and Ofgem's own analysis, Ofgem is proposing a new standard licence obligation on suppliers to take all reasonable steps to ensure that a customer's switch happens within three weeks. By adding this obligation to suppliers' licences, Ofgem will be able to investigate compliance by suppliers with the obligation.

In order to monitor compliance and perform any investigation, Ofgem will need to collect data that identifies the industry's and individual supplier's performance in terms of the time it takes to register new customers. At present, Ofgem collects this data by requesting it directly from individual suppliers.

Centralised reporting – an efficient means of monitoring

Since February 2012, ElectraLink has been able to provide data services to participants in the energy sector to improve industry performance. The users of the DTS gave ElectraLink permission to process the data flows they send over the DTS for this purpose as they recognised the considerable value that can be gained from the information. ElectraLink can provide these data services either on a commercial basis, or through the regulated Data Transfer Services Agreement, as appropriate.

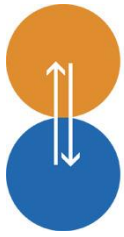
In particular, ElectraLink is able to centrally report on market wide change of supplier statistics for the entire GB electricity retail market, including the numbers of switches that take effect and the time it takes. We are able to do this because all electricity change of supply events since April 2012 can be traced by processing the data flows sent over ElectraLink's Data Transfer Service. For example we could report at individual supplier level, or aggregate the data to report on market sectors (e.g. domestic or non-domestic profile classes, or big six versus smaller suppliers) or by geographic area.



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A centralised approach would have the following advantages:

- Market wide - All electricity retail market participants in Great Britain use ElectraLink’s network;
- Impartial - As a ‘central body’, ElectraLink provides services to the whole of the industry;
- Accurate, consistent and timely - By analysing the actual messages sent, ElectraLink can report on what is really happening in the market; and
- Efficient - ElectraLink’s central reports avoid the costs and complexities of individual companies self-reporting.

Relevant experience

To demonstrate our capability, Table 1 below presents the average switching times for the whole industry and by type of supplier and type of customer for the second half of 2013.

Customer Type	Big Six Suppliers	Smaller Suppliers	All Suppliers
All customers	17.75	22.04	18.73
Domestic	17.67	22.78	18.74
Non-domestic	18.63	18.22	18.54

Table 1 - Average time to switch (in calendar days) - Q3 & Q4 2013

In addition we are able to update Ofgem’s statistics on the proportions of suppliers’ domestic customers that were switched within three weeks. Based on performance in the second half of 2013 all Big Six suppliers managed to achieve a three week switch for between 96 and 100% of their domestic customers, whereas only seven of 22 smaller suppliers achieved a three week switch for more than 90% of their customers.

ElectraLink already provides centrally produced reports on change of supply statistics to Energy UK. In particular, the service centrally reports monthly statistics on the numbers of change of supply events and the average time to switch. Energy UK required a cost efficient service that effectively reported on activity across the whole of GB by all retail market participants so that would be able to monitor and demonstrate the performance of the whole GB electricity retail market.

If you would like to discuss in more detail how ElectraLink could support effective, centralised monitoring of the time to switch, please contact me (paul.gath@electralink.co.uk or 020 7432 3006).

Yours sincerely,

Paul Gath
Chief Technical Officer



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