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Sent via email to: Smartermarkets@ofgem.gov.uk

11 August 2014

Dear Mr Wallace,

Re: Moving to reliable next-day switching

I am writing in response to the above consultation issued on the 16 June 2014, which sets out your proposals on moving towards reliable next day switching.

Haven Power Ltd ("Haven") is a non-domestic electricity supplier and has been part of the Drax Group plc. since 2009. We began supplying the SME (Small/Medium Enterprise) sector in 2007 and now have ~36,000 SME MPANs. In 2009, we entered the I&C (Industrial & Commercial) sector and have grown our I&C customer base to ~7,500 MPANs. Because our customers are businesses we are not subject to the requirement of allowing a 14 day cooling off period. This also means that we have a mix of half hourly metered customers, and non-half hourly metered customers (the majority of which currently are AMR and dumb metering – with a small number of SMETS 1 meters).

Whilst we understand considering centralised registration as an option, we have several significant concerns. Firstly, we do not believe that centralising registration or metering details will in itself lead to any noticeable increase in data quality (which is given as a reason for unreliable switching) and there is a risk that some accountabilities could become diffused or made more difficult to determine by the change. An improvement to data quality is unlikely to happen without fundamental shifts in attitudes/responsibility coupled with a large data cleanse activity and process changes and controls to ensure that the problems do not recur. Simply moving the activity from one party to another will not achieve this and risks making correction more difficult.

At present industry participants are working against a challenging timetable to implement the systems changes required for the smart metering infrastructure as well as gearing up for mass roll-out. In addition there is a huge amount of work required to implement the Supplier Obligations from EMR, and mandatory HH settlement for P5-8 customers will also add to workloads and represents a significant challenge for these systems in volume terms. We believe that adding this activity to the mix would actually have a detrimental impact on data quality. Precedents for situations involving multiple changes to the same processes in tight timescales are not good (for example the introduction of metering competition in 1994) and there are real risks to settlement and customer delivery that we believe are not being taken into account.

The importance of the smart metering project and the tight timetable it is being held to is widely recognised by industry; given these factors we cannot see how giving the DCC another project with an equally challenging implementation timetable will not lead to multiplied risk for both projects. The DCC has already had to put back its Go-Live date and increase the amount of money it recoups from suppliers; we cannot afford to incur another delay.

Centralisation of registration may look reasonably simple but in practice this is not the case. There are multiple interactions with other parties and extensive change to the underlying data that are being

changed at the same time. These interactions increase risk exponentially and we do not believe that this has been recognised.

In order for registration to be centralised and managed by the DCC it will need to design, build, test and run a system fit for Smart (opted in meters and those that are opted out), AMR, half-hourly, the remaining dumb meters (of which there are likely to still be a significant number with two years left on the mandatory smart metering deadline of 2020) and un-metered supplies. It will also need to familiarise itself with the differences between the domestic market, (where there are a number of evergreen customers) and the non-domestic market (where the majority of contracts are fixed term) – especially the larger end where failure to process a switch at the correct time can have expensive commercial impacts and there are specific liability issues which need to be clearly addressed. In addition there are almost certainly differences between the ways that DNOs treat supplies without meters (both new and old) that would have to be reconciled and this could involve extensive investigatory work to coordinate with the roll out of the project. Furthermore there is significant change in the underlying data which would also have to be accommodated.

There is also the likelihood that some elements suppliers have already assessed and made commercial decisions on, such as the size of the connection to the DCC they are procuring would need to be reconsidered if the DCC were to be given the task of running a centralized registration service. Having to revisit decisions that have already been made would mean expending additional time and resources, both of which are in short supply. All suppliers are already struggling to keep abreast of current regulatory reforms, and smaller suppliers are finding that it is increasingly difficult to find the time or resources that are required to engage at the necessary level to ensure the needs of their customers are properly considered. Haven do not believe that the impact a project to implement central registration would have on small, niche or non-domestic suppliers and their customers has been factored in to any of the considerations. Regulatory change already takes up the majority of our systems development programme and this means that other change to deliver new products and better service for customers is delayed or cancelled.

As an independent supplier we agree that a smooth and reliable switching process is an important element of the customer experience. However, we believe that improvements to switching will not have the desired impact if changes are made at the expense of other critical programmes such as smart metering, and at an unsustainable pace that incurs excess costs that the customer ends up paying for. Haven believes that a phased approach with smaller realistic improvements such as five day whilst moving towards the goal of the next day switch will build consumer trust far quicker than a “Big Bang” approach that runs the risk of not being fit for purpose. This will also run less risk of introducing more data issues or increased unreliability in to the process, and show domestic and non-domestic customers alike that they are being listened to by their supplier and that the regulator is safeguarding their interests.

If you would like to discuss anything further, please get in touch using the details below.

Yours sincerely

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