98 Aketon Road
Castleford
WF10 5DS
chris.allanson@northernpowergrid.com

Andrew Wallace
Smarter Markets
Ofgem
9 Millbank
London

Our Ref:CJA

Your Ref:

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Dear Sirs

Consultation on Moving to reliable next-day switching

Northern Powergrid is the electricity distribution (DNO) business for the Northeast, Yorkshire and parts of northern Lincolnshire, operating through its two licensed subsidiaries, Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc.

We are grateful to Ofgem for the opportunity to comment on its consultation on the reliable next-day switching project. Our responses to the specific questions raised in the consultation are contained in Appendix 1 to this letter and we would also add that we have provided comments to the Energy Networks Association to contribute to a wider network operator view of the topics covered.

Northern Powergrid is fully supportive of the aims of the change of supplier project and of the aims of Ofgem's wider smarter markets programme. We have a number of general comments in the interests of clarification and some of our observations that do not necessarily correspond to specific questions in the consultation are set out below.

We would like to more clearly understand what is in or out of the scope for the next day switching project and what a centralised service would encompass. Does centralisation, for example, include certain narrow change of supply processes or does it also include other registration activities associated with change of supplier such as change of agent and change of registration details (such as energisation status, profile class and measurement class etc.) and in addition whether all such registration items would be stored centrally. We would welcome any further clarity that could be provided regarding the scope although we realise that this clarity is likely to develop further into the project through work on the Target Operating Model.

We have made the assumption that other core registration activities, such as the creation and management of records associated with new connections and for the disconnection process, would stay with network operators and we would welcome clarification that this assumption is correct.

We note that the consultation mentions the reliability and age of the registration systems. We would highlight that despite its age the current registration system for electricity is intrinsically reliable and any issues in terms of the reliability of the switching process may be a reflection of how parties interface with it. We agree there are merits in resetting the framework to incentivise appropriate behaviours, which should improve the governance of the actions of interfacing parties and ultimately the reliability of the stored data.

We note your comments in relation to implementation risks and agree that careful planning is required, including for transition arrangements. We agree the project could take significant industry resource and believe the issue of competing priorities may also apply to key resources of network operators, including due to wider smart projects such as other registration changes for smart, use of system changes for increased half-hourly settlement, assisting suppliers in relation to the smart roll out and the creation of interfaces with the DCC.

Thank you for the opportunity to respond to this consultation.

Yours faithfully

Chris Allanson

Chris Allanson
Market Strategy Manager

Appendix 1: Northern Powergrid's responses to the consultation on moving to reliable next-day switching

Chapter two	
Question 1: Do you agree that we have accurately described the benefits of improving the switching process?	Yes, we agree the benefits have been described accurately.

Chapter three	
Question 1: Do you agree with our impact assessment on next-day, two-day and five-day switching based on either a new centralised registration service operated by the DCC or enhancing existing network-run switching services?	No comment.
Question 2: Do you agree with our proposal to implement next-day switching on a new centralised registration service operated by the DCC?	Yes, we agree in principal although we would value further information in relation to the detail of the scope of the project and the detail of the centralised service.
Question 3: Do you consider that fast (e.g. next-day) switching will not have a detrimental impact on the gas and electricity balancing arrangements?	We believe it is more appropriate for Elexon and/or suppliers to answer this question.

Chapter four	
Question 1: A central electricity metering database is not currently included within our proposed package of reforms. Do you agree it should be excluded?	Yes, we agree. As the number of traditional meters decrease and the number of Smart meters increase the benefit of the database diminishes.
Question 2: If a central electricity metering database is included within our proposed package of reforms, do you consider that it should cover both AMR and traditional meters? Do you think that there would be any benefit in extending the central electricity metering database to cover smart meters?	Yes, if such a data base is clearly justified it should encompass traditional and AMR meters. If smart meter details are to be captured in the DCC the inclusion of smart in a central metering data base would seem to create duplication for those meters.

Chapter five	
Question 1: Do you agree with the implementation principles that we have identified?	Yes, we agree and have no issues with the implementation principles identified.
Question 2: Do you agree that Ofgem has identified the right risks and issues when thinking about the implementation of its lead option (next-day switching with	We agree with the risks and issues identified, including in relation to customer service, in addition we believe further risks may arise for Network Operators and

centralised registration)?	suppliers in relation to the transition of data. Such data is obviously used for inter party billing, including for Distribution Use of System and so data relating to supplier information must be correct and properly maintained for any given period; data quality will need to be an essential corner stone throughout the transition.
Question 3: Do you agree that we have identified the right implementation stages?	The implementation stages described appear to be logical and sound.
Question 4: What do you think is the best way to run the next phase of work to develop the Target Operating Model for the new switching arrangements?	As the DCC would be responsible for the effective operation of the processes, it seems logical for them to be the party to develop the target model.
Question 5: What do you think are the advantages and disadvantages of the DCC being directly involved in the design of a Target Operating Model for the new switching arrangements, and the development of the detailed changes required?	The key advantage of the DCC being directly involved in the design of the Target Operating Model would be the intrinsic connection to ownership of the model through from development, implementations and operation.
Question 6: Do you agree that an SCR is the best approach to making the necessary regulatory changes to improve the switching arrangements?	A SCR may be the most appropriate approach subject to wider party views obtained from this consultation.
Question 7: Do you agree with the proposed implementation timetable? Are there ways to bring forward our target go-live date?	Once developed the Target Operating Model will help scope out the amount of industry change required. Once the amount of necessary change is known it should be possible to review (and revise if necessary) the project timescales.

Appendix three	
Question 1: Do you agree that we have accurately identified and assessed the main reforms that could improve the switching process?	Yes, subject to the clarification of the scope.

Appendix four	
Question 1: Do you agree that our approach, methodology and assumptions are appropriate to identify the quantified impacts of our reforms?	No comment.
Question 2: Do you agree with our approach for approximating the direct costs for market participants of investing in upgrading existing registration systems to real-time processing and the ongoing costs	No comment.

of operating these systems?	
Question 3: Do you agree with our assumption that the direct costs for market participants of investing in systems to shorten the objections window and the ongoing cost of operating these systems would be similar for a two-day and a one-day objections window?	We feel other respondents are likely to have a clearer view of this.
Question 4: Do you agree with our assumption (see Annex Figure 3) that 10% of the counterfactual change of supplier electricity meter read costs provided by market participants should be attributed to AMR meters?	We feel other respondents are likely to have a clearer view of this.
Question 5: Do you agree with our assumption (see Annex Figure 2) on the reduced efficiency of operating a central electricity metering database for traditional and AMR meters as the numbers of traditional meters declines?	Yes, if smart meter details are to be stored elsewhere.
Question 6: Do you think there is efficiency potential for shortening the objections window to one day combined with: (a) upgrading the existing gas and electricity registration systems to real-time processing; or (b) centralising registration with real-time processing? If so, what do you estimate this efficiency potential to be?	We feel other respondents are likely to have a clearer view of this.

Appendix five	
Question 1: Do you think the results set out in this appendix are comprehensive enough to show the potential direct cost impacts of the reform packages we have considered?	No comment.