



CHAPTER: Two

Question 1: Do you agree that we have accurately described the benefits of improving the switching process?

TMA's response:

Absolutely, the Smart Meter program is the opportunity to deliver a fast reliable and accurate Supplier Switching process. It will ensure customer's confidence and instead of staying with the "devil" they know, they will be more engaged in the market and confident to make full use of competition. In turn, it will motivate Suppliers in offering innovative tariffs. The clarity of the market is primordial to ensure that customers understand what they are changing from and to. A good level of homogeneity between Gas and Electricity would benefit dual supply customers.

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?

TMA's response: Not totally. There is no justification for the assumption that using the Network led registration services for the next day switching would not improve reliability. A centralised registration system for both Electricity and Gas might indeed seem an attractive proposition in order to simplify and homogenise the 2 fuels, other than that that assumption is not justified.

Question 2: Do you agree with our proposal to implement next-day switching on a new centralised registration service operated by the DCC?

TMA's response: No, the DCC is not yet active; its role in the Smart Metering Roll out is of critical importance and has still many unknown elements as it is still developing (systems, procedure and governance). The DCC's efforts should be solely focused on that. It would be over ambitious to centralise the registration systems for Gas and Electricity under the SEC governance and DCC's responsibility. As reliability is the key word for customer, it is preferable to use the existing upgraded network led registration centres rather than overloading the DCC.

The main issues with the Change of Supplier Process in the Electricity Industry is not linked to a lack of Governance but to issues in processes and data quality. Changing the governance to the SEC (Smart Energy Code) does not guarantee any more reliability.

There seems no justification for "gifting" the role to DCC anyway, why wouldn't their be an open and competitive procurement?

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?

OFGEM Next Day Switching Consultation



TMA's response: The risk is more likely to come from larger customers in the Small and Medium Industrial customer category. It can be managed via the terms of the contract in place between the customer and the Supplier. It will be the Suppliers responsibility to manage that risk efficiently.

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?

TMA's response: We agree it should be excluded. Please see our response to question 2.

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?

TMA's response: We do not see the benefit of a centralised metering database for the time period that it could be operational and useful.

CHAPTER: Five

Question 1: Do you agree with the implementation principles that we have identified?

TMA's response: Yes, namely focus on customer's outcome, implement as soon as possible, make best use of Industry Expertise and finally identify and manage risk. However the principle of making best use of Industry expertise is in direct opposition with the lead solution proposed by Ofgem of a centralised registration system provided by the DCC.

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 centralised registration)?

TMA's response: Yes the risk and issues identified by Ofgem are correct, however we disagree with the lead option which ranks really high in the Competing Industry Priority risk category with the overstretching of the DCC.

The Energy Industry is going through a period of major changes. The mass roll out of Smart Metering has been likened to the most challenging change since privatisation and we agree. It brings many opportunities to have step changes in the way the Energy Industry works for the better. We welcome all the initiatives making full use of the new capabilities brought by Smart Metering and AMR.

A centralised registration service provided by the DCC is not the best way forward. The DCC and SECCO were created to respond to the new needs generated by the Smart Metering Roll out. Let that be their area of expertise.

The provision of registration services is presently undertaken by Network based registration services for the Electricity Industry and a semi-centralised system for the Gas industry. One of the risks identified by Ofgem is the transfer of expertise, the best way to mitigate that risk is not to require a transfer of expertise. A system change is less risky than a system and service provider change.



If the centralised registration service is pursued it will be counterproductive, it is inevitable that the inexperience of the new centralised registration service coupled with the introduction of a new system will have an impact on the quality of service offered. The customers will be the first to pay and instead of improving their switching experience, it will only further dampen their confidence.

Question 3: Do you agree that we have identified the right implementation stages?

TMA's response: Yes, namely stage 1 Detailed regulatory design, stage 2 Enacting the changes to the regulatory framework and stage 3 design, build and test. It would be difficult to run some of the stages concurrently as the detailed regulatory design must be complete before the changes can be enacted in the regulatory framework. The design cannot fully start until the regulatory framework is in place. The split of all 3 phases into modules could be considered but the consultation timescales for the regulatory framework changes might take longer if done in several batches.

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?

TMA's response: The stakeholders must be involved in developing the Target Operating Model as they hold the expertise. Ofgem must be the driving force to ensure that necessary but hard changes are pushed forward. We therefore favour option 2, for Ofgem to place obligations on other licence holders or seek assurances from industry groups that this work would be taken forward by them.

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?

TMA's response: We have clearly stated that we disagree with the lead option of the centralised registration system service provided by the DCC under the governance of the SEC. However, if our arguments were to be ignored, we strongly advise not to have the DCC involved in the design of a Target Operating Model other than as an observer. As mentioned previously they do not have any expertise in that field. The current registration service providers must be involved as well as independent Industry experts and Ofgem to ensure that the best options for the customers and the Industry are pursued. We understand that the DCC seems at first an attractive option as a "one stop shop" however the dilution of effort and lack of expertise would have serious repercussions on the delivery of both the Smart Metering program and next day switching.

Question 6: Do you agree that an SCR is the best approach to making the necessary regulatory changes to improve the switching arrangements?

TMA's response: Yes, a Significant Code Review is the best approach to make the necessary regulatory changes. It offers a coherent approach, as many codes are involved; it seems the only suitable way to have a workable end result. It offers the right balance of governance versus consultation to find the best solutions especially when the Industry Participants and customers interests are not aligned.

OFGEM Next Day Switching Consultation



Question 7: Do you agree with the proposed implementation timetable? Are there ways to bring forward our target go-live date?

TMA's response: No comment

APPENDIX: Three

Question 1: Do you agree that we have accurately identified and assessed the main reforms that could improve the switching process?

TMA's response: OFGEM are minded to progress having the whole market settled Half Hourly. The main reason switching quickly does not work well for consumers (apart from the objection process which we believe is archaic and should be removed) is because of data quality issues, readings histories, historical data and a huge set of data items required for profiling. In an HH market all those Data Quality issues evaporate, so it seems that OFGEM may already be instigating market reform which will fully enable same day switching, if an HH settled market is progressed, there will be no need for a large high risk project. Gas may trail Electricity and perhaps aligning Gas arrangements to Electricity would be less change for more benefit.

APPENDIX: Four

Question 1: Do you agree that our approach, methodology and assumptions are appropriate to identify the quantified impacts of our reforms?

TMA's response: Yes to the best of your abilities, with the information available.

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 of operating these systems?

TMA's response: Yes, it was done to the best of your abilities with the information available. We are however astonished by the high costs involved from the Big Suppliers. Small Independent Suppliers have worked hard to be efficient in all areas, including customer gain/loss. The objection period could be removed now and small independent Suppliers would be able to offer next day switching. The archaic work processes and systems of legacy vertically integrated large Suppliers are one of the main source of high costs. The real time processing of data is nothing new and should be applied to Network based registration systems to ensure the best service to customers but as often, the cost of the big Suppliers inefficiencies and archaic processes and systems is used as a mean to slow down or halt change.

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?

TMA's response: Yes.



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?

[TMA's response:](#) No comment

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?

[TMA's response:](#) Yes, we agree.

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?

[TMA's response:](#) No we believe the Objections process should be removed from the trading arrangements. All other commercial organisation use normal civil means to recover and manage customers debt, what should energy Suppliers have special privileges? Especially as they have been so widely abused over the years

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?

[TMA's response:](#) Yes to the best of your abilities with the information available.