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8 August 2014

Dear Andrew

Moving to reliable next-day switching

Thank you for the opportunity to respond to the above consultation. This letter should be treated as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. Our response is not confidential and can be published via the Ofgem website.

Where appropriate, we have provided answers to the consultation questions in the appendix to this letter and we hope that you will find our comments helpful. If any aspect of our response requires further explanation or clarification please do not hesitate to contact me.

Yours sincerely



Keith Hutton
Head of Regulation
UK Power Networks

Copy: Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks

Appendix

Moving to reliable next-day switching – UK Power Networks’ answers to the consultation questions

Chapter Two

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

While we broadly agree with the description of potential benefits set out in Chapter Two, we consider that energy suppliers are better placed to comment on this area.

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?

Yes, we agree with Ofgem’s impact assessment on next-day, two-day and five-day switching based on either a new centralised registration service or enhancing existing network-run switching services.

The electricity registration service operated by all electricity distribution businesses already supports next-day switching. We have been working with the industry to reduce supplier registration lead times, including the introduction of the registration withdrawal process. We recognise that other changes to existing processes may be required to improve the customer switching experience.

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

We have no comments to make in respect of the relative merits of next-day, two-day and five-day switching.

If the DCC is to operate the centralised registration service it will need to demonstrate that it is capable of building and operating a reliable, cost-effective system.

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 have no specific comments to make in this regard and believe that energy suppliers are better placed to comment on this area.

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?

By 2020 the vast majority of electricity meters will be smart and the DCC will hold the SMETS version and manage the change of supplier meter reading process; therefore, we see no benefit in including a central electricity metering database within Ofgem's proposed package of reforms.

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?

If a central electricity metering database is included within the reforms, we agree that it should cover both AMR and traditional meters. We are not aware of any benefits in storing smart meter details.

Chapter Five

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

While we broadly agree with the implementation principles identified, we believe that these should include the requirement to produce a robust and reliable registration system and processes. Without this, customer switching, balancing and settlement and DUoS income are at risk.

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)?

We generally agree that Ofgem has identified the right high level risks and issues related to the implementation of next-day switching with centralised registration.

In relation to the fourth issue/risk (competing industry priorities), there are two areas that should be highlighted in view of their potential impact:

- As Ofgem has already identified, at the design and specification stage there is a risk that the necessary industry expertise will be diverted to resolve issues related to the early stages of smart metering.
- The industry resources required for end to end testing of a registration system should not be underestimated and may also be impacted by the smart metering roll-out and other initiatives.

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

Yes, we agree that Ofgem has identified the right implementation stages.

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?

Our preference would be for the SEC Panel to oversee the development of the Target Operating Model for the new switching arrangements, as the SEC will govern the enduring registration process. This will require industry parties to work closely together and with Ofgem.

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?

Our main observation is that the DCC has no experience of developing or operating a registration system – involving them too deeply in the design of the Target Operating Model and development of any detailed changes could distract them from their principal role. However, we do recognise that the DCC will be a customer of the registration service and will need some degree of involvement to identify where interfaces are required with other DCC systems.

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

Yes, we agree that an SCR is the best approach.

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

The proposed implementation timetable – in particular the design, build and test phase – is ambitious given that it will run in parallel with the smart metering roll-out and industry parties will need staff with a similar skill set to support both projects. The time allowed for the programme is particularly ambitious when compared to similar projects. For this reason we do not believe that it is appropriate for the target go-live date to be brought forward.