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10th April 2015
Ecotricity Reference No.: 470
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Ecotricity Response to Moving to reliable next-day switching: Consultation on Target Operating Model and Delivery Approach

Introduction

Ecotricity is a renewable energy generator and supplier with over 155,000 customer accounts and 71.5MW of generating capacity across the UK. We pride ourselves on the professional, transparent and personalised service that we offer, which is consistently recognised by our customers and third party surveys. For example, we have recently topped the Which? Energy Customer Satisfaction Survey for the second year running. This recognises our simplicity and focus on the ethical treatment of our customers. We support any measure aimed at improving clarity for consumers and simplifies the industry.

Ecotricity support the overall goal of moving to next-day switching. This is beneficial from a consumer engagement perspective. Many customers are currently disengaged with the market, simplifying processes and therefore understanding of the industry would certainly improve switching rates. We would also expect it to go some way to remedying the problem of "sticky customers".

Question 1 – Do you agree with the requirements set out in the TOM?

We agree with the broad requirements proposed. However, it currently reads as a high level technical blueprint, with insufficient detail. We are satisfied with the scope, but not the depth of the Target Operating Model.

Question 2 – Is our description of the requirements sufficiently comprehensive to progress the design of our reforms during the next phase of the programme?

No. Many of the questions we have surrounding the operational implications of the Target Operating Model will not be addressed until the Significant Code Review in autumn. For example, exactly how will things change from a dataflow perspective to facilitate the switching? Whilst the overarching governance arrangement of the codes has been made clearly within the consultation document, this fails to paint a clear picture as to what would be required by our teams. Therefore we remain ambivalent pending the Significant Code Review.

Question 3 – Are there any additional requirements that should be captured in the TOM?

We have great concern regarding what happens when a customer switches during the cooling off period. This has not been addressed in the consultation. Within the 14 days, a customer could potentially switch supplier 7 times. What preventive measures will be in place in order to stop this?

We also have concerns over how the Debt Assignment Protocol would work in the next day switching world. Currently, the Protocol requires suppliers to send/receive multiple flows. This is a process that can take several weeks. Therefore, in order for indebted prepayment customers to switch under next-day switching, DAP would have to be removed or alternative forms of objections be implemented. As part of the call for evidence, Ofgem suggested expanding DAP to credit customers as an option, yet this would not be compatible with next day switching.

In a similar vein, it has been noted that Ofgem's call for evidence regarding supplier objections goes hand in hand with this next day switching consultation. The issues surrounding objections are the central tenet of the switching process. Therefore these consultations should have either been run in tandem or been part of the same.

It is unclear how the next-day switching arrangements would work in respect to prepayment meters. Currently suppliers may send out keys and cards in the post which will take several working days. Whilst the customer is using the previous supplier's key/card, they will be on the wrong tariff and therefore paying charges that do not reflect their new supplier. This model would only work if it refers explicitly to a smart world, where tokens are no longer used to top up prepayment meters.

There is the potential for increased balancing costs given the increased customer volatility. During the period where the market adjusts to a faster switching regime, there could be unpredictable market conditions. The necessity to buy or sell more short term power will increase supplier risk. Subsequently this could lead to suppliers increasing the prices of tariffs to counteract the possible increase in costs of short term purchasing.

Conclusion

To conclude, Ecotricity support the move to next day switching. This will improve transparency within the industry for both customers and suppliers. We are satisfied with the scope of the Target Operating Model, but it is lacking in depth. Much of the information we require will depend on the outcome of the Significant Code Review in the autumn.

We also welcome any further contact in response to this submission. Please contact Ryan Wilkins on 01453 769392 or ryan.wilkins@ecotricity.co.uk.

Yours sincerely,



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