



Ofgem Consultation - Moving to reliable next day switching - Target Operating Model and Delivery Approach

Response from E.ON

General Comments

We are supportive of Ofgem's smarter markets proposals and in particular the reforms to the existing customer switching processes. Switching between Suppliers is a key enabler to customer engagement and in ensuring that the retail energy market functions well.

The current processes, IT systems and the parties responsible for delivering these switching services date from the mid 1990's and are in need of improvement to ensure that the market is ready for the challenges that smart metering and the evolving energy market will bring.

The Target Operating Model (TOM) and the project delivery approach outlined by Ofgem in this consultation seem sufficiently detailed and robust to act as a good basis for the progression of the project.

We could not see any key areas that had been omitted and that would undermine the successful delivery of the required changes. The structure and approach to the delivery of the changes seem reasonable and have benefitted from the recent industry experiences of implementing significant change. We therefore have confidence that the proposals from Ofgem should be successful.

We agree with the revised timescales set out in the final proposals and the TOM consultation. The delay to the implementation of the DCC and the roll out of smart meters provides an opportunity to address some of the last policy decisions where an obvious conclusion has not been possible to reach (e.g. the future of the objections process).

Some of the issues are quite contentious and difficult to resolve and we do not believe that the entire project should be delayed or distracted whilst answers to these questions are found. We appreciate that there is a risk that solutions may not be able to be progressed in detail until these decisions have been made but there should be ways to mitigate this as part of the project planning.

There are still a few detailed areas where we disagree with the conclusions that have been reached (e.g. excluding unmetered suppliers from the scope of the project) but in the whole we remain supportive of the proposals and committed to help deliver the required changes.

Responses to consultation questions:

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

Yes, we do have comments on the some of the detailed proposals:

Metering arrangements

We would like to see an alignment between metering information held centrally for electricity and gas customers. The concept of services being aligned for customers of both fuels should be something that the new service strives to deliver. There will always be some differences between the two due to the physical



characteristics of the fuels but basic areas such as metering details is an aspect that should be aligned. In particular we would not like to see any degradation of services provided for gas customers as a result of the proposed amendments.

Cooling off arrangements

We remain unconvinced that the automatic return of customers who have cancelled a contract with a new Supplier to their previous one is in their best interests. A customer who cancels their contract with a Supplier during the Cooling Off period should be allowed to transfer to any Supplier they wish to and not forced back into a relationship with a Supplier who they have already chosen to leave.

The advent of 24 hour switching should ensure that this practice can happen quickly and effectively. It maybe that the customer chooses to return to their previous Supplier but the process should ensure that it is always driven by the gaining Supplier. This principle ensures clarity in the market and places responsibilities to act with the party most incentivised to make the process work.

Unmetered Suppliers and direct Transmission connections

We are not sure why these types of customer have been ruled out of scope for this project. Both these types of customer have specific requirements but fundamentally the process for managing their transfer should be undertaken by the same central industry agent.

Excluding customers on private networks is also another aspect that should be reconsidered. Some electricity MPAS service providers are undertaking activity to support this market segment. This area has been expanding since the rights of customers on these networks to seek 3rd party Suppliers were clarified.

Ofgem is also considering alternative business models and the growth of community energy schemes. Including these customers should actually not present too much of a risk of scope creep or changes to the core proposed services as their requirements should be very similar to those for customers connected to a licenced network.

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

Yes, the requirements were comprehensive.

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

Areas for additional consideration might be the management of small scale FIT subsidy payments to customers with their own generation equipment and Green Deals loan repayments.

The payments of FIT subsidies by Suppliers are already linked to electricity Suppliers and customers MPAN reference numbers. The inclusion of this information on the central registration service may help ensure payments continue after a change of Supplier, to make it more visible as to where distributed generation has been installed and to make the general administration of the scheme by all parties more effective.

The provision of central services to support the management of Green Deal loan repayments via electricity Suppliers is a service currently provided under the auspices of the Master Registration Agreement (MRA). The evolution of the central registration services might provide an opportunity to examine whether this should also be centralised in the proposed services provided by the DCC under the SEC governance arrangements.



It may also be worth considering whether the provision of the Renewable Heat Incentive subsidy payments should also be something that is facilitated via the central registration services. Although at this point we do not see such a clear link and advantages to this as we do with services for FIT subsidy payments.