

Andrew Wallace  
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9 April 2014

Dear Andrew,

Re: Moving to reliable next-day switching: Consultation on a target operating model

Thank you for the opportunity to respond to your consultation. Northern Gas Networks (NGN) response is provided in respect of the changes to the gas industry and impacts to services provided to us by Xoserve who act as our Agent in providing centralised supply point services for Gas Transporters in accordance with Standard Special Condition A15.

NGN agrees that accurate, efficient customer switching is a key customer requirement. It is important to ensure that the integrity of the end to end data flows within the industry are maintained so as to prevent any adverse impacts on industry parties. In the gas industry it is important to consider that the current customer switching process is the primary responsibility of the gas Shipper in terms of industry data flows. This ensures that energy allocation, settlement and transportation billing is always aligned with shipper registration. Changing this to be a Supplier responsibility will require considerable re-design of industry processes and obligations.

We understand the desire to have a single process for both electricity and gas customer switching but consider the potential changes proposed in the Target Operating Model (TOM) to be of a significant nature both for existing industry data flows and primary obligations. We note that the TOM states that in nearly all cases the gas supplier will hold a gas shipper licence (8.15), but we have noticed a move away from this model in recent times with more smaller suppliers coming to the market and using a larger existing shipper to carry out energy and transportation services including all change of supplier data flows. The change to a supplier-centric model will necessitate that these suppliers invest in systems to undertake these new obligations.

The TOM proposes moving some of the current industry data from the existing gas central data provider to the Central Registration Service (CRS) which will fragment the data sources that are used for gas settlement and transportation billing. It is essential that the Gas Transporters continue to receive accurate and timely data to enable settlement and transportation billing, currently carried out as part of a fully integrated system by our Agent, Xoserve. In order to meet this requirement the current shipper obligations for passing data to us may need to be discharged by the suppliers through the CRS. This fragmentation of the existing gas processes is not without risk and it is important that all parties have clear requirements and obligations through industry codes and Licences where appropriate.

The TOM requirements set out a level of detail that conceptually provides a platform to build the necessary arrangements. Interaction with industry codes and Licences will take considerable effort to co-ordinate and we agree that a Significant Code Review is the most appropriate manner of completing this. Progress of such a substantial reform to obligations needs to ensure that all impacted parties are engaged and have sufficient lead time to make substantial changes to contracting models and industry data flows. Recent experience of industry reform from Smart Metering, Project Nexus and the Funding Governance and Ownership review of Xoserve have shown that the detailed requirements for such programmes take considerable resource from all parties.

I hope you find these comments useful and please contact me should you require further information.

Yours sincerely,



Joanna Ferguson  
Network Code Manager

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