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22 January 2016

### **Proposals for DCC's role in developing a Centralised Registration Service and penalty interest proposals**

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy continues to believe that delivering faster, reliable switching requires fundamental reform of the industry processes and flows. This is best facilitated through the centralisation of registration under a single entity such as the Data and Communications Company (DCC). This will provide a common process for gas and electricity, enabling industry to realise operational savings from administering a single registration process and to avoid duplication of processes under devolved arrangements. The proposed changes to the DCC's licence will ensure that their role in the preparatory phase of the Switching Programme is clear and will not come at the expense of their smart metering obligations.

The DCC must ensure it is fulfilling its role in regards to Centralised Registration in the most cost effective manner possible. We agree that the proposed cost recovery and incentive mechanisms detailed in this consultation should help to ensure that this is the case. Ofgem will continue to have a vital role in providing oversight in this area and ensuring that the Centralised Registration Service is delivered economically and efficiently, minimising the impact on the customer bill.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Ashley Pocock on 0 1342 413838, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Paul Delamare".

**Paul Delamare**  
**Head of Customers Policy and Regulation**

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## **Attachment**

### **Proposals for DCC's role in developing a Centralised Registration Service and penalty interest proposals**

#### **EDF Energy's response to your questions**

#### **CHAPTER: Two**

##### **Q1. Do you agree with our proposed changes to LC15?**

EDF Energy generally agrees with the proposed changes to LC15. In the main they deliver the policy intent detailed in the document. We do, however, remain concerned about the inclusion of references to the maintenance of the Data Transfer Catalogue within the mandated scope of the Centralised Registration Service.

As noted in our previous response, the scope of the dataflows set out in the Data Transfer Catalogue is wider than metering point registration processes. The Data Transfer Catalogue is also not referenced within the Target Operating Model. We do not see any clear justification, at this time, for the mandated inclusion of the maintenance of Data Transfer Catalogue within the scope of the Centralised Registration Service. The phrase 'includes (but is not limited to)' in 15.8(1) indicates that this is the case.

We believe it would be sensible to exclude references to the Data Transfer Catalogue from the licence, and for the Blueprint groups to consider this as a potential requirement.

We also note that the consultation document states (in section 2.19) that Ofgem would consult with stakeholders before issuing any direction. There are, however, no explicit references to this within the licence. For the avoidance of doubt, we believe it would be sensible to include a reference to consultation with stakeholders within Part B of LC15.

##### **Q2. Do you agree with the proposed considerations that we would expect DCC to take into account when seeking to meet its new objective?**

EDF Energy agrees with the draft content of the guidance to be provided to the DCC on its obligations under LC15. This will help to ensure that the DCC remains focused on delivering an effective and economic system that supports delivery of the Target Operating model (TOM).

As well as ensuring that the design of the CRS and the new switching arrangements are consistent with smart metering arrangements (as noted in paragraph 2.25), we believe it would be sensible for the DCC to seek opportunities for synergies between smart metering and registration and ensure that these are considered as part of the Blueprint Phase.

Although it is captured within LC15, it may be sensible to reiterate within this guidance that the DCC should immediately highlight any potential impact that its involvement in the development of the CRS and the new switching arrangements would have on its delivery of smart metering services. Although LC15 makes it clear that smart metering has

precedence should conflicts arise, it does not make it clear that the DCC should be proactively identifying and managing such conflicts.

### **CHAPTER: Three**

**Q3. Do you agree with our proposed drafting amendments to the price control formula to allow the Authority to include ex-post and direct ex-ante arrangements as well as uncertainty, and incentive mechanisms?**

EDF Energy agrees with the proposed drafting amendments to the principle price control formula contained within Licence Conditions 36.9. We agree that this drafting will allow the Authority to include ex-post and direct ex-ante arrangements as well as uncertainty, and incentive mechanisms.

**Q4. Do you agree with the proposed timetable and process for agreeing the ex-ante procurement costs as well any uncertainty and incentive mechanisms, were these to be used?**

EDF Energy is generally supportive of the proposed timetable shown in Table 1 and the process for agreeing the ex-ante procurement costs as well any uncertainty and incentive mechanism should they be required. We also believe this timetable will not impose a disproportionate burden on the DCC.

**Q5. Do you agree with the proposed changes to introduce a new defined term of Fundamental Registration Service Capability to ensure that DCC procures the CRS externally?**

We agree with the proposed changes to introduce a new defined term of Fundamental Registration Service Capability. The CRS needs to be procured in the most effective manner possible; procurement of the CRS externally through a competitive tender will be the best way to ensure that this is achieved.

### **CHAPTER: Four**

**Q6. Do you agree with the proposed changes to include CRS as a new service in the Mandatory Business Service requirements?**

We agree with the proposed changes to include CRS as a new service in the Mandatory Business Service requirements. This will ensure that the appropriate controls can be applied to the DCC's activities in this area. It will also create a clear separation between the DCC's smart metering services and the CRS. This will allow different obligations to apply in the future.

**Q7. Do you have any views on the proposed consequential changes to the licence?**

We agree with the proposed consequential changes to the licence. The drafting of the new provisions seems to be clear and consistent with the existing provisions relating to

smart metering. This should enable the DCC to use the experience they have gained to date to meet their new obligations in regards to Centralised Registration.

#### **CHAPTER: Five**

#### **Q8. Do you agree with our proposed amendment to the definition of Regulated Revenue in LC35?**

EDF Energy is in agreement with the proposed definition of Regulated Revenue shown in LC35 Part B.

#### **Q9. Do you agree with the proposed drafting for the penalty interest rate and that it reflects the policy intent?**

EDF Energy is supportive of the intention to amend the licence to introduce a penalty interest rate upon the DCC for over-recovered charges. We also agree the DCC must be able to demonstrate that it has taken reasonable steps in setting its charges.

We accept Option 3 in table 5 should be the preferred option for the risks the DCC faces, and agree a 3% above a 110% threshold interest rate to be appropriate.

With regard to the proposed drafting in LC36 (36.17) relating to a penalty interest rate being applied, EDF Energy is in agreement with the defined drafting.

**EDF Energy**  
**January 2016**