

Via email: switchingprogramme@ofgem.gov.uk

Rachel Clark
Switching Programme
Ofgem
9 Millbank
London
SW1P 3GE

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Dear Rachel

UK Link and the proposed Central Switching Service

C&C Group welcomes the opportunity to respond to the above consultation, including the potential benefits from basing a Central Switching Service (CSS) on an existing system (the new UK Link) and a change in Xoserve's vires and governance arrangements to allow them to participate in a competitive procurement for the provision of the CSS.

Background to C&C Group

We are an innovative and agile Business & IT Services organisation that focuses on adding value to a broad range of client operations across Energy (electricity and gas), Water and Pharmaceuticals with a strong focus on customer service in the provision of cloud hosting and secure managed services.

We design, build, host and manage a wide range of Central Market Systems and products that are continually adapted to accommodate changes economically and efficiently within these dynamic markets. These include the Metering Point Registration Service (MPRS), the Electricity Central Online Enquiry Service (ECOES), and the Green Deal Central Charge Database (GDCC). Through MPRS and ECOES, C&C Group software touches all electricity meter points in the UK and has underpinned all customer switching within the UK electricity market since 2004.

Since 2011, we have also worked alongside the Central Market Agency (CMA) in Scotland. The CMA is the organisation that administers the competitive market arrangements for water and wastewater retail services in Scotland and operates the computer systems that run the market (registration, switching and settlement). C&C Group is responsible for the ongoing development and maintenance of the central systems as well as the provision of a service desk and market participant integration & training.

In addition to these central systems we provide a range of services including Registration Data Provision (RDP) for 16 DNO licences which provides registration data from MPRS to the DCC demonstrating our ability to leverage existing infrastructure, building on existing and long established relationships to deliver a key service on time working alongside industry stakeholders including the DCC.

In data cleansing and address data management, our closed loop Address Data Quality Management (ADQM) system is used by the vast majority of DNOs to manage the MPAN address from its creation as a plot address through to its Royal Mail PAF address and any subsequent updates. The Property Data Service (PDS) web service is used by a significant number of energy suppliers to maintain a match between electricity and gas addresses, Royal Mail PAF and Ordnance Survey datasets, thereby providing a link between the premises MPAN and MPRN records. PDS utilises finely tuned energy specific matching algorithms to ensure that the match quality is maintained whenever there is an update to any address or a new record created.

Potential Benefits

The Consultation sets out a number of potential benefits in leveraging the industry investment in UK Link and its' integration to market participants through AMT's Market Flow product. These include the reuse of products currently used by dual-fuel energy retailers; avoiding transferring gas meter records to a new system; and reducing the costs for the development and maintenance of an interface back into UK Link.

Furthermore, it is suggested that delivering a CSS developed on the new UK Link could offer other potential benefits in three main areas:

- **Solution Architecture:** the use of UK Link could simplify the market landscape such that industry participants have to interact with fewer systems, resulting in lower costs to suppliers in relation to back office / integration costs through reusing systems to which they are already connected;
- **Reduced delivery risk:** the use of an existing platform and existing interfaces to many of the key CSS users could mean significantly lower delivery risk given there would not be a requirement to develop and integrate with an entirely new system and only half the registration data would need to be migrated to a new system;
- **Investment and cost to serve:** lower capital investment and ongoing costs, again due to the reuse of existing functionality and service management.

All of the benefits outlined equally apply to the reuse of existing electricity market systems and in particular MPRS and ECOES which should be seen as viable options for the provision of the CSS. Similarly, the Central Market Systems used to support the competitive water market in Scotland could provide a platform for the CSS. This should be taken into account as part of the procurement exercise and any assessment criteria used, particularly but not limited to economic considerations and the ability to introduce industry defined change on time.

MPRS is an application which manages the MPAN registration and change of supplier processes and is used by every DNO and iDNO. They are therefore using the same platform, built to a common code base, supported via standard service management and use a common interface across every supplier.

ECOES was first implemented in 2003 a result of Ofgem's earlier intervention in switching, to reduce erroneous transfers and speed up switching processes. It is currently used by over 40,000 users and over the last few years has transformed significantly, keeping up to date with technological advancements and modern IT architecture. It is an extremely cost effective, nimble and adaptable solution becoming an integral part of other solutions in support of policy and regulatory objectives, e.g. supporting the Green Deal via linkages to the GDCC and supporting the Feed-in-Tariff (FiTs) via the Microgeneration Certification Scheme.

More recently ECOES has delivered a compliant and secure solution to provide Price Comparison Websites (PCWs) with access to electricity market data to meet the Competition Markets Authority's Final Order as published in December 2016. Furthermore, it was designed and delivered on time and built as a dual fuel solution through the ability to import the gas market data via an Application Programming Interface (API).

Procurement of CSS

We would encourage all suitably qualified parties to participate in the CSS competitive tender, as this should help ensure the best possible outcome from that process and competitive pressures should result and drive efficient practices, costs, benefits and innovation.

Accordingly, in principle we have no objection to Xoserve participating, so long as the CSS (and any other requirements to deliver the new switching arrangements) are procured in an open, transparent and objective manner and in accordance with the principles set out in Condition 16 of the DCC's licence.

The Evaluation Criteria undertaken by DCC needs to be clear and fair to all potential bidders regardless of whether their proposed solution is based on existing gas or electricity systems, introduces new systems or utilises new technologies.

We are pleased that delivery of the CSS will take into account of a number of different factors:

- the cost of delivering the central CSS functions;
- the full cost to industry, and therefore to consumers, of implementing the new CSS
- the ability to support innovation and change and the effect on barriers to entry
- delivery of all the specific functionality required to support the new switching arrangements.

Industry should also have front and centre the need to introduce change on time as any overrun introduces cost and can significantly erode confidence.

The 'best value' calculation should take into account the cost of delivering and operating the central systems required for the CSS, the cost and ease to market participants of interacting with them and seek to minimise redundancy of existing systems.

In order to identify any synergies to market participants from being able to reuse existing interfaces with existing systems, be they electricity or gas, we would encourage the DCC and Ofgem to ensure they have sufficient knowledge of existing systems and how all market participants interface with them.

One further observation to note. Should Xoserve submit a bid to provide a CSS built on UK Link is how the DCC assesses the use of the AMT Market Flow product given that both the DCC and AMT are part of the Capita Group. We would again call for transparency but above all that the right products are chosen to meet the needs of the industry in an economic, objective and above all in a fair manner.

We do not have any particular views as to Xoserve's future governance model but agree with Ofgem's pre-requisite conditions whereby UNC/DSC Parties should benefit from any diversification; the arrangements should not place disproportionate risk on UNC/DSC Parties; Standard of Service under the UNC/DSC should be maintained; and Xoserve's Central Data Service Provider role should not give it any undue competitive advantage in a contestable activity.

If you have any questions on our response, please do not hesitate in contacting me.

Yours Sincerely

Ken McRae

E-mail: ken.mcrae@candc-uk.com

Tel: 01883 621006 +1649

Mob: 07713 585898