
ENGIE response to Ofgem's consultation – UK Link and the proposed faster switching service September 2017

ENGIE UK

ENGIE is a leading energy and services Group employing 17,000 people in the UK across three main areas: generation and supply of energy, management of facilities and regeneration of places and communities.

ENGIE is using its capabilities to lead the UK's transition towards a more secure and sustainable future, through a strategy based on investment in critical energy infrastructure, integration of its energy expertise with its broad services offer, and innovation in customer-led solutions and technologies. The business has well-established and diverse operations as a major UK power generator, providing power and gas to thousands of UK homes and businesses, transforming neighbourhoods through regeneration, and delivering services to more than 14,000 customer sites across the public and private sector.

Globally, ENGIE is committed to taking on the major challenges of the energy revolution, towards a world more decarbonised, decentralised and digitalised. The Group employs 150,000 people worldwide and achieved revenues of €66.6 billion in 2016.

Summary

Please find below our initial thoughts in relation to the proposals set out in the consultation:

- The opportunity to utilise the renewed UK Link systems for the switching service deserves serious consideration, there appear to be significant benefits available for both the industry and consumers arising from better overall efficiency for the switching programme and increased cost effectiveness. We would expect that a cost benefit analysis is done to help to quantify this relative to other solutions including the DCC procurement approach.
- Potential regulatory barriers relating to Xoserve's governance and structure should be overcome so that these do not present a real impediment to progress. On a practical level this could be achieved by extending and adapting the existing Data Services Contract (DSC) and extending it to other relevant parties.
- Assurances should be provided to suppliers that if the SAP IS-U solution (UK Link) proposed is chosen for the Central Switching Service, suppliers with alternative IS solutions other than SAP IS-U will not face any disadvantage on either cost or the implementation approach; otherwise this could materially affect competition.

Consultation Questions

Question 1: Do you agree with the benefits outlined, if so how significant do you consider these benefits could be for the purposes of more reliable and faster switching?

1) It is important that the industry conducts a cost benefit analysis to more accurately determine the incremental benefits of using the UK link system relative to the DCC procurement approach and also other possible solutions such as block-chain. Once completed this should inform future decisions. At present it appears that extending the utilisation of the recently refreshed UK-Link systems would present a much more cost effective solution for the industry than creating an entirely new platform but this has not been formally quantified.

Question 2: Are there any other benefits that we've not identified?

2) If a UK-Link deployment is chosen then it is important to learn the lessons from Project Nexus, particularly in relation to programme oversight and transparency for suppliers. The adoption of an independent oversight body (PWC) worked well and helped to generate more confidence in the deployment in the later stages. Replicating this approach for the faster switching programme should provide benefits.

Question 3. Do you see any particular risks or disadvantages? If so please outline them.

3) It is inevitable that there is a significant delivery risk with a programme of this nature, particularly given the number of stakeholders and system interfaces involved. These programme risks should be more or less the same for each supplier and not advantage or disadvantage any particular constituency. In particular, it would be helpful if assurances were provided to suppliers that if the SAP IS-U solution (UK Link) proposed is chosen for the Central Switching Service, suppliers with alternative IS solutions other than SAP IS-U will not face any disadvantage on either cost or the implementation approach; otherwise this could materially affect competition.

Question 4: Under the current Xoserve CDSP governance do you believe there are any substantive obstacles to Xoserve's ability to participate in a competition? If so how could these obstacles be overcome?

4) Potential regulatory barriers relating to Xoserve's governance and structure should be overcome so that these do not present a real impediment to progress. On a practical level this could be achieved by extending and adapting the existing Data Services Contract (DSC) and extending it to other relevant parties.



I trust these points are helpful and please get in touch if you'd like to discuss further.

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