

To: Rachel Clark, Programme Director Switching Programme

Via: switchingprogramme@ofgem.gov.uk

29th September 2017

Dear Rachel,

Consultation on UK Link and the Proposed Central Switching Service

Octopus Energy is a challenger energy supplier supplying gas and electricity to domestic homes and businesses in Great Britain. Our largest investor is the Octopus Investments Group, who over the last decade have become the third largest investor into UK renewable generation in the UK and the largest in solar generation.

We believe:

- That the consumer should be given clearer communication about pricing over a longer period: so that they can choose a tariff that is good for them over the long term, not just the fixed term.
- That long-term good pricing and service can be enabled by some of the same approaches as the eCommerce sector – in the same way that Amazon and budget airlines have done in other sectors.
- That the barriers to switching due to the slow and complex nature of the switch process should be systematically eliminated to make switching quicker, easier and more reliable (as online shopping and services have provided in other sectors)
- That customer service should be measured by how happy customers are with the service they receive, not a set of defined metrics which often fail to recognise what really matters to consumers

UK Link and CSS: Overall

We believe that it would be good for there to be a competitive bidding process for this major project, and that also that the complex and asset-heavy nature of the industry means that there are real benefits from re-utilising existing assets for greater return and keeping teams together so that there is not the same basic learning curve for each new project.

Question 1: Do you agree with the benefits outlined in 3.7 a-c below. If so, how significant do you consider these benefits could be for the purposes of implementing more reliable, faster switching?

We do agree with the themes of leveraging existing solution architecture, reducing delivery risk and lower investment & cost to serve. We believe that these are very important and very effective criteria against which to review a competitive bid process.

We would not suggest defaulting to one bidder at this time, but do believe that it would be good for organisations that could meet these criteria to be able to put forward a bid (as we will cover in question 4).

Question 2: Are there other benefits that we have not identified?

We would stress that the ability of the provider to build the interactions across the industry and hold other organisations to account on delivery on their parts is a critical skillset within the project management approach.

We still believe that there is a competitive advantage to a faster switch – as this goes hand-in-hand with fast and effective resolution of issues – and would be happy to see a provider that does not always move at the pace of the slowest.

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

We did attend the xoserve workshop on the topic on 4th September and raised the four questions that they have discussed in their submission:

- a) Is SAP the right technology for the next few decades?
- b) Could CSS impact on the delivery of future Nexus releases?
- c) Does xoserve have the delivery capability?
- d) If xoserve were to win the procurement process, would they be permitted to provide CSS?

The discussions and xoserve position on these are all covered in the xoserve submission on this consultation, and we would only say that the procurement role would seem to us to be to sense-check these claims and to compare them to the other options available in the procurement process.

We would say that in our view there is little value in an extended and expensive process with proof of concept, but more of an identification of the key drivers of success and measurement of approach against them. For instance, Nexus would seem to have taught us that outstanding project management and communication with the industry is key – and if a team were to claim an advantage in this area, then showing that a high proportion of the team have done it before successfully would seem to be an advantage vs others without the same practical experience.

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?

We are not experts in this area, but we would endorse that any governance issues should be resolved at this point, before the procurement process, rather than at the point of awarding the contract.

Our understanding is that there would need to be an agreement between Ofgem, the xoserve Board and customers in order that they could be permitted to provide CSS. Then there would be a need for the Board to work through how to manage the governance for best outcomes across the three groups.

We are not opposed to this in any way and would welcome a more competitive bidding process (as long as industry charges are managed in the best possible way through effective and efficient streamlining of the procurement process).

We are happy to engage in further discussions on this consultation response if needed.

Yours Sincerely,
Jenny Ashmore, Octopus Energy