

29 September 2017

Rachel Clark
Programme Director, Switching Programme
Ofgem
9 Millbank
London SW1P 3GE

Email: alisonrussell@utilita.co.uk

By email only

Dear Rachel,

Re: UK Link and the proposed Central Switching Service Consultation

Utilita is a smart prepayment supplier specialising in providing a high-quality prepayment experience for a sector of customers who are traditionally poorly served. We believe strongly that the major benefits from the switching programme for our customers will be in more reliable switching and harmonisation between the gas and electricity processes.

In bringing forward proposals, we believe it is vital that Ofgem ensure value for money and full cost justification before making a decision. This includes the cost efficiency of the procurement processes employed. The costs associated with DCC processes are high, and it is important that costs to consumers are minimised.

Utilita participated actively in the Nexus programme, not just as a User, but as a representative on the steering group. As such we recognise the benefits of the Nexus programme in its latter stages and the learning/processes which can be leveraged to the benefit of the industry.

While we cannot at this stage state conclusively whether we believe that the benefits identified from using Nexus would outweigh costs, we agree that these are the right benefits to consider and that it is essential that such an important and expensive asset as Nexus is used by the industry to its fullest extent.

With this in mind, we are firmly of the view that Nexus must be considered as an option and a governance route found to support this. We understand that the Nexus system has sufficient capacity and scope to deliver faster switching, with modest additional investment.

We also believe that if it becomes clear once the procurement process has started that there is a clear lead option, it should be possible to shortcut the rest of the procurement process

and save the funds and time which would otherwise have been spent. Instead, the resources can be used to move forward on the programme.

We suggest that a gated procurement process should be adopted, which sets criteria at intervals, for example after 6 months and subsequent periods, and if these are fully met by only one party (at that stage), the process should terminate in the appointment of that party. For the avoidance of doubt, we accept that this could be a party other than xoserve. We would support a combined industry/Ofgem panel approach to this to ensure that the collaborative approach used on decisions on Nexus can continue to provide benefits.

We also observe that Nexus offers significant benefits on proven rigour of testing and approach. Despite the programme difficulties, we consider that the actual implementation in the end was significantly smoother than expected, and this is clearly due to the extensive testing and approach. Development of additional functionality on a stable and tested system should logically offer the industry benefits, both in level of confidence and expertise.

We hope these comments have been helpful, and would be happy to discuss any points in more detail.

Kind regards

Yours sincerely

By email

Alison Russell
Director of Policy and Regulatory Affairs