ElectraLink Ltd.
Ground Floor
Grafton House
2/3 Golden Square
London W1F 9HR

Tel: 020 7432 3000
Fax: 020 7432 3015
www.electralink.co.uk

03/11/17

Dear Rachel,

ElectraLink's response to the Ofgem consultation 'Delivering Faster and More Reliable Switching: proposed new switching arrangements'

ElectraLink welcomes the opportunity to respond to the Ofgem consultation 'Delivering Faster and More Reliable Switching: proposed new switching arrangements'. ElectraLink supports the Faster and More Reliable Switching Programme and we agree that improving the switching process will be a key driver for encouraging consumer engagement in the energy market. Chart 1 below show how many times each of the 28m electricity households in GB have changed supplier since 2012. The fact that 15m households have not changed supplier in this period shows the extent to which customer engagement in the UK energy market needs to improve.

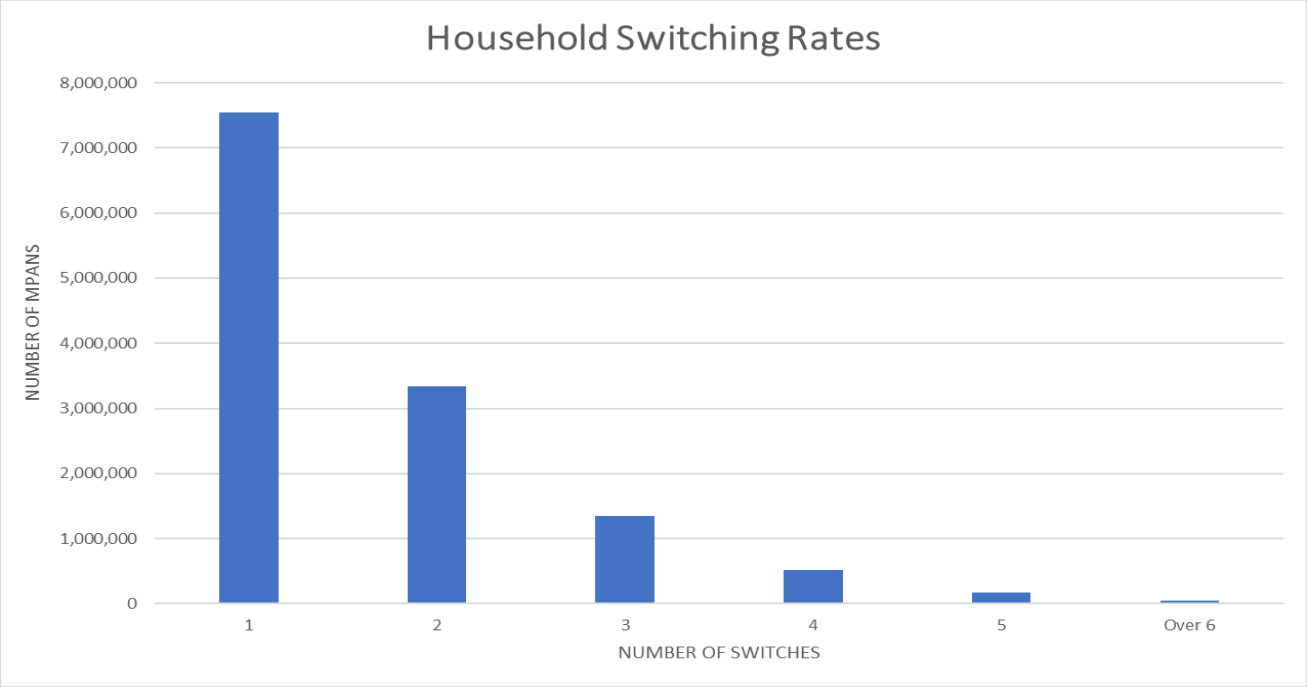


Chart 1: Household Switching Rates

Our response to the consultation questions are in Appendix 1 and we are happy for you to make this response public.

ElectraLink is responding in its capacity as the operator and procurement agent of the Data Transfer Network (DTN) and our role as a code administrator of several energy market codes. This response does not reflect the views of the codes that we administer.

ElectraLink provides an independent, secure and low-cost data transfer service, data analytics and governance services to the energy industry. The DTN transfers data relating to business-critical energy market processes, including customer switching, settlement, agent management and meter administration. The DTN facilitated over 551k electricity and 347k gas change of supply events in September 2017 and a total of 21 million switches since 2012. ElectraLink's Energy Markets Insight business provides market insight and analysis on industry processes analysing DTN data. This includes switching rates amongst customers, switching propensity of households, churn between market participants and erroneous transfer reporting. ElectraLink's Governance Services business administers the industry rule book that oversees the gas change of supplier processes, including sharing of supplier information, meter readings on change of supply and resolution of Erroneous Transfers.

As a wholly owned subsidiary of the Distribution Network Operators (DNOs), ElectraLink has an obligation to competitively procure the technology and service components of the DTN. ElectraLink provides the DTN to the energy industry under a multi-party agreement, the DTS Agreement (DTSA), governed by a user group with oversight from Ofgem – details of the members of the user group can be found on our website[1]. The number of users of the DTN and data transferred by the service has increased rapidly over the last 5 years largely driven by new market actors, such as a new entrant suppliers and aggregators. Currently, there are 242 energy market participants connected to the DTN across many areas of the energy market:

Participant type	Number of DTN connections
Distribution	14
Metering	33
Other	34
Tier 1 (Big6)	6
Tier 2 supply	12
Tier 3 supply	123
x-Green Deal	19
Generation	1

The cost of the DTN is recovered by ElectraLink from the users of the service on a cost-recovery basis regulated by the Charging Principles in the DTSA which are overseen by Ofgem. ElectraLink also receives a return on its investment which is governed by Ofgem. DTN Users are charged a connection fee, data-usage charges and supplier-specific charges. Over the regulatory cycle (5 years), the total costs recovered from DTN users equates to the cost of providing the service. Annual short-term surpluses and shortfalls may arise as ElectraLink seeks to avoid volatility in DTN charges to users. We foresee the user cost of the DTS reducing as the UK energy industry utilises the DTN to support a greater number of market processes.

[1] https://www.electralink.co.uk/data-transfer-service/dts_governance/

In a fast-changing UK energy market, Electralink has already worked with its service providers to evolve the DTN into a scalable service, easy to connect to, supporting multiple file and communication types (including XML) and which operates in near real time. The technology that supports the DTN is currently in the process of being re-procured to enable the DTN to better support emerging energy industry processes and models. The re-procured DTN will be designed to support multiple areas of industry change including faster switching, HH settlement, and DNO to DSO transition. New technologies are being considered including web-service access to industry data and, potentially, blockchain. The timelines for the re-procurement of the DTN are in line with the Programme, with the competitive procurement process expected to complete in 2018/2019.

ElectraLink is fully supportive of the Programme and agree with Ofgem that an improved (faster and more reliable) switching service will improve the consumer experience and trust, leading to increased engagement in the market. ElectraLink is also supportive of the appropriate re-use of existing industry infrastructure in the delivery of the objectives of the Programme. ElectraLink is advocating the use of the DTN as the communication mechanism between market participants and the CSS for four reasons:

- **The DTN is competitively procured by ElectraLink on behalf of the UK energy industry to support multiple market processes, including customer switching.**
- **The DTN meets the CSS requirements outlined in the consultation in terms of cost, flexibility, connectivity, security, scalability and simplicity.**
- **The use of the DTN in support of CSS can be incorporated into a delivery programme managed by the DCC.**
- **The reuse of the DTN is a less costly option to industry (and ultimately consumers), eliminating the need for unnecessary procurement and the deployment of another central system communication interface for energy market participants.**

ElectraLink agrees with Ofgem that all central market systems should be acquired through a competitive procurement process. We disagree that the DCC is required to take on this responsibility for the CSS communications component. ElectraLink is already procuring a service which can provide the communications functionality required by the CSS, under the terms of DNO Standard License Condition 37. We believe the implementation of the communications component of the CSS by ElectraLink can be managed within the wider CSS programme. This arrangement would mirror the treatment of other existing industry systems that will require change and integration into the CSS, such as UKLink and MPAS.

ElectraLink is the central body responsible for administering the Distribution Connection and Use of System Agreement (DCUSA), the Supply Point Administration Agreement (SPAA) and the Smart Metering Installation Code of Practice (SMICoP). We also facilitate CMAP, manage the delivery of the Theft Risk Assessment Service (TRAS), and deliver bilateral services to a range of customers. Our service is focused on delivering change on behalf of the industry which is underpinned by project management, contract management, procurement and other specialist expertise. This experience and expertise gives ElectraLink a unique perspective on the Retail Energy Code (REC).

ElectraLink supports the standardisation of code governance across gas and electricity for the retail market into the REC as this will simplify market entry and improve market participant engagement. We therefore

support Ofgem's proposals to create a REC which will help to simplify code governance and appropriately tailor governance arrangements. In particular ElectraLink believes that:

- **The REC should encompass all of the switching and customer interactions currently contained within the SPAA, MRA, UNC and BSC, with the UNC and BSC referencing the REC provisions where required to avoid dual governance.**
- **Any remaining provisions from the MRA and SPAA should be transferred to the DCUSA and UNC to help reduce the regulatory burden and retail codes.**
- **The metering codes should be managed through a single code, separate code to the REC, reflecting the operational nature of these codes and to enable synergies to be realised.**
- **The REC should only contain required registration and switching requirements, underpinned by transitional arrangements in the early stages. This will de-risk delivery and avoid ancillary benefits delaying the project.**

ElectraLink is providing expertise via SPAA to ensure that the Programme meets consumer needs. This has included informing the final draft of the design baseline and supporting the development of the REC through the Retail Design Team. This iterative approach, using independent industry experts, will ensure that the REC develops as a 'best in class' code.

Thank for you for the opportunity to respond. Should you require any additional information or if you have any questions, please contact Dan Hopkinson (Dan.Hopkinson@ElectraLink.co.uk) in the first instance.

Kind Regards

Stuart Lacey

Chief Executive, ElectraLink

Appendix 1:

Question 1: Do you agree with our assessment that RP2a provides the best value option to reform the switching arrangements for consumers and with the supporting analysis presented in this consultation and the accompanying IA?

Ofgem's assessment in the consultation that RP2a provides the best value option to reform the switching assumption for consumers is built on the assumption that RP2a provides a level of performance that will increase engagement and reliability, at a lower cost than RP2 and RP3. ElectraLink both agrees and disagrees with Ofgem's assessment.

Where we agree RP2a provides increased value to consumers:

ElectraLink believes that RP2a can provide a low cost, faster switching solution.

- **RP2a delivers a cost-effective, faster switching solution:** RP2a achieves reliable, faster switching at a lower cost to industry (circa £200m) than RP2 and RP3 by removing the need for instant reactions and same day objections. In comparison to RP2-3, RP2a costs are considerably less and, although it is slower than RP2-3, RP2a does improve the switching speed significantly (down to 1 working day). We do not believe 1 working day instead of 1 calendar day switching will affect consumer engagement significantly, as it is a faster switch than 21 days and much faster than other industries with high engagement – banking (7 working day switch with 30% of consumers switching in 2016 alone). Moreover, as it will reduce the overall cost to consumers, this is likely to improve consumer satisfaction with the process. Therefore, ElectraLink would argue that *in terms of switch speed only*, given the cost differentiation, RP2a is the best value to consumers.
- **RP2a delivers a reliable solution:** RP2a provides a reliable switching system by implementing a centralised address database (removing inconsistency between gas and electricity address databases) and embedding regular quality checks on address data into the service. Data from the DTN highlighted that over 50% of erroneous transfers are caused by incorrect address data, so we believe the introduction of better controls on address data will significantly reduce the risk of erroneous transfers and improve the consumer experience. This is a vast improvement on the "one-off" data cleanse suggested by RP1.

Where we believe RP2a does not provide the best value option to consumers:

- **RP2a excludes the provision of a MIS:** The MIS component of RP3 supports the Programme's objectives of better reliability and transparency of data and, therefore, we believe this should not be excluded from the overall faster switching solution. Moreover, we believe this could be a valuable option as the MIS service could be provided at a low cost, through the use of DTN data (if it is the chosen communication mechanism).
  In the original proposal of the MIS, the MIS was to be used to enhance the data availability of the switch at the point of switch (through an API) and the MIS data was to be used to provide performance assurance. ElectraLink believe that these components of the MIS could be provided for the switching programme without investment in a complex and costly system.

We believe the primary component of the MIS – the provision of 'real time' access to key data items to industry at the point of switch – is key to improving the speed of a switch. Whilst we agree that the RP2a address database will go far to improving the success of the switch (reducing the risk of erroneous switches), it does not ensure that the suppliers will receive the information required to complete the switch (e.g. meter point data). The MIS removes the requirement for suppliers to rely on the old supplier to transfer this information, improving the speed of the switch. Moreover, we believe the should improve the reliability of switching, as with more data available, this should improve the matching of customers to the right switch. We believe this is a vast improvement to value that RP2a provides to the speed of switching.

We believe removing the MIS component from the chosen option (RP2a) based on cost is embedded in an incorrect assumption that this MIS service requires competitive procurement of a costly system/service provider. We believe that existing infrastructure can be used to facilitate the development of a MIS, at a substantially lower cost than those outlined in the Impact Assessment (£48m[2]). The information outlined as being stored within the MIS – switching data, metering data and settlement data – can be obtained from the DTN dataset (if the DTN is the chosen communication mechanism) and embedded into the existing DTN datahub infrastructure, under the existing governance of the DTSA. As part of the ongoing re-procurement of the DTN, ElectraLink are pursuing the development of web services (or APIs) to provide real-time access to industry data by industry participants and the data requirements of the switching programme MIS can inform this development of the DTN – reducing the need to develop a new system or interface. This API enhancement of the DTN could also be provided as a regulated service on a cost recovery basis, ensuring that the MIS is delivered at a low cost to industry.

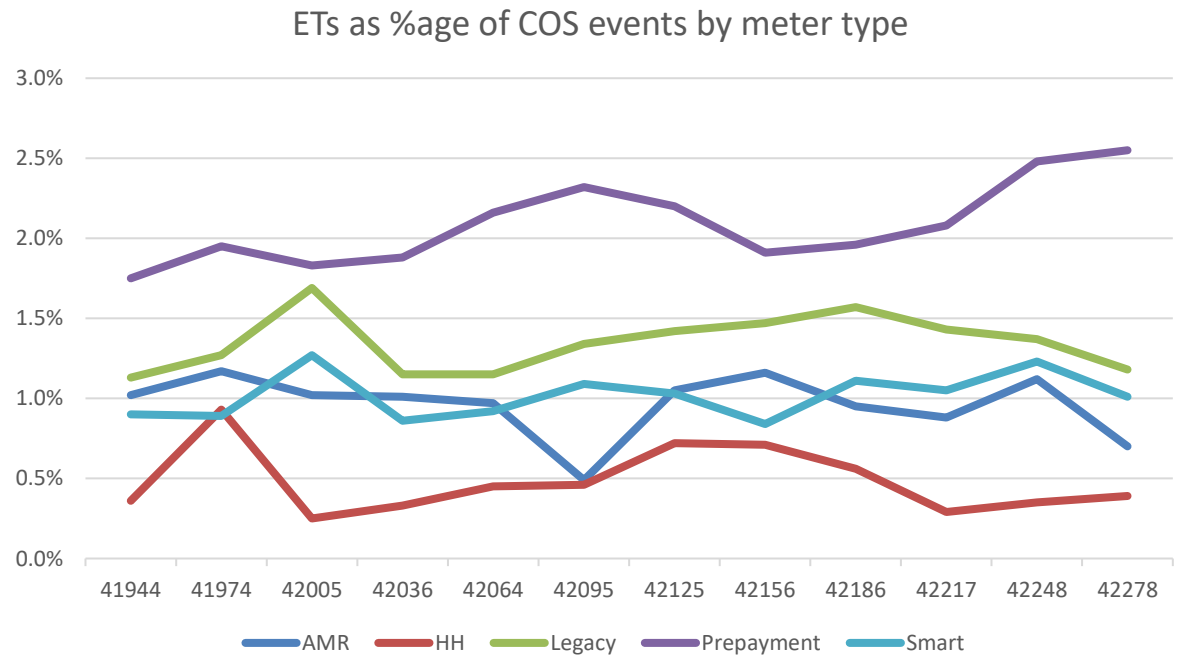
We support the reuse of existing infrastructure and data for the switching programme and, with this in mind, we are supportive of Xoserve and Gemserv using their existing data and data services to produce a MIS-like data service. We also believe that the scope of information held on ECOES or DES can be enhanced by the range of information on the DTN – metering, agent appointment and settlement information. We can provide a diverse dataset for the MIS and our proven experience in providing data for performance assurance reporting – to the ETWG and Ofgem – highlights our capability in this realm.

The other component that we believe is missing from RP2a is the ability to provide process/performance assurance centrally and we believe this could be provided by the MIS. We believe that the switching process is a key industry process and, as such, should be underpinned by a strong performance assurance regime. As we will outline in our response to question 4, we believe centrally providing performance assurance reporting will improve the reliability in the program as it will enable Ofgem and suppliers to monitor their performance. We believe the switching process should be underpinned by a strong performance assurance regime to ensure the reliability of the switching process is maintained (including the reliability of data) to ensure there is no reduction in performance (increase in Erroneous Transfers) and, consequently, no reduction in consumer

[2] This cost is calculated from the numbers on page 53 of the Impact Assessment. We have carried forward the assumption in the IA that the only driver for the cost differential between RP2 and RP3 is the provision of a MIS.

engagement. We believe this assurance is not guaranteed in RP2a and, therefore, we do not believe this provides the best option to consumers.

As with the API service, the idea that performance assurance reporting is too costly, and therefore, not valuable to consumers, is incorrect. The MIS performance assurance reporting can also be provided using existing infrastructure at a low cost to consumers; for example, data from the DTN has been used to underpin performance assurance regimes already. Working with the ETWG, ElectraLink has used the information transferred over the DTN to develop a performance assurance reporting framework to track the progress of erroneous transfers and highlight process failures. This reporting framework fulfils the brief set out by Ofgem (August 2016) to monitor and prevent the prevalence of ETs. Moreover, with the vast dataset on the DTN (not confined to switching information), we have successfully been able to expand the analysis of ETs to include other aspects of the ET, such as the consumer-types that are affected by ETs (either by region/meter types), to improve our understanding of ETs; for example, we found that prepayment consumers are disproportionately affected by ETs than other consumers (See Chart 1). Given the risk ETs pose for prepayment consumers, which can be compounded by smart metering, this level of information is vital to tackling the consumer risk for ETs and the wider faster switching programme. This suite of reports (covering the end to end switching process, including ETs and root cause analysis) has been provided to industry at a low cost to industry and can be provided at a much lower cost using the data available from existing infrastructure.



Graph 1: Erroneous transfers as a %age of CoS events per Meter Type

Question 2: Do you agree that CSS should include an annulment feature which losing suppliers can use to prevent erroneous switches? Please provide evidence alongside your response. If you are a supplier, please support your answer with an estimate of the number of occasions over the past 12 months when you might have used such a feature had it been available.

No response

Question 3: Do you agree that CSS should always invite the losing supplier to raise an objection, even where the Change of Occupancy (CoO) indicator had been set by the gaining supplier? If you are a supplier, please support your answer with evidence of the number of times in the past 12 months that you have raised an objection where the Change of Tenancy (CoT) flag had been set.

No response

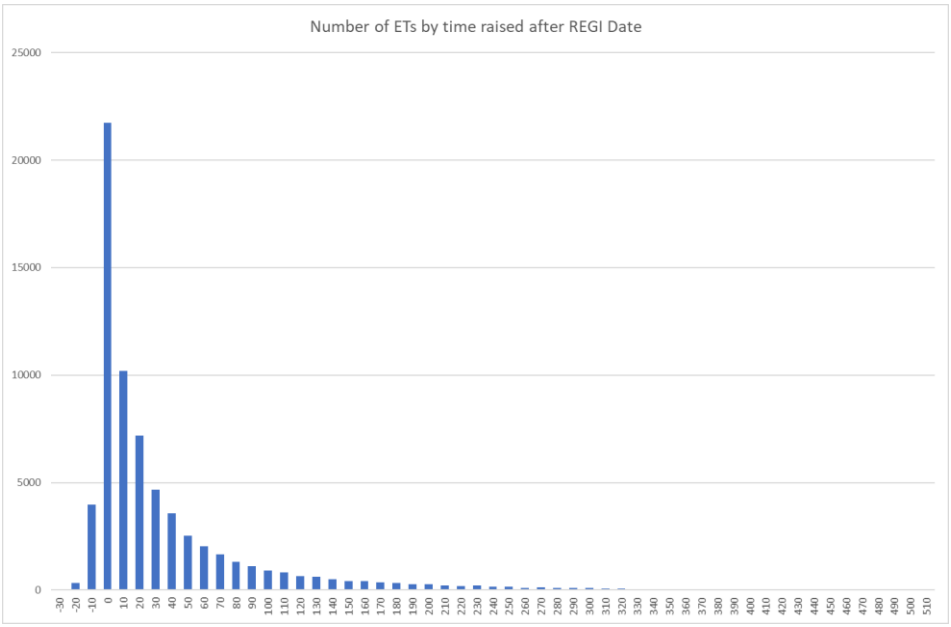
Question 4: Do you agree that use of the annulment and CoO features should be backed by a strong performance assurance regime? Please comment on ways in which such a regime could be made most effective, and back up your response with evidence.

Performance assurance regimes can assure Ofgem and the industry that a process/change is being implemented correctly and we believe they should be used with any process change (use of CoO) or regulatory change (use of annulment). Performance assurance should be used to monitor performance and track/identify process failure or misuse. Performance assurance reporting can also be used to identify areas to target preventative or punitive measures.

Our experience suggests that centralised reporting provides the foundations for an effective performance assurance regime. Our work with the ETWG has highlighted how performance assurance should be implemented centrally rather than using self-reporting. The retail market's current performance assurance regime is limited to the processes self-reported to Ofgem by suppliers, through MMR reporting, which demands static figures, such as switching numbers, ET numbers and customer contact numbers, over a defined period. The current performance assurance mechanism – self-reporting – is becoming unsustainable, as there is an increasing number of participants and processes that Ofgem should be monitoring. With an increasing scope (new regulations/processes) and new participants, the overhead incurred by industry (suppliers) to provide performance assurance reports is likely to increase. Moreover, as we have seen with SPAA self-reporting, there are often inconsistencies between market participant reporting; therefore, with increasing participants, the cost at Ofgem to dissect and translate performance information into a common format is likely to increase also.

ElectraLink believes the best way to provide holistic performance assurance regime, at a low cost, is through a central performance assurance reporting framework – this would reduce overhead for suppliers and Ofgem. If the provision of performance assurance reporting can be centralised, this information will be in one format, which will reduce the overhead at Ofgem, and the reports can be more dynamic (looking at trends over time, highlighting industry averages/high performances) and automatically highlighting outliers. Moreover, with the centralisation of report provision, Ofgem can tailor these reports without process change across all suppliers.

ElectraLink have highlighted how the DTN can be used for performance assurance reporting with the ETWG. Informed by the ETWG and Ofgem, ElectraLink has developed several performance assurance reports that highlight incidences where processes are not being followed correctly, potentially through misunderstanding or misuse of process. DTN data has highlighted ET process non-compliance in several areas, for example the graph below (Graph 2) shows that suppliers have been using the erroneous transfer process before the registration date when they could have raised an objection.



Graph 2: Number of ETs raised before Registration Date

Other examples of our ET reporting include supplier tracking (% of ETs per supplier or supplier type tracking [Big 6 vs Challenger vs Small Supplier]), reason code analysis and frequency of ETs per MPAN. The DTN can be used for tracking CoO and annulment, under the existing governance of the DTSA, if the DTN is the communication mechanism for faster switching.

Coupled with performance assurance reporting, a performance assurance regime should be embedded in a performance assurance governance structure which looks to tackle overall performance assurance issues at an industry level. ElectraLink believe implementing an industry wide process improvement programme to complement performance assurance reporting will ensure that misuse or incorrect implementation of processes are identified and resolved at an industry level. As CoO and annulments will be industry issues, we believe Ofgem, with code administrators, should work directly with Suppliers to diagnose and categorise misuse using performance assurance reports and implement root cause analysis to determine why misuse occurs (lack of education/fraud) and work with parties to determine how to prevent misuse in future. This performance assurance framework should be governed as part of the REC.

We recommend that Ofgem uses the expertise within the industry to establish a broader performance assurance framework for the Retail Energy Code and consider the most effective aspects of existing

programmes, such as the Electricity settlements performance regime and gas Performance Assurance Framework (currently under development), to ensure the best governance model is employed.

A performance reporting mechanism underpinned by a process improvement programme would reduce misuse of CoO and Annulments, improve confidence in the faster switching process and contribute to improved industry data quality.

This performance assurance regime should be embedded in a wider performance assurance regime, reaching further than the switching programme. The strength of this programme will be determined by Ofgem's appetite to implement punitive measures for systematic or deliberate misuse of industry processes. We believe the performance assurance governance would help highlight misuse and the need for preventative measures. However, we believe this should also be supported by the punitive measures, if misconduct is identified and non-compliance continues.

Question 5: Do you agree with our proposal to require DCC to competitively procure the communications network capability required to deliver the new switching arrangements?

On Thursday 12th of October 2017, we released a white paper in response to this question. The white paper[3] describes how the existing Data Transfer Network (DTN) can meet both the functional requirements of the Switching Programme and Ofgem's aims for competitively sourced solutions for the CSS. Below is the response to question 5 of the consultation that we detailed in this white paper:

ElectraLink does not believe that Ofgem's proposal to require the DCC to competitively procure the communications network capability required to deliver the switching programme is in the consumers' best interest. ElectraLink fulfils Standard License Condition 37 (provision of data transfer) on behalf of the DNOs and procures (under OJEU) on behalf of the energy industry a communications network that supports multiple business processes (the DTN). The DTN provides dual fuel connectivity for over 242 market participants. The service delivered by the DTN is exceptional as evidenced by consistently exceeding SLAs and the feedback provided customer surveys. The DTN has been transformed to be a cloud based messaging solution connected to its users through a combination of leased lines and the public internet. The DTN utilises open source middleware (Red Hat JBOSS FUSE) to ensure low cost and flexibility. It supports web services and XML file formats as well as a suite of tools to enable users to query their data transfers.

The DTN has the proven capability to deliver the CSS communication requirements as presented in this Ofgem consultation. The DTN is already connected to 90% of the participants which will need access to the CSS with the total connection costs for the remaining 10% being £12,000 per annum.

As a procurement body operating on behalf of the energy industry, ElectraLink understands the benefits of a procurement process to deliver a 'best solution'. We believe that the most cost-effective way of delivering the communications component of the CSS is for ElectraLink to provide the procurement expertise for this

[3] Found here: https://www.electralink.co.uk/wp-content/uploads/2017/10/White-Paper-Delivering-Faster-and-More-Reliable-Switching-004.pdf

element of the programme within the programme framework of the DCC. Section 7.9 of the consultation clearly states that each of the procurement projects would require its own procurement process and plan. ElectraLink can therefore adopt the process required in the commercial workstream. We do not accept that this would be disadvantageous to the overall programme and would be a clear demonstration that the programme was focusing on the best total outcome for consumers.

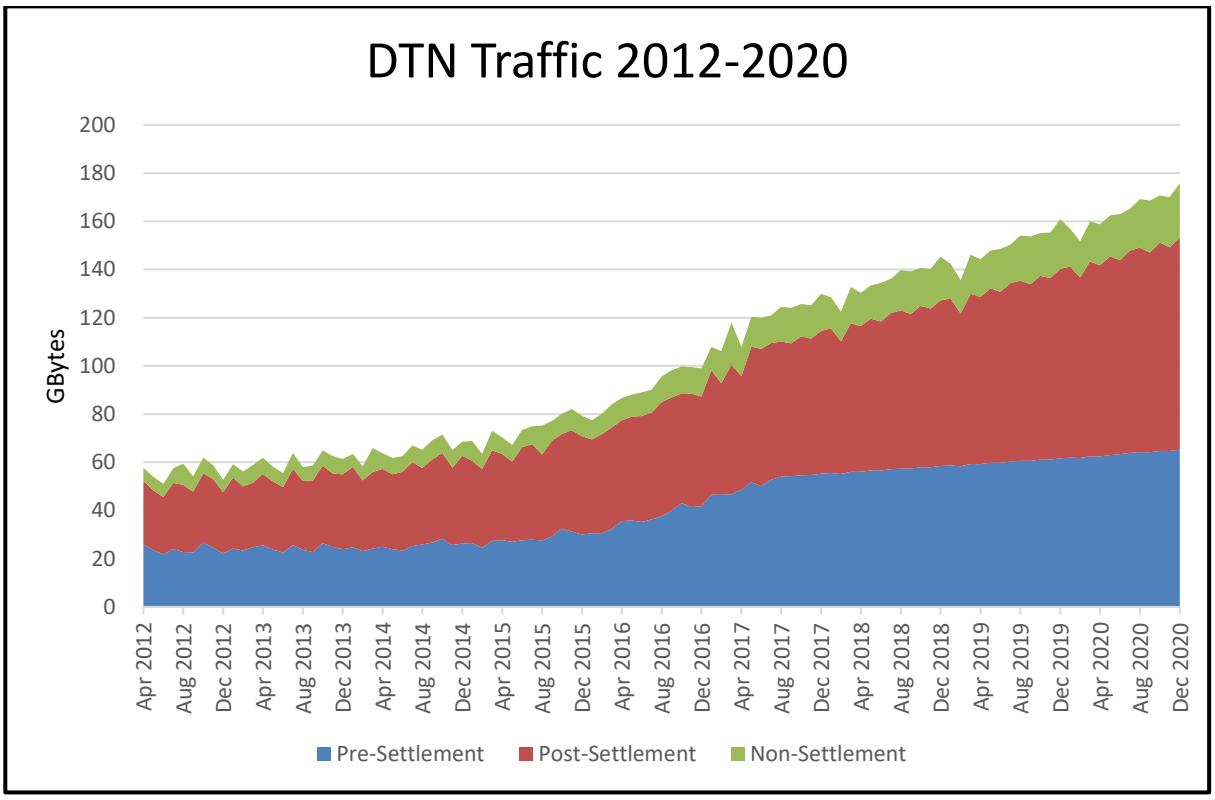
Use of the DTN would de-risk the delivery in terms of the connectivity of the CSS and allow the users of the DTN (which are most of industry market participants) to re-use existing industry interfaces rather than developing new interfaces from scratch.

Following from the release of this White Paper, we have received positive feedback from Industry in supporting use of the DTN. As well as support for the paper, concerns were raised that this paper omitted an explanation of how use of the DTN would reduce the complexity and risk of the programme; therefore, we have added this clarification below.

Given the driver to reduce cost and complexity within the switching programme, it has been highlighted that it is important to assess the existing IT infrastructure and, where possible, reuse existing assets to reduce the programme's complexity and cost.

ElectraLink already competitively procures the DTN communication and data transfer services on a cost-recovery basis for industry; therefore, allowing DCC to perform this role is ultimately duplicating the industry's competitive procurement process for data transfer – as mandated by Standard License Condition 37 – and increasing the cost to industry (and consumers).

Moreover, if the DCC performed a competitive procurement and switching related data was to be transferred over an alternate transfer mechanism, many industry processes would remain on the DTN, including settlement, metering and the transfer of use of system data (see Graph 3 below); therefore, the introduction of a new communications mechanism would introduce an additional layer of system infrastructure in the (already congested) energy market.



Graph 3: DTN Traffic Growth & Forecast (2012 – 2020)

Notwithstanding the complexity of the whole system infrastructure, use of the DTN would also de-risk the delivery in terms of the connectivity of the CSS. As explained above, only 10% of the energy retail market (including DCC) would need an interface to the DTN, therefore, this would allow most of the retail energy market to re-use existing industry interfaces to connect to the CSS, rather than developing new interfaces from scratch. By reducing the need to connect all industry participants to a new system, this model would significantly reduce the cost of the programme/industry (at a minimum, this would reduce the cost of connecting to a new system) and reduce the testing, onboarding and development risk of this component of the programme. If the DTN is used, the CSS will only require 1 'interface' for connection to the industry, the DTN.

We do not believe that breaking up the procurement responsibility will increase the risk of the programme. Our understanding of the driver for Ofgem's concern is that, if the DCC is not governing the procurement process, they cannot ensure that the project delivery timescales are achieved. We believe the governance framework that surrounds the DTN ensures that the DCC is not outside of the procurement process. During the implementation of the programme, once the DCC connected to the DTN, they will accede to the DTSA, which governs the service and changes to it., ElectraLink would amend the DTSA to give the DCC a seat on the DTS User Group which governs changes to the service. The governance framework will ensure that the DCC has the right checks and balances to ensure that any concerns they have with the delivery of the communication component of the CSS can be addressed; for example, the means of engagement with the DCC during implementation could be written into the DTSA through change control. The DTS User Group is a balance of industry parties and we believe this provides the right governance of the DTN to ensure that the

DTN provides the right communication framework for industry. It should be borne in mind that DTS User Group members are also typically DCC parties who will share an objective to deliver the CSS successfully.

Through this governance structure, ElectraLink has proven experience in managing industry change and working with other industry bodies, when introducing new processes and actors onto the DTN. Our successful support of the introduction of BSC Modification P272 highlighted how the onboarding of new business processes can result in no impact on the service or cost of the DTN. To develop the changes to the DTN required a great level of engagement with Elexon to ensure that we could meet their delivery timescales. Our proficiency for working with other industry parties was highlighted by the success of this project. Below is ELEXON's view of working with ElectraLink on P272:

"Whilst there have clearly been issues with the deployment of meters for the adoption of P272, ElectraLink worked with ELEXON to ensure the DTN continued to successfully support the increase in settlement data across the UK energy market, without requiring DTS price increases."

We believe the data transfer component of the CSS could also be managed within the wider programme, not managed by the DCC procurement programme; this mechanism would mirror the treatment of other existing industry components that will require change and integration into the CSS, such as UKLink and MPAS. UKLink and MPAS are currently forming part of the overall delivery of the programme and are not being procured by the DCC, despite the critical nature of their infrastructure. For UKLink and MPAS, integration to the DCC is managed through the System Integrator. We would not require the System Integrator from the DCC to do any internal testing or changes on the DTN – our service providers would perform this role –, but we would work with the system integrator to understand the design requirements and ensure the integration of the DTN and DCC is successfully managed and tested. The Programme is designed to accommodate procured and non-procured systems, where central industry infrastructure that are out of scope of procurement, but within scope of the E2E, will be managed through the proposed programme delivery structure within the design, build and test (DBT) phase, overseen by the SI (see Fig. 1 below). We believed this is the right way to manage the risk of the overall programme and manage integration into the DCC.

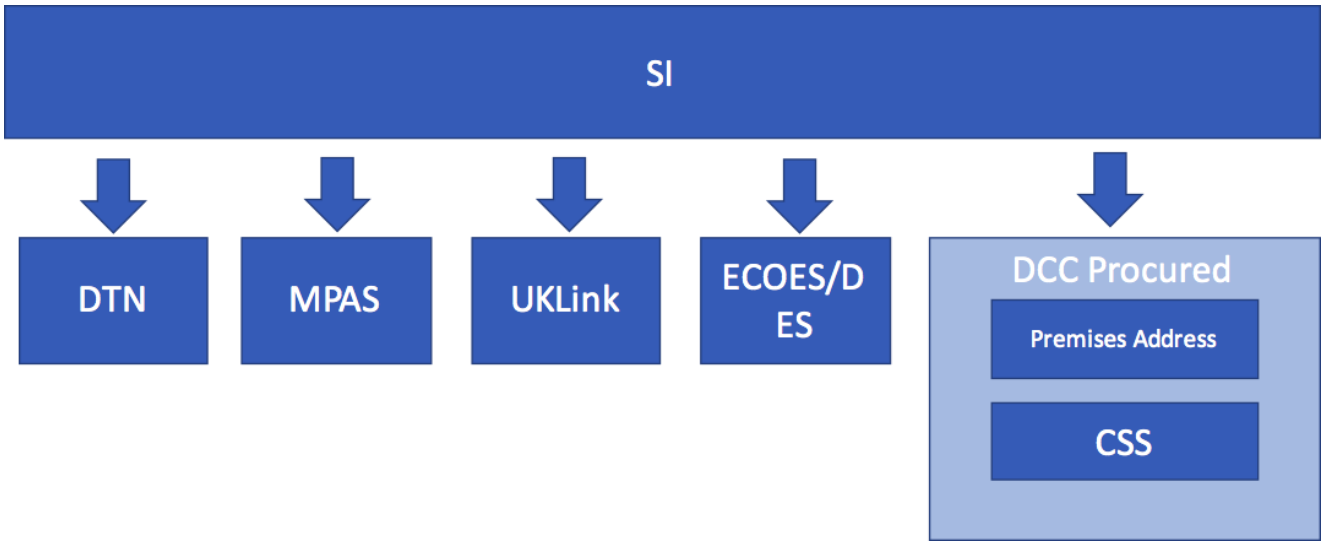


Fig. 1: The role of the SI

Question 6: Do you agree with our proposal to have a three-month transition window (aiming to protect reliability) during which time suppliers have to meet additional requirements if switching in less than five working days? Please support your answer with evidence.

ElectraLink understands that there may be a requirement to 'test' the reliability of the system changes in live scenarios, however we believe that it is important that this is done without affecting the consumer experience. If the transition period results in reliability issues with the switching process, then there is a risk that 'bad switches' could tarnish the reputation of the new switching service and deter further switching/engagement in the switching process. If there is testing on the reliability of the system before 'go-live' but mirroring go-live scenarios, then there should be sufficient mechanisms to ensure reliability without the need for a 5-day switch and then a 1-day switch 3 months later.

We believe the rationale for a phased approach to the switching timescales should only be made based on capability (whether the systems will be ready in time) and not reliability, as the reliability component of the switching model (central address database and the data cleanse) should already be in place and can be tested without the need for implementation. There should be no known reliability risks after 'go-live' as this could erode any positive improvements these changes have made if consumer trust in the process is removed.

If there is a transitionary period to track the reliability of the measures, we believe more evidence is required to identify the required timeline for the transitionary period. The premise behind moving to 5 days for 3 months is that it "give[s] the gaining supplier time to withdraw the switch" when they identify or are notified of erroneous transfers and, therefore, would allow suppliers to highlight if there are any issues with the systems or processes. Working with the erroneous transfers working group, data from the DTN has highlighted that it takes an average of 74 days for a customer to discover that they have been erroneously switched; therefore, whilst ostensibly a transitionary period would highlight if there are any issues with the supplier process/systems, the time lag between ET and ET identification would mean that there is no guarantee that enough evidence around errors created by the new process would be captured in the three-month transitionary window - unless there is a change in supplier behaviour when they gain a consumer (more "sorry to see you go" letters, for example). We do not believe that three months would be enough time to understand the impact of the new switching process on erroneous transfers - we can only be confident that most ETs in the first month would be identified; Consequently, we believe that the length of the transitional period would need to increase to ensure that there is an holistic dataset on erroneous transfers.

Question 7: Do you agree with our proposal to change the requirement on speed of switching to require switches to be completed within five working days of the contract being entered into (subject to appropriate exceptions)? Please support your answer with evidence.

No response

Question 8: Do you agree with our proposal to create a dual fuel REC to govern the new switching processes and related energy retail arrangements?

ElectraLink believes that a REC would be the most appropriate place to govern the dual fuel switching arrangements. Our vision for the Retail Energy Code includes: Management of the switching process;

management of the CSS system and provision of a robust governance framework to support the switching process and consequential consumer interaction. We broadly support Ofgem's proposal to consolidate the MRA and SPAA into a dual fuel REC, as we believe this would simplify the regulatory landscape. This has been ratified by feedback through our Stakeholder Engagement Programme, where our customers have emphasised their appetite for code consolidation to aide engagement with the retail market.

We consider that a new REC would be the best mechanism to govern switching arrangements and consumer interaction rather than migrating these arrangements into the SEC. The REC should provide the regulatory framework to cover switching arrangements for the whole market covering Automatic Meter Reading (AMR), smart and traditional meters, as well as both the domestic and commercial consumer segments. It is not appropriate to include this within the SEC as it is more constrained, focuses on the interaction with the DCC and does not consider the whole market. The current framework provides some challenges with disjoints between domestic and commercial market segments and between gas and electricity, for example with the resolution of Erroneous Transfers. At the same time, we recognise that there are differences between the domestic and commercial market segments, which means that a uniform approach to both sectors would not be appropriate. We believe the REC should consider how best to address this.

We urge Ofgem to carefully consider the design of the REC in order to harmonise both gas and electricity arrangements. ElectraLink recommend that detailed analysis is completed to determine appropriate changes to the UNC and BSC to ensure that wherever possible the REC contains the same processes for both gas and electricity so that dual fuel changes to the code can be raised. In particular we believe that the Retail Energy Code should contain all the provisions relating to switching and registration arrangements, acting as the master code for these provisions. The UNC and BSC should reference these provisions, rather than replicating them; so avoiding the issues of dual governance and the potential of conflicting arrangements developing between the codes.

We feel that a clear transparent feedback loop should be implemented to allow interested parties to feed into suggested code changes to SPAA, MRA, BSC, UNC and potentially DCUSA. In particular, we are concerned that residual codes will be retained which may not be in the best interests of licensed parties. We believe that this represents a significant opportunity to amalgamate the retail codes and reduce a potential barrier to entry, as identified by the CMA. As such the switching and registration provisions within the SPAA and MRA should be transferred into the REC. Any remaining aspects of the MRA could be put into DCUSA and the BSC and there may be areas in SPAA that fit into the UNC. We also believe that a metering code should be developed incorporating MAMCOP, AMICOP and MOCOPA. This would reflect the fact that these activities are more operationally focused with limited customer interaction; whilst realising efficiencies from amalgamating governance of these arrangements. Additionally, we agree that consideration of any consequential change to the BSC and UNC should be fed back into Ofgem's Significant Code Review (SCR) process to ensure that all code changes are consistent with the overall objectives of the Switching Programme.

Question 9: Do you agree with the proposed initial scope and ownership of the REC to be developed as part of the Switching Programme?

ElectraLink agrees that the initial core scope should provide a regulatory framework to govern switching and provide a mechanism for changes to the process, systems and flows. Furthermore, for ease of engagement,

we believe that all switching arrangements not connected to the CSS should be included within the scope of the REC. For gas, these include; Annual Quantity (AQ) nomination, emergency contact details, meter reads on change of supply, switching processes not dependent on CSS (debt assignment, ETs, Notification of Old Supplier Information), prepayment processes, Meter Point Reference Number (MPRN) administration, and switching performance assurance.

We feel that the validation rules and processes for the data transactions should be included within the REC, and a full complete data catalogue for switching should be a subsidiary document to the REC. Change controls to this catalogue should be set out within the REC.

Whilst electricity processes fundamentally differ from the gas processes we feel that a pragmatic view should be taken to harmonise the processes and thus the REC should also include the following electricity processes: customer switching processes not dependent on CSS (debt assignment, ETs, notification of old supplier information), meter reads on Change of Supply, prepayment processes, MPAN administration, retail market entry assurance and switching performance.

ElectraLink support the majority of areas identified as outside the initial scope of the CSS because we feel that these areas are more complex and better addressed within other codes at the outset. Complicating the REC will increase cost and complexity at initial implementation stage with the risk of creating delays to the project.

Metering Regulation has been identified as migrating into the REC which we feel should be re-evaluated. We recommend that metering is managed as a separate dual fuel code. The current structure of disparate metering codes MAMCoP and AMICoP in gas, and MOCoPA in electricity creates a disjoint in regulation. With the introduction of Smart metering and changes to the structure of meter operator agents, membership of both codes is broadly similar with comparable changes. Synergy savings both in code administration, party participation and assurance could be generated from merging gas and electricity. We recommend that rather than including metering in a REC it should have a new streamlined technical metering code which clearly links to the Gas and Electricity Act. This code would need to be technical to provide safety assurance and provide an improved governance and funding mechanism. We believe these changes should be outside the long-term scope of the REC as they don't align to the objectives of the switching programme. We recommend that a new funding mechanism for metering regulation should be adopted which should differ from the supplier lead REC. In accordance to the current design meter agents will not being party to the REC, thus if metering arrangements were governed by the REC there is a risk that metering agents would be effected by a change but would not be able to directly effect that change or propose an alternative. Maintaining metering arrangements separately would enable Metering Agents to direct input to the governance of the technical requirements, and ensure the relationship between Meter Agents and Suppliers remained contractual, rather than regulatory.

Question 10: Do you agree with our proposal to modify the DCC's licence, in order to extend its obligation to include the management and support of the DBT and initial live operation of the CSS?

In principle, we have no objection to the DCC procuring and managing the mobilisation of the service provider to deliver the CSS, however if other options are available we suggest that these are considered, with a cost benefits analysis assessed and a pragmatic decision taken to minimise industry cost. Should the DCC be the most viable body to procure the CSS, they should also be responsible for design build and test phase. This will

help to ensure that what was procured is delivered and ensure that this is common responsibility throughout these key stages. We envisage that in the long term this management of the CSS could be moved under the REC Co, the organisation set up to manage the REC. This will help to ensure that there are synergies in terms of administering and delivering the change; and ensure that the DCC can focus on its core deliverable of delivering the smart metering infrastructure arrangements.

Question 11: Do you agree that there should be regulatory underpinning for the transitional requirements and that this should be contained in the REC?

We support that the Retail Energy Code should be launched as a light weight code underpinned by transitional requirements and supported by a clear migration plan for SPAA and the MRA to be migrated into the REC. The Theft Risk Assessment Service (TRAS) was a new service combining regulatory requirements and new systems which all suppliers had to interface with. This was delivered by ElectraLink on time, on budget and to standard. From our experience of delivering TRAS we understand that successful delivery and integration with Supplier systems is dependent on complete User Acceptance Testing (UAT) and End-to-End testing. This helps to ensure issues and defects are identified in test environments and can be rectified before go-live of the service. This reduces overall cost as it is cheaper to resolve defects and issues and improves the customer experience. The success of testing is dependent on ensuring all market participants engaging with the CSS are involved and their systems are proving; whilst also managing a clear plan for testing to ensure that it is delivered in a logical and structured manner avoiding any peaks and troughs. We therefore believe that these arrangements are best contained within the transitional arrangements in the REC to ensure appropriate governance and oversight.

We also believe that a structured development plan for the REC Is needed. A big bang approach to launching a REC could be more costly than launching a vehicle to facilitate Faster and More Reliable switching. There should be a clear regulatory underpinning to determine the migration strategy from SPAA and the MRA into the REC. We wish to highlight consequential and request that other code administrators fully engage with the CACoP forward work plan to ensure these changes are highlighted. This transition into the REC would also need to be managed, and supported by appropriate testing and proving, where required.

Whilst ElectraLink as the SPAA secretariat are working to implement robust feedback loops into the UNC and the CDSP Change process, these mechanisms are yet to be fully imbedded and as such any transition from SPAA into the REC needs to include consequential change to the UNC and CDSP.

Question 12: Do you agree that we should pursue an Ofgem-led SCR process in accordance with a revised SCR scope?

We would support Ofgem leading the proposed changes in accordance with the revised SCR. We feel that the most effective method of implementing the regulatory framework for faster switching is for Ofgem to develop the framework centrally. This would ensure wherever possible all market participants and regulatory codes are considered, with the relevant parties consulted.

Question 13: Do you have any comments on the indicative timetable for the development of the new governance framework?

ElectraLink believe that the timescale outlined are challenging as the transitional arrangements still need to be defined and the framework for governing the transitional REC is yet to be determined. To finish the transitional governance, complete the design of the REC Co, procure a code administrator and mobilise is likely to take more than 12 months. We are conscious that there is a clear interdependency with sign off CSS design level specifications and procurement of a CSS. Successful procurement and delivery of the CSS to facilitate faster more reliable switching should go hand in hand with REC Co and thus should be planned together.