**The Voice of the Networks**

3 November 2017

**ENA response to Ofgem Consultation Delivering Faster and More Reliable Switching**

Energy Networks Association (ENA) represents the "wires and pipes" transmission and distribution network operators for gas and electricity in the UK and Ireland. As private companies providing a public service, our members are responsible for the critical national infrastructure that delivers these vital services into customers' homes and businesses.

ENA members welcome the chance to respond to this consultation and are generally supportive of the measures identified within the consultation. However, we have identified some specific issues which we believe merit attention. Many of these are detailed in our responses to the questions below, and we would also note that:

- There is uncertainty around the funding of the Switching Programme. Networks should not be required to fund the REC other than according to the minimal extent to which they are involved in its activity.
- The process should have no adverse effect on existing codes for electricity or gas. Note that following a UNC Request Proposal by Cadent, a Workgroup has been established on consequential changes to the UNC following the Switching Programme. A similar process may be required on electricity.
- It is critical that registration accuracy is maintained for Network Supply points. For example, this should include the identity and timely updating of shippers and suppliers, and in the case of gas, the provision of data pertinent to transportation and capacity management.
- It is unclear that the current proposals would result in any efficiencies for network operators.
- The DSG would ask that Ofgem reconsider whether it would be more beneficial and cost efficient to the Industry and ultimately all customers to leave the non-SMART metering data with ECOES (and its replacement system when developed), avoiding what the DSG sees as unnecessary expense to migrate all existing records from ECOES to MPRS and introduce new interfaces and processes to thereafter maintain updates in MPRS.
- It is unclear whether Ofgem have considered consequential issues arising from the CMA Code Governance review.


**Section Two**
**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?*

We broadly agree with the assessment, especially given the significant differential in Supplier costs for further developed options such as RP3. Where the net benefits of two investments are equal then the investment that provides most flexibility and future potential

for innovation should be undertaken. However, Ofgem should also take account of the relative risk of different approaches, and the impact this will have on costs.

While ENA members are not able to comment on the Impact Analyses in detail, they note that projections over an 18 year time period have inherent uncertainty and sensitivity.

## Section Three
*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.

Preventing erroneous switches is vital. Such a feature could be useful but would also need a clear regime to prevent abuse.

*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.

Yes. It could be made more effective by including commercial and industrial customers alongside residential.

## Section Four
*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?

Yes, a fair and transparent procurement process should be followed. Clearly Ofgem need to balance the benefits of competitive processes against the costs of a full competitive tender.

## Section Five
*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.

Yes. Experience from Project Nexus suggests that this would be necessary, but that a longer transition period than three months may be required.

*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.

Yes.

**Section Six**
*General comments*

Improving data quality within systems is clearly desirable. However, we are concerned that the consultation underestimates the complexity involved in address management, and the difficulties of merging data. Without further detail around the interfaces between systems, it is not possible to comment in detail, but this is clearly an important issue.

In addition, we suggest that Ofgem reconsider whether it would be more beneficial and cost efficient to the industry and ultimately customers to leave the non-SMART metering data with ECOES (and its replacement system when developed). This could avoid the potentially unnecessary expense of migrating all existing records from ECOES to MPRS, and introducing new interfaces and processes to update these in MPRS.

Given the complexities of address matching and the data quality across the industry, a new process around procuring a separate GB Address system and another layer of address data ('the switching address') could create confusion and unnecessary burdens. Ownership of and responsibility for this new layer of address data needed clarified, particularly as these will be accessed from commercial organisations such as Price Comparison Websites.

For example, Network Operators currently 'own' the MPXN for the point of supply but could not accept updates from any outside party without extensive validation, in case errors and mismatches compromise Operations issues around Outages and Safety. There are also new Data Protection Changes planned for 2018 (GDPR) with severe penalties for non-compliance, which will apply to CRS and MIS data.

Furthermore, Ofgem needs to ensure that impacts on areas other than switching are fully understood. For example, ownership of data connected to MPAN has implications for managing site safety and outages.

**Section Eight**
*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?*

On balance we agree that a dual fuel Retail Energy Code is the best approach.

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

The initial scope is appropriate and the REC should be owned and funded by Suppliers, but Gas Transporters and Electricity DNOs will need to be party to the REC, for example for issues relevant to the UNC.

On the potential full scope we have the following observations:
- Care needs to be taken to ensure that the REC does not replace key measures contained within existing codes.

- Items such as new connections, disconnections and reconnection are included in the UNC and IGT UNC for gas. These are essentially wholesale matters and as such are best managed by Transporters and Shippers – we do not believe there is a case for moving them.
- Similarly, it is appropriate for Unregistered Customers to remain in the UNC.
- For electricity, registration and settlement items such as Supplier Breach (non-payment of DUoS or Supplier business failure), new connections, disconnections, change of energisation, retrospective registration amendments are all contained in the DCUSA, the MRA, and the BSC respectively, and we do not believe that there is a case for moving these.
- Separately from the above, for electricity, it is not clear how Unmetered Supplies will be handled.

*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?*

Yes. The model of collaboration between Xoserve and Gemserv for the MIS development (ECOES & DES), could be replicated between Xoserve and St Clements Services for the CRS development (MPRS & UK Link).

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

Yes – experience suggests that transitional arrangements are vital for the success of similar projects.

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

The process and scope for delivery of this project clearly needs to consider wider implications of any changes, which could result in additional cost and complication at a later date. However the process is delivered, it needs to use wide industry expertise to avoid unintended consequences. Such a process may still conclude that it is preferable for consequential effects to industry codes to be dealt with under individual code governance rather than as part of the Switching Programme.

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

The indicative timetable is very high level, so it is difficult to comment in any detail at this stage.

-----------------------------------------------------------------------------------------------