



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

3 November 2017

Dear Rachel,

Re: Delivering Faster and More Reliable Switching: proposed new switching arrangements

Thank you for the opportunity to provide respond to this consultation. Northern Gas Networks (NGN) has been actively involved in Ofgem's Faster Switching Programme as well as working collaboratively with Xoserve and industry in considering the impacts of consequential changes this may result in.

We have set out our responses the specific question in the consultation in the attached appendix. NGN has limited responses to the specific questions that impact on our business as a Gas Transporter or where consequential impacts to our contracts of processes have been identified at this point.

Within chapter three we note that the premises-serviced address reflects the GT and DNO requirements for non-postal addresses and welcome this inclusion. The data stewardship of this data by the DCC must be in collaboration with the GTs and DNOs to ensure that we can continue to identify the exit point from our networks. Improvements to the plot to postal address processes are currently being explored by GTs and Xoserve along with activities to ensure that the current aged plot addresses have been data cleansed.

Other relevant design elements for GTs include the ability to validate the GT/Shipper relationship for Uniform Network Code (UNC) purposes and the impacts of networks continuing to own the MPxN status including creation and end of lifecycle which will have consequential impacts on existing processes and industry codes. The increased speed of switching means that the removal of the nomination process for some larger supply points will also have impacts on the ability of shippers to request increased capacity at the same time as the switch as this process requires network analysis to be undertaken. These issues are included in the scope of the current UNC review of consequential impacts.

Overall, we are supportive of the revised arrangements and are keen to ensure that economic and efficient solutions that are proportionate to each party's interaction with switching are put in place. The timelines associated with the changes are ambitious and care must be taken to ensure that lessons learnt from Project Nexus in terms of right to left timetable setting and industry engagement in testing should be considered at all stages of the remainder of the programme.



I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

By email

Joanna Ferguson
Regulation and Industry Codes Manager

Appendix 1

Consultation Questions

Chapter 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? If not, please provide evidence.

NGN is largely unaffected by the detailed switching process, though we are cognisant of the impacts of industry activities on our customers. Increased reliability through data improvements and streamlining of processes will improve all participants experience and outcomes as a result of successful customer switching.

The monetised impacts are difficult to definitively agree in detail, but we agree that the scale of change required for RP2a provides a sensible middle ground to build a solution on without requiring the significant changes that would be required to move to calendar day working from the current working day practices for these activities.

Chapter 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 last 12 months when you might have used such a feature had it been available.

N/A to NGN

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 you have raised an objection where the Change of Tenancy (CoT) flag had been set.

N/A to NGN

Question 4: Do you agree that the 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.

N/A to NGN

Chapter 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?

NGN is keen to ensure that the new arrangements do not impose unnecessary or inefficient spend to implement the solution. Competitive procurement should ensure that the most economic and efficient solution is selected providing the procurement criteria is set out accurately. The ability of existing parties in industry to bid into this process would not exclude the possibility of existing solutions being extended or changed to include this activity.

Chapter 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.

NGN is only impacted at the completion of the switch and therefore we are not in a position to assess the appropriateness of this transition window.

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.

We believe that the accuracy of the completed switch is more critical than the time taken to complete the activity, but have no firm view on whether five working days is the most appropriate period.

Chapter 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?

We agree that the proposed arrangements do not fit with existing industry codes, and that as a result a new code that can also take elements from current codes would appear to be a logical solution.

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

We are keen to ensure that for parties such as GDNs the level of day to day activity required for being a party to the code is proportionate to the rights and obligations contained within the code. We are pleased to see that this is reflected in the likelihood of us not being required to own or maintain the REC and believe that the funding must therefore follow the same rationale.

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

While we consider the DCC to be well placed in terms of existing relationships with both gas and electricity parties, we are concerned that the costs of the current DCC activities relating to the Smart Energy Code (SEC) and central systems associated with these have been significantly over the initial estimates. We are keen to ensure that there are appropriate incentives to keep costs proportionate and that checks and balances assess the efficiency of spend.

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

As with the SEC, the transition arrangements work well as an embedded part of the overall code and following this precedent appears to be a reasonable approach.

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

We believe that as the SCR was raised under the previous process, the full arrangements in place at the time of raising the SCR should continue to its completion.

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

We believe that ambitious timetable for the new governance framework could be achieved provided all parties engage and that issues arising are investigated and resolved in a timely manner. The impact of consequential changes on both other industry codes and processes will need to be managed carefully to ensure that transition between regimes has the lowest risk of detrimental impact over the cut-over and transition periods.