

To Rachel Clark
Ofgem Switching Programme

1st November 2017

Delivering Faster and More Reliable Switching - proposed new switching arrangements

Northern Powergrid Metering Limited is an established Meter Asset Provider (MAP), investing in both conventional and smart meters with energy suppliers in UK and Ireland with a large portfolio of conventional and smart gas and electricity meters. We have an interest in the Ofgem Switching Programme and have been representing CMAP within the BPDG, design forum and EDAG. The MAP interest relates to improving the ability of MAPs to track assets through the switching process to enable accurate and timely billing of meter rental charges and reduce time spent by MAPs and suppliers in resolving billing disputes.

We have reviewed the consultation and provide answers to the questions raised within the consultation along with a general response on issues that we feel are relevant to both the switching programme and to MAPs.

If you have any questions relating to our response please do not hesitate to contact me. We would be happy to meet with you to expand any of our points further and to aid understanding of the requirements of meter asset providers.

Yours sincerely,

Harvey Jones
Head of Metering

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General Comments relating to Meter Asset Providers

As a Meter Asset Provider (MAP) we are very encouraged that the proposed reform package RP2a will bring about a massive change in the ability of MAPs to accurately track their assets through multiple switches including same-day and next-day switching. This will ensure timely and accurate billing between suppliers and MAPs thus reducing queries and disputes which delay the process and add significant back-office costs to both suppliers and MAPs.

The significant code review enabled changes in gas, which will finally see a change from MAM to its constituent parties of Meter Equipment Manager (MEM) and MAP, promises to provide improved data transparency to all industry parties. The split into MEM and MAP must be accompanied by revisions to the transfer of data upon CoS and the data transfer mechanism to ensure that all relevant parties receive timely and accurate data relating to CoS events, meter installs and meter removals. We are looking for the SCR to ensure that MAPs receive timely gas data flows directly from energy suppliers (or their appointed agent) in a similar manner to the current flows in electricity. The current convoluted gas data process will not support faster switching and is too prone to failure.

The consultation considers the initial population of the MAP ID field for gas. We believe that the quickest and most accurate method is for all MAPs to provide portfolio information to UKLink. This will be simple for all MAPs to provide from their own tracking systems and should enable the MAP to be identified for the vast majority of meter points leaving only missing data and exceptions to be manually handled. Our discussions with other MAPs via the CMAP forum have indicated that other MAPs may also be supportive of this approach. Using data from the MAPs rather than suppliers will reduce the volume of exceptions during the initial data population exercise.

The consultation states that suppliers would be responsible for maintaining the MEM and MAP IDs but may delegate the maintenance of MAP ID to their MEM. Although we would prefer it if this maintenance role was allocated to MAPs we agree that this could not be achieved without significant change to current systems and processes. As such we are happy for maintenance to be allocated to suppliers (or their appointed agent) as per the current mechanism in electricity. However we believe that an appeal mechanism needs to be developed which MAPs can access when the MAP ID for their asset has been changed in error by a supplier; effectively an erroneous asset transfer. Our experience of the current system in electricity is that MAP ID often gets changed in error by supplier parties and it is very difficult for a MAP to get the record changed to the correct ID. At present the only mechanism is for the MAP to contact the current supplier and request that their agent submits the data flow to correct the erroneous entry. This mechanism is slow, time consuming and relies on the good will of a supplier to enable a change which ultimately results in the supplier receiving a MAP bill for the meter. A proper erroneous transfer mechanism needs to be enabled within both gas and electricity which will enable these erroneous asset transfers to be corrected.

Consultation Question Responses

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.

Yes, we agree with your assessment. We believe that RP2a delivers switching reforms which meet the policy objectives set out by Ofgem. Neither RP0 or RP1 will provide sufficient reforms to meet the stated policy objectives. RP2 and RP3 both deliver against the policy objectives but are both estimated to cost more than RP2a. On this basis we believe that RP2a delivers the best value option to Ofgem.

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.

We have no comment to make on this proposal

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.

We have no comment to make on this proposal

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

We have no comment to make on this proposal

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, we agree that the communications provision should be delivered via a competitive tender process but note this does not have to be tendered as an overall package and could be broken down and tendered by other parties further down the value chain in the process to achieve best value. The important factors are that it is competitively tendered and done so in the most efficient manner, and not necessarily that it is wholly done by the DCC.

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.

One of the key aims of this programme is to improve customers' experience of switching to give greater engagement in the energy market. The programme should ensure that the customer experience is not jeopardised during the early days by switches failing to complete to the timescale promised to the customer. They may be several methods to improve confidence that suppliers can switch customers reliably within their indicated timescale of which one would be additional requirements placed on the supplier to ensure promises can be met. There will be other possible mechanisms and perhaps Ofgem should examine other options to identify which is the best mechanism to use based on cost and effectiveness.

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 have no comment to make on this proposal.

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 a dual fuel REC will provide suitable governance for the new switching process. We also agree that although the SEC could offer some elements of the required governance a new REC is a better 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?

The initial scope set out by Ofgem looks to be suitable although we believe that there needs to be an element of flexibility in this scope to enable it to be modified as the programme progresses to ensure that the final REC is the best possible fit to industry requirements.

We also agree that ownership of the REC should sit with energy suppliers although we would like to understand better if there are any implications of the required change of ownership of code requirements from DNOs under the current MRA to energy suppliers under the new REC.

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?

No, not necessarily, whilst this may be administratively the easier option, Ofgem should reassure itself that transferring this obligation (and therefore cost) to the DCC achieves best value for the customers. It should also be part of the exercise for government to recognise where synergy benefits lie in the existing process and seek to make best use of those synergies in order to save cost.

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, we believe that the requirements are best supported by regulation.

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

We have no comment to make on this proposal

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

We have no comment to make on this proposal

Impact Assessment:

We have no comments on any of the questions raised in relation to the Impact Assessment.