

Rachel Clark  
Switching Programme  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Your ref

Our Ref

Date

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Contact / Extension

Ken Allan

0141 614 1990

Dear Rachel

### **Delivering Faster and More Reliable Switching: proposed new switching arrangements**

This response is from SP Energy Networks. We provide power on behalf of supply companies through a network of cables and power lines that we own and maintain throughout Central and Southern Scotland, Merseyside, Cheshire, North Wales and North Shropshire.

#### SPEN General Comments relating to the Ofgem Faster & Reliable Switching Programme

SPEN agrees that the Preferred Package (RP2A) appears to be the most sensible, especially given the significant differential in (Supplier) costs for any further developed options such as RP3.

SPEN could not realistically challenge Impact Analyses content used as the basis for the decision outcomes, but note that the sensitivities around costs and benefits projected out for an 18 year period would likely be significant. SPEN considered that their only real comment would be to state that they had 'no valid evidence to dispute' the figures provided at this time.

SPEN welcomed the initiative relating to MIS Development, in that Ofgem have asked Gemserv and Xoserve to work in collaboration to develop a dual fuel service, effectively a merging of ECOES and DES. We note Gemserv and Xoserve are intending to convene a 'Joint Market Intelligence Service Development Group (JMDG)' to advance the development of the required Market Intelligence Service (MIS).

Given the above, SPEN was disappointed that this example of collaboration is not extended to the development of the Central Switching Service (CSS), where the functionality and merits of both MPRS and UK Link systems could be assessed and developed as required. SPEN noted the recent consultation relating to UK Link and the proposed central switching service:

SP House, 320 St Vincent Street, Glasgow. G2 5AD

Telephone: 0141 614 0008

[www.spenergynetworks.co.uk](http://www.spenergynetworks.co.uk)

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SPEN considered that this consultation placed UK Link in a highly advantageous position for participation in future CSS ITT procedures, and indeed felt unable to respond on the basis that support or otherwise could both have been interpreted as 'anti-competitive'. SPEN did not approve of the strong Marketing tactic by Xoserve, well before there was even a possibility of being allowed to bid for such development work. SPEN suggests that if collaboration for the MIS did not break existing Xoserve Licence Codes, then this arrangement should be extended to the CSS development. This would then involve and utilise the joint expertise of St Clements Services and Xoserve and avoid many of the issues described in the consultation. It would also minimise costs of developing something from scratch that would be unproven, as was the case with the Data Communications Company (DCC).

Finally, SPEN noted that Electralink had issued a 'White Paper' detailing what they consider to be a strong case for the DTN to be utilised as the communications network linking market participants to the new Central Switching Service (CSS). Whilst unable to fully review the position, SPEN was of the view that the DTN tended to be a least cost option when compared to other methods, and was also proven to be fully operational and very reliable over a lengthy period of time.

### **Issues of Concern or requiring Clarification:**

#### **Section 3 - Meter Technical Details:**

SPEN notes that Ofgem still plans to use MPRS as the Master System for Meter Technical Details, but also that exactly what details will be maintained has not been finalised. Currently details such as the Meter Serial Number, Date of Installation etc. are maintained at source by Supplier-appointed Meter Operators (MOPs) and then loaded by MOPs into ECOES by means of a D0312 Industry Flow. SPEN are surprised at the proposal to change the host system of this Metering data from ECOES to MPRS, considering that this item is listed as one of the data quality items required to confirm the identity of the customer and allow switching to take place.

SPEN agrees that Registration Data such as MAP and MOP Agent appointments should properly be maintained in MPRS, but dispute any merits in using MPRS for any other Metering details, especially if these were to be any more extensive than currently held in ECOES. The consultation suggests that the metering data will require to be validated within MPRS - this is not possible as DNOs and MPRS play no part in meter installations to customer premises by a Meter Operator Agent at the request of the relevant Supplier.

SPEN would also highlight that given the ongoing roll-out of SMART Meters, all existing metering is likely to be fully replaced in a matter of a few years, and by around the time the faster switching processes will commence in earnest, with 2020 being a feature year for both programmes. SPEN concluded that the DCC looked the most obvious choice as the host system for new SMART (and possibly pre-SMART) metering data to be mastered. The DCC will be processing all the relevant installation data including recording meter serial numbers and matching these to access keys for Suppliers and DNOs as well as energisation activities.

SPEN 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 SPEN see as unnecessary expense to migrate all existing records from ECOES to MPRS and introduce new interfaces and processes to thereafter maintain updates in MPRS.

### **Section 6 – Reliability (Data Quality Aspects):**

This area created the most debate and was a significant area of concern regarding the Faster Switching proposals. SPEN supports any recommendation and initiative to improve data quality within all business systems. However SPEN felt that the consultation content appeared to gloss over failed Supplier processes such as WP145; Identification and Resolution of Crossed Meters and the need for all-party involvement in the MRA requirement to maintain address data. The analyses outlined suggested almost every customer with a Plot Address must be trying and failing to switch. Plot Data in Electricity records had been compared with those within Xoserve, without reference to the extensive effort and investment Xoserve had put into developing NEXUS, both in making it work and improving data quality, which has taken place over a 4 year term.

A separate Ofgem-led exercise to look at resolving outstanding address quality issues is already underway, with a directive to expect new codes and 'enforcement' options to be introduced in 2018, in preparation for Faster Switching in 2019 onwards. Despite the work already undertaken and expected to continue over 2018, the consultation introduces a new methodology with suggested procurement of a GB Address database and use this to maintain addresses, and process updates for inclusion in the CSS, for customers and Price Comparison Websites to access directly.

SPEN was concerned that Ofgem did not appear to appreciate the problems that can be encountered with address management. There seems to be assumptions that Gas and Electricity address data will be merged quite simply, and thereafter the algorithms will maintain very high quality data. SPEN felt that there needed to be more thought put into the proposals and thereafter the diagrams updated to show the detail of all relevant transactions, particularly interfaces between the various systems. At present the process indicates that CSS will carry out the address data quality updates, and send updated information to ECOES & DES, but no reference to updating MPRS & UK Link. Meantime MPRS & UK

Link requires to also send updates to ECOES & DES, which in effect could overwrite or wipe out data from the centralised service. SPEN felt this is not workable.

Several DNOs already have access to GB Address systems (e.g. Ordnance Survey (OS)) and therefore will potentially be carrying out the same activity as the CSS. This is inefficient and SPEN believes that there is no justification for 2 parties to duplicate this activity; indeed if the DNOs were to be 'encouraged' to improve the data quality over 2018, why would further work via CSS be required at all? SPEN noted that while several DNOs could access systems such as Address Based Premium and Ordnance Survey, the costs were significant, and that IDNOs could not justify this expense.

Finally, under the MRA, Network Operators 'own' the MPAN and the Address - they could not accept any changes to their systems or systems that represent their connections without prior validation and approval, as this has impacts on areas other than 'Switching'. There are 'on site' safety and outage considerations for the customer that must not be lost in the mix. There would need to be a transfer of address ownership to allow Ofgem to do as they are proposing.

SPEN concluded that Ofgem should perhaps concentrate their efforts on ensuring the relevant services were readily available to Network Operators at a realistic price level and that funding via the price Controls was available to support Address Data Management across the Industry.

### **Section 8 – Regulation & Governance (including Transition):**

SPEN welcomes a new Retail Energy Code (REC) as described, noting that our preference is for a completely separate code directly relevant to the Supplier and Agent processes surrounding the new Faster Switching Processes. We believe any move towards consolidation of multi-purpose codes inevitably proves extremely complex and can create cross-code issues that otherwise would not exist. The discussions cited the recent work by Gemserv to bring Green Deal into the broader MRA Codes, which has proved time consuming and problematic as an example. However it was also pointed out that there are a number of issues where existing codes were highly relevant to DNOs management of the Registration and Settlement Processes and these must be retained and allowed for within any Retail Code. The examples raised included:

- DCUSA Section 2B, Clause 46; Payment Default, 46.4; Material Breach - here DNOs have the option to suspend any further connections (Registrations) by a Supplier who has defaulted in paying DUoS Charges - this option must continue to be provided and a process developed from Network Operators to CSS to allow this suspension to be recorded and be effective.

- Licence Condition 18 of the Electricity Distribution Licence, MRA Clause 20, MRA Schedule 2, MPAD 10 and finally MRA Clause 24 - Address Maintenance by Distributors (24.2) and Suppliers (24.5) as outlined above.
- MRA Activities such as MAP04 - Retrospective Amendments to Registration data.

### **General – Clarification of Terms:**

SPEN also reviewed the terms presented, such as Registerable Meter Point (RMP), MPL (new term for MPXN?), BLPU (new term for UPRN?) and finally Retail Energy Location (REL). It is important that all these terms are explained to and fully understood by the Industry. As an example, the 'Retail Energy Location' seems to refer to a Network Point such as Street Furniture, whereas the concept more suggests a block of supplies that can be traded together, e.g. Local Authority or Commercial Businesses consolidating several separate supplies for one contract? In any case it was also noted that Unmetered Supplies, and how these work in the current market did not seem to be covered in the RP2A description.

### **Summary of Concerns:**

1. SPEN does not believe that MPRS is the best choice of system for maintaining Meter Technical Details.
2. SPEN does not believe that the proposed Address Data Quality Management processes are fully explained and consider that they will create unnecessary duplication of activities and has potential to create separate address records and confusion as to the correct one.
3. SPEN believes that a separate Retail Energy Code (REC) is required to cover the specific Retail activities related to Faster and more Reliable Switching, but that this code must not replace key measures within other existing codes.
4. SPEN considers that there is still confusion surrounding the terms used in the consultation and design documents, which require clarification.
5. SPEN notes that the processes around Unmetered Supplies do not appear to have been covered and these will present a different set of issues relating to record keeping.

Yours sincerely,



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**Ken Allan,  
Energy Income Manager, SP Energy Networks**

SP House, 320 St Vincent Street, Glasgow. G2 5AD

Telephone: 0141 614 0008

[www.spenergynetworks.co.uk](http://www.spenergynetworks.co.uk)