

Our date
2017-11-01

Our reference



1 of 1

Ofgem
Attn: Rachel Clark

Dear Rachel,

Statoil UK Limited welcomes the opportunity to respond to Ofgem consultation on Delivering Faster and More Reliable Switching: proposed new switching arrangements. Statoil would like to make the following comments in relation to the consultation.

Statoil believes that faster switching arrangements are unlikely to deliver benefits to non-domestic customers as they are generally unable to switch due to being in contract with their current supplier. Statoil feels the proposals are far better suited overall to domestic and microbusiness customers and should be tailored specifically at this sector of the market.

Statoil feels the overall tender process should be run by an industry panel of Ofgem, DCC, suppliers and transporters rather than just the DCC. The tender should also be for the full package and not broken up into different segments to ensure costs are kept down for the industry.

Regarding the proposed transition window Statoil believes it would be inefficient and costly for suppliers to change their systems and processes twice in such a small timeframe. Therefore, Statoil believes the current switching windows should be retained until Ofgem & industry is satisfied that there are no unintended consequences caused in the run up to implement the final switching windows.

For the proposal to create a Retail Energy Code Statoil doesn't agree with the requirement for yet another industry code and feels the authority should be looking to utilise existing code structures to ensure costs are kept to an absolute minimum.

Statoil feels the proposed Summer 2020 date for delivery is somewhat challenging as industry will probably be trying to conclude the smart metering roll out during this period. We would urge the authority to be flexible and allow both processes to conclude separately rather than have 2 large processes completing in the same period.

Regarding the impact assessment Statoil would like to say The Net Present Value (NPV) is so wide (£169m to £1.065bn) that it is very difficult to fully assess this reform package until the programme is completed. It is unclear as to whether faster switching will necessarily translate into more customer switching and what level of benefit this will provide. Statoil remains of the view that any benefit resulting from implementation will apply more to domestic customers than to non-domestic customers.

Kind regards

Terry Burke

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