

Rachel Clark
Director of Switching Programme
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3 November 2017

By email only to: Switchingprogramme@ofgem.gov.uk

Dear Rachel

Delivering Faster and More Reliable Switching: proposed new switching arrangements

Thank you for the opportunity to comment on the above consultation. This letter should be treated as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc.

UK Power Networks remains fully supportive of Ofgem's principle to deliver a Central Switching Service that will build on customer confidence, facilitate competition and deliver 'better' outcomes for all customers.

Our answers to the consultation questions are set out in the appendix to this letter.

I hope that you will find our response helpful. If you have any questions, please do not hesitate to contact me.

Yours sincerely



James Hope
Head of Regulation and Regulatory Finance
UK Power Networks

Copy Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks
Hazel Cotman, Industry Development Manager, UK Power Networks



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Appendix

Question 2.1: 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

We are supportive of the need to put customers in more control of the switching process, and of Ofgem's need to reduce the barriers to switching. We would ask Ofgem to reconsider whether it would be more beneficial and cost-effective to the industry, and ultimately all customers, if the metering data was mastered and available in the Management Information System. This would allow the data to be readily available to suppliers, meter operators and other industry parties. This could potentially avoid the costs associated with migrating all existing records from ECOES to MPRS and the introduction of new interfaces and processes to maintain updates in MPRS thereafter. Furthermore, we believe that Ofgem needs to ensure that impacts on areas other than switching are fully understood. For example, ownership of data relating to the MPxN has implications for DUoS billing, customer safety and IIS reporting.

Question 3.2: 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.

Section 3 of the consultation states that the switching process will be managed by suppliers going forward, and that the majority of switching interactions with the CSS will also be undertaken by suppliers. Therefore, as a network operator we are neutral to Ofgem's proposals regarding the functionality proposed to prevent erroneous switches.

Question 3.3: 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 are not directly impacted by the CoO process and have no comments regarding this question.

Question 3.4: 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.

While we are not directly impacted by the CoO process, we would welcome clarity of the annulment functionality to ensure that, as a network operator, we are aware which supplier is appointed for each MPxN, in a timely and efficient manner.

Question 4.5: Do you agree with our proposal to require DCC to competitively procure the communications network capability required to deliver the new switching arrangements?

We agree with the proposal to select a communications network from existing industry systems as this would reduce the risk, to the delivery of the programme. If an existing system was selected market participants will benefit from the existing investment.

Question 5.6: 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.

Given that reform package RP2a will enable domestic customers to switch suppliers the next working day, this is a fundamental change to how the market currently operates. We believe that the proposed transition window is too aggressive, and whether the programme would benefit from a longer transition period of around six months given the complexity and the number of market participants involved.

Question 5.7: 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? Please support your answer with evidence.

We are not directly impacted by the proposal to change the requirement on speed of switching. However, at a high level the proposed change appears to be a workable solution.

Question 8.8: Do you agree with our proposal to create a dual fuel REC to govern the new switching processes and related energy retail arrangements?

UK Power Networks supports the views of the Regulatory Design Expert Group and welcomes the recommendation that the Smart Energy Code is not necessarily the best place to regulate the new switching programme. Therefore, we are in agreement with the proposal to create a new dual fuel code.

Question 8.9: Do you agree with the proposal initial scope and ownership of the REC to be developed as part of the Switching Programme?

Given the tight timescales of the programme we are comfortable that the initial scope of the REC concentrates on the transitional governance arrangements required for day one of the CSS. We are supportive of the view that any further development of the REC takes place as soon as reasonably practicable, but recommend that the REC has a period of at least three months to bed in before any further changes are progressed through the change control process.

Given our proposed new limited role in the CSS we welcome the recommendation that new obligations to maintain the REC are not introduced and placed on network operators. Network operators will continue to play a role in the lifecycle of metering points and will still require the use of registration data, particularly for DUoS billing purposes. As a consequence, we welcome the proposal that network operators should have an obligation to accede to, and comply with, the REC.

Question 8.10: 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?

We are of the view that extending the obligations in the DCC's licence will de-risk the implementation of the CSS and provide greater certainty over programme delivery.

Question 8.11: Do you agree that there should be regulatory underpinning for the transitional requirements and that this should be contained in the REC?

It is our view that regulatory underpinning will ensure all parties participate in the programme and work with the DCC to support and assist the delivery of the CSS.

Question 8.12: Do you agree that we should pursue an Ofgem-led SCR process in accordance with a revised SCR scope?

We believe that an Ofgem-led SCR process will ensure the efficient, effective and timely delivery of the switching programme.

Question 8.13: Do you have any comments on the indicative timetable for the development of the new governance framework?

The indicative timetable is very high level, and it is difficult to comment in any detail at this stage. Secondly, we are concerned that the consultation underestimates the complexities surrounding the data, in particular address management and the potential difficulties of merging data into the CSS.