

Sent by e-mail to: Switchingprogram@ofgem.gov.uk
Attention to Rachel Clark

Date 3 November 2017

Regent Gas response to Ofgem's consultation entitled "Delivering Faster and More Reliable Switching: proposed new switching arrangement" issued on the 21st of September 2017

Dear Mrs. Clark,

Regent Gas welcomes the opportunity to respond to some specific key points raised by the Office of Gas & Electricity Markets, Ofgem, within the "Delivering Faster and More Reliable Switching: proposed new switching arrangements" document.

We have based our responses on our experience as a supplier of gas to commercial enterprises of all sizes. Formed in 1995, Regent Gas is a privately owned British business gas supplier providing natural Gas, and connection to small, medium sized and large corporate businesses, throughout England, Scotland and Wales. The company is regulated by Ofgem, the Office of Gas & Electricity Markets, for its gas shipping and gas supply activities.

If you would like to discuss any areas of our response, please feel free to contact me on

Direct dial 020 8896 6015

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Yours sincerely,

Alunga Kalawe
Regulation & Compliance Manager

CHAPTER: Two , Impact assessment summary

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?

A1

Introducing the RP2a should allow non domestic consumers to switch faster suppliers than today within a 2 days slot.

The centralised switching service (CSS) should simplify the process for customers in terms of paperwork and timing. Therefore Regent Gas agrees with the assessment but have concerns about the time given to the consumer to review the T&C if he chooses the default 2 days switching.

We encourage Ofgem to make sure that the consumer will be fully aware that he has the option to choose a suitable date of switching.

After reviewing the proposal, Regent Gas finds that some points could have been clarified in the document as:

What types of contract are impacted by the fast switching?

Are there some contracts to be included or excluded from the switching programme?

Is the process available for any types of meter?

Regent Gas would like also to point the fact that even if Ofgem wants to emulate the success of the switching process for mobile phone as an example; gas meters have significantly more variations with many being of custom construction. There is significant variation in how metering data is collected and distributed with differing degrees of accuracy.

CHAPTER: Three Preferred reform package design – RP2a

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.

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A2

Regent Gas agrees that CSS should include an annulment feature which losing suppliers can use to prevent erroneous switches. Also this process should be really supervised and start at the initiative of the customer.

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.

A3

Regent Gas agrees with CSS systematically inviting the losing supplier to raise an objection even where the Change of Occupancy (CoO) indicator had been set by the gaining supplier. Indeed, the fast switching could lead in some extent to a misuse.

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.

A4

Regent Gas agrees that use of the annulment and CoO features should be backed by a strong performance assurance regime.

Suppliers should be required to produce metrics of the objections issued and share it with the competent authority.

CHAPTER: Four Communications network

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?

A5

Regent Gas agrees that the cost is an important factor in the establishing and the success of the fast switching. However it may be too early to assert that the proposal to require DCC to competitively procure the communications network capability required to deliver the new switching arrangements is the best one.

The smart meter rollout is still in place. A gap analysis of predicted vs. actual process should be done first to compare the discrepancy in terms of timing and budget.

CHAPTER: Five Switch speed and regulatory requirements

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.

A6

Regent Gas agrees that there should be a transitional time to expand the full faster switching program. We recommend extending this period to six or nine months as three months should not be enough time for the suppliers to implement everything. As this is a new process, there will be a pressure on them regarding organization and timing.

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.

A7

Regent Gas agrees with the proposal of changing the requirement on speed of switching to require switches to be completed within five working days of the contract being entered into. Five days should not only give the customer enough time to read the T&C but also the suppliers to fulfill all the required work. We assume this will only apply in cases where the customer is not bound by the terms of an existing contract which requires the customer to not change supplier until the end of that contract.

CHAPTER: Eight Regulation and governance of the switching arrangements, including transition

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?

A8

Regent Gas agrees the proposal to create a dual fuel REC to govern the new switching processes and related energy retail arrangements. Indeed, an independent authority would be impartial and objective. By creating a single body for electricity and gas, it would simplify and clarify the process.

However we are concerned this move could force out I&C single fuel suppliers from the market as we see dual fuel suppliers being given an advantage due to these changes.

We are of the opinion that before implementing the REC, it is suitable first to acknowledge the differences between the electricity and gas market, and then try to lessen the gap. Specifically the lack of competition in the I&C metering market which has resulted in very high rentals being imposed on the

supplier by the Meter Asset Manager. Setting the REC with identical rules for both markets where possible would make it easier.

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

A9

Regent Gas disagrees with the proposed initial scope and ownership of the REC to be developed as part of the Switching Programme. We are of the opinion that switching should be independent from the whole programme. Our concern is that by developing the REC as part of the switching program, switching will have a greater emphasis in the REC when there are other significant matter the REC should address such as competition in the I&C metering market, the integration of I&C gas AMR data of a similar quality to SMETS data and the role of Third Party Intermediaries (TPI).

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?

A10

Regent Gas agrees with the 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. We think it is the logical place for it to sit.

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

A11

Regent Gas agrees that regulatory underpinning is important especially in case of an extension of the transitional requirement. We believe that regulatory underpinning has its place in the REC.

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

A12

Regent Gas agrees that we should pursue an Ofgem-led SCR process in accordance with a revised SCR scope

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

A13

Regent Gas would like to make some reservation about the indicative timetable for the development of the new governance framework. We feel that the development should be delayed until more progress has been made on the dispatch of SMETS2 meter. It would allow more clarification on how Industrial and Commercial (I&C) gas meters will function within DCC.

Impact Assessment: CHAPTER 3

Question 1: Do you agree that our assessment of industry and public sector costs, including our approach to managing uncertainty, provides a sound basis for making a decision on a preferred reform package?

A1

Regent Gas feels that faster switching will cause more erroneous switches due to a narrowing in the timing to implement check. Our experience shows that in the Industrial and Commercial (I&C), the occurrence of erroneous switches is low.

Question 2: Do you agree that we have selected the appropriate policy option around objections, cooling off, meter agent appointment and MCP ID for each reform package?

A2

Regent Gas feels that RP2a objection betters the instant reaction when the supplier has the option of a human intervention in the process.

Impact Assessment: CHAPTER 4

Question 3: Do you agree that our assessment of the direct benefits of the reforms, including the various assumptions that we have adopted, provides a sound basis for making a decision on a preferred reform package?

A3

Regent Gas finds that making the distinction between MEM and MAP is an important thing. Nevertheless regulation needs to be put in place.

Impact Assessment: CHAPTER 5

Question 4: Do you agree that our illustrative analysis of the indirect benefits provides a reasonable assessment of the potential scale of the savings that could be made by consumers through increased engagement in the market?

A4

Regent Gas agrees that the illustrative analysis of the indirect benefits provides a reasonable assessment of the potential scale of the savings that could be made by consumers through increased engagement in the market. However, we consider that in one hand the estimation of the erroneous switches are underestimated, especially in the domestic side, and in the other hand, the number of switches increasing may be overestimated.

Impact Assessment: CHAPTER 6

Question 5: Do you agree with our assessment of the wider benefits of our reform proposals?

A5

Regent Gas agrees with the assessment of the wider benefits of our reform proposals. We would like to add that one of the benefits would be the stopping of the unnecessary replacement of meter assets, especially I&C gas meter assets.

Impact Assessment: CHAPTER 7

Question 6: Do you agree that our assessment of the net impacts for consumers provides a sound basis for making a decision on a preferred reform package?

A6

Regent Gas agrees that the assessment of the net impacts for consumers provides a sound basis for making a decision on a preferred reform package.