

Third Energy Package Option Representation

Please provide a response by: dd February 2011

Organisation: xoserve

Representative: Alison Jennings

Date of Representation: dd February 2011

There is an option to reduce the Objection Window to 3-5 days and the confirmation window to 5 days to achieve a 3 week switch as directed by EU. A further option has also been identified to treat Bank Holidays as working days for SPA processes.

Q1. Do you support any of these proposals?

Xoserve is currently conducting some high level analysis on a number of options to support the 3 week switch timescales. This will provide an indication of both costs and timescales on reducing the "objection window", reducing the D-7 "confirmation window" and the breadth of impact arising from the treatment of Bank Holidays as business days. We anticipate this analysis being available to present to the industry at the March Distribution Workgroup.

Q2. Please specify your preferred method to achieve the changes proposed i.e. which process or processes should be reduced and by how many days

Although we are investigating the implications of the above mentioned proposals, we believe that the majority of customers would be able to switch in the three week target with minor process changes (particularly to support bank holiday periods) and therefore suppliers would be able to comply with the EU Directive. As mentioned at previous Workgroups, if shippers were to confirm the supply point during the latter part of the cooling off period for domestic customers, the 3 week switching timescales would be achievable without costly changes to central systems. The confirmation could then be cancelled should the customer subsequently decide not to proceed. This option would need to be further explored with Shippers to understand the implications for their systems and processes.

Recognising that switching timescales may benefit from a review to identify options for accelerated switching for consumers, Xoserve would be happy to undertake work to identify future requirements and options that may facilitate a planned change to switching that improves the customer experience whilst also managing industry change costs within a broader strategic programme such as Nexus or Smart metering.

Q3. Impacts and Costs:

What analysis, development and ongoing costs would you face if this change were implemented?

Although we are carrying out work to provide a clearer understanding of the breadth of impact for the Bank Holiday option and the cost and timescale impact of the window reduction options, our initial view is that these changes are likely to represent a high degree of change for Xoserve and the industry and result in high change costs without the strategic benefit of a broader Customer Switching review.

As all parties need to assess the possible options and implications to their businesses, by the time that a conclusion is reached, it is unlikely that a cross-industry agreed approach could be easily achieved within 2011.

Q4. Implementation:

What lead-time would you require prior to this modification being implemented, and why?

See above

Q5. Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

Shippers have been asked to provide some indication of how many customers cancel their contract with the incoming supplier towards the end of the cooling off period. To date the respondents have suggested that this applies to less than 0.1% of customers. On average this equates to less than 350 customers per month.