

Guidance

Digitalisation Strategy and Action Plan Guidance

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This document is Ofgem’s Digitalisation Strategy and Action Plan Guidance. Its requirements must be complied with by companies whose licenses are subject to the RIIO-GD2, RIIO-T2, and RIIO-ED2 price controls.

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Document version	Description	Changes since previous document
Digitalisation Strategy and Action Plan Guidance v0.3	Proposed Version May 2021	N/A
Digitalisation Strategy and Action Plan Guidance v1.00	Version as a result of consultation May 2021	As set out in "Track Changes DSAP Guidance v1.00"
Track Changes Digitalisation Strategy and Action Plan Guidance v1.1 for consultation	Proposed version February 2023	Edits made to ensure Electricity Distribution licensees are required to follow this guidance document.
Track Changes Digitalisation Strategy and Action Plan Guidance v2.0 for decision	Version as a result of consultation February 2023	As set out in "Track Changes Digitalisation Strategy and Action Plan Guidance v1.1 for consultation"

Contents

1. Introduction	4
Schedule for Updating Digitalisation Strategy and Action Plan for RIIO-2 Licensees	5
Schedule for Updating Digitalisation Strategy and Action Plan for RIIO-ED2 Licensees ...	5
2. Summary	6
DSAP Principles:	6
Definitions.....	7
3. The Digitalisation Strategy and Action Plan Principles	9
1. Prioritise providing benefits to the stakeholders who pay for the Products and Services as well as benefits that are in the Public Interest.....	9
2. Ensure Products and Services work towards a defined vision	10
3. Take full advantage of opportunities to deliver benefits early and to iterate improvements to Products and Services	11
4. Enable stakeholders to understand the Products and Services, the status of their delivery and how to access them.....	12
5. Ensure visibility about the nature and status of actions in the Digitalisation Action Plan	13
6. Ensure there is shared understanding of how success and performance is measured....	14
7. Coordinate with the wider ecosystem of Products and Services.....	15

1. Introduction

- 1.1. This document provides principles and explanations that describe requirements for complying with Digitalisation Strategy and Action Plan Guidance (“DSAP Guidance”).
- 1.2. This document is directed at gas distribution network companies, gas and electricity transmission network companies, electricity distribution companies, and the electricity system operator (for the purposes of this document ‘network companies’ or ‘licensees’) as well as their stakeholders. The licensees are required to comply with DSAP Guidance when they are preparing and updating their Digitalisation Strategy and Action Plan¹.
- 1.3. To find out more about this licence obligation, please visit these following links:
 - RIIO-2 Final Determinations for Transmission, Gas Distribution and Electricity System Operator²;
 - RIIO-ED2 Final Determinations for Electricity Distribution³;
 - Decision on the proposed modifications to the RIIO-2 Transmission, Gas Distribution and Electricity System Operator licences⁴; and
 - Decision on the proposed modifications to the RIIO-2 Electricity Distribution licences⁵.
- 1.4. Both the Data Best Practice Guidance and DSAP Guidance are part of our standards for data and digitalisation.
- 1.5. The work of the other organisations, such as GO FAIR and Government Digital Service (GDS) strongly informed the initial development of DSAP Guidance. The GDS provides wide-ranging support for topics relating to data and digitalisation; it gives information

¹ Special Licence Condition 9.5 of the Gas Distribution, Gas Transmission, Electricity Transmission, and Electricity Distribution licences, and Special Licence Condition 2.11 of the Electricity System Operator licence

² <https://www.ofgem.gov.uk/publications-and-updates/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>

³ <https://www.ofgem.gov.uk/publications/riio-ed2-final-determinations>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

⁵ <https://www.ofgem.gov.uk/publications/decision-proposed-modifications-riio-2-electricity-distribution-licences>

and methods that span all the principles in DSAP Guidance. Of particular relevance are the following:

- GO FAIR and its FAIR data principles⁶;
- GDS Service Standard⁷;
- GDS Technology Code of Practice⁸; and the
- GDS Service Manual⁹.

Schedule for Updating Digitalisation Strategy and Action Plan for RIIO-2 Licensees

- The Digitalisation Strategy update must be published on or before 31st March 2022 and at least every 2 years after this date.
- The Digitalisation Action Plan update must be published on or before 30th June 2021 and at least every 6 months after this date (i.e. each subsequent 31st December and 30th June).

Schedule for Updating Digitalisation Strategy and Action Plan for RIIO-ED2 Licensees

- The Digitalisation Strategy update must be published on or before 1st April 2023 and at least every 2 years after this date. The Digitalisation Action Plan update must be published on or before 30th June 2023 and at least every 6 months after this date (i.e. each subsequent 31st December and 30th June).

⁶ <https://www.go-fair.org/fair-principles/>

⁷ <https://www.gov.uk/service-manual/service-standard>

⁸ <https://www.gov.uk/government/publications/technology-code-of-practice/technology-code-of-practice>

⁹ <https://www.gov.uk/service-manual>

2. Summary

2.1. DSAP Guidance defines regulatory requirements for transparency, stakeholder engagement and coordination with respect to a licensee's current and future Products and Services relating to data and digitalisation. These requirements must be complied with when a licensee publishes its: (1) Digitalisation Strategy and (2) Digitalisation Action Plan. Any licensee working to publish a DSAP should do so using the most recently available DSAP Guidance published by the Authority except where the Authority has stated otherwise. The DSAP Guidance is a principles-based set of guidance.

2.2. The purpose of a Digitalisation Strategy is to share a licensee's understanding of its stakeholders' needs and the Products and Services required to meet those needs, all with an ultimate goal of creating consumer and Public Interest benefits. The purpose of a Digitalisation Action Plan is to show that a licensee is making progress towards delivering the work required to fulfil its Digitalisation Strategy.

DSAP Principles:

- 1.** Prioritise providing benefits to the stakeholders who pay for the Products and Services as well as benefits that are in the Public Interest.
- 2.** Ensure Products and Services work towards a defined vision.
- 3.** Take full advantage of opportunities to deliver benefits early and to iterate improvements to Products and Services.
- 4.** Enable stakeholders to understand the Products and Services, the status of their delivery and how to access them.
- 5.** Ensure visibility about the nature and status of actions in the Digitalisation Action Plan.
- 6.** Ensure there is shared understanding of how success and performance is measured.
- 7.** Coordinate with the wider ecosystem of Products and Services.

Definitions

Digitalisation: the use of digital technologies to change an organisation's operating model and provide new revenue or equivalent value-creating opportunities; it is the process of moving to a digital business/organisation.

Digitalised: Elements of an organisation's operating model that have been through Digitalisation.

Digitalisation Action Plan: a licensee's plan to digitalise its Products and Services prepared and published in accordance with Part B of; Special Condition 9.5 (Digitalisation) of the RIIO-2 price controls for Electricity Transmission, Gas Transmission and Gas Distribution, Special Condition 2.11 (Digitalisation) of the RIIO-2 price control for the Electricity System Operator, and Special Condition 9.5 (Digitalisation) of the RIIO-ED2 price control for Electricity Distribution.

Digitalisation Strategy: the strategic approach taken by a licensee to digitalise its Products and Services and evidenced by the archive prepared and published by the licensee in accordance with Part A of; Special Condition 9.5 (Digitalisation) of the RIIO-2 price controls for Electricity Transmission, Gas Transmission and Gas Distribution, Special Condition 2.11 (Digitalisation) of the RIIO-2 price control for the Electricity System Operator, and Special Condition 9.5 (Digitalisation) of the RIIO-ED2 price control for Electricity Distribution.

Digitalisation Strategy and Action Plan Guidance: means (1) the guidance document issued by the Authority in accordance with Part C of; Special Condition 9.5 (Digitalisation) of the RIIO-2 price controls for Electricity Transmission, Gas Transmission and Gas Distribution, Special Condition 2.11 (Digitalisation) of the RIIO-2 price control for the Electricity System Operator, Special Condition 9.5 (Digitalisation) of the RIIO-ED2 price control for Electricity Distribution, and (2) part of Ofgem's standards for data and digitalisation.

DSAP: A combination of both Digitalisation Strategy and Digitalisation Action Plan.

Interoperability-By-Design: Ensuring that the data and digital aspects of Products and Services have the ability to exchange and make use of information between one another throughout their end-to-end lifecycle.

Public Interest: The welfare or well-being of the general public and society.

Products and Services: Anything that a licensee can offer to a market for attention, acquisition, use or consumption that could satisfy a need or want.

Single Provider Product or Service: A product or service among the Products and Services provided by the licensee where no alternative option or provider is available to parties seeking to access that product or service.

the Authority: means the Gas and Electricity Markets Authority that is established under section 1 of the Utilities Act 2000

3. The Digitalisation Strategy and Action Plan Principles

1. Prioritise providing benefits to the stakeholders who pay for the Products and Services as well as benefits that are in the Public Interest

Explanation

- 3.1. The licensee must identify and clearly set out its Products and Services for its stakeholders. The licensee must also identify and set out the needs of its stakeholders, where meeting these needs will benefit one or both of end-consumers and the Public Interest. The licensee must include details of the benefits which will be generated for the end-consumer and/or Public Interest, through delivery of its DSAP.
- 3.2. For each Product and Service or action described within its DSAP, the licensee must be clear about which stakeholder needs it will meet and what benefits it will deliver to end-consumers and/or for the Public Interest. The licensee must include the needs of those stakeholders who may not have digital access to its Products and Services and set out alternative ways for them to access information on its available Products and Services.
- 3.3. The licensee must gain stakeholder validation and assurance that the Products and Services to be delivered as described by the DSAP are correct to ensure the targeted benefits of its DSAP are met. The licensee must include in its DSAP a summary of stakeholder feedback and how it is responding to or including this as part of its DSAP.

2. Ensure Products and Services work towards a defined vision

Explanation

- 3.4. In its Digitalisation Strategy, the licensee must include a vision and associated objectives. These objectives must describe the outcomes that successful delivery of its DSAP will achieve for the benefit of end-consumers, stakeholders and the Public Interest. The licensee must describe the solutions it will provide that will deliver the vision and its associated objectives, by describing these in terms of a collection of Products and Services that, once they exist, will deliver the vision and its associated objectives.
- 3.5. In its Digitalisation Action Plan the licensee must specify the actions it is taking to adapt and change its Products and Services, so that they remain relevant and deliver the vision of its DSAP. In cases where stakeholders express a need for the information, the licensee must include any enabling Products and Services that facilitate or are a precondition for the delivery of end-user Products and Services.
- 3.6. The licensee must, in its Digitalisation Strategy, make clear how its DSAP integrates with and enables the licensee to meet its responsibilities as it exercises its rights and obligations under a licence granted under section 6 (1) or (1A) of the Electricity Act 1989 or section 7, 7ZA, 7A or 7AB of the Gas Act 1986.

3. Take full advantage of opportunities to deliver benefits early and to iterate improvements to Products and Services

Explanation

- 3.7. The licensee's delivery of Products and Services described in its DSAP must take advantage of opportunities to deliver benefits to consumers, stakeholders and the Public Interest as early as practicable. This includes, where opportunities exist to do so, the licensee delivering improvements to the Products and Services described in its DSAP incrementally throughout the development and end-to-end lifecycle of the Products and Services.
- 3.8. As improvements are made to the Products and Services described in its DSAP, the licensee must make clear within the DSAP how these improvements are adapting the licensee's current Products and Services to become the Products and Services required to deliver its Digitalisation Strategy vision and associated objectives.

4. Enable stakeholders to understand the Products and Services, the status of their delivery and how to access them

Explanation

- 3.9. The licensee must clearly set out in its DSAP the Products and Services that stakeholders can currently benefit from and provide information about how to access them. In its DSAP the licensee must enable stakeholders to understand the specific Products and Services that will be available in the next 12 months and indicate what Products and Services it is considering making available in the future. This must include any improvements to or decommissioning of existing Products and Services.
- 3.10. The licensee must include information that describes the nature and status of each of the Products and Services included in its DSAP and in a way that is accessible to stakeholders. These descriptions must be concise, and the presentation of Products and Services must make it easy for stakeholders to compare them with the Product and Services included in other licensees' DSAPs. The licensee must provide opportunities for stakeholders to obtain more detailed information about each Product and Service.

5. Ensure visibility about the nature and status of actions in the Digitalisation Action Plan

Explanation

- 3.11. The Digitalisation Action Plan must state the collection of actions the licensee is undertaking or will undertake to adapt its Products and Services from those currently available to those required to deliver its DSAP vision. The licensee must provide a concise description of each action and this must include:
- the current progress status of the action;
 - how successful delivery of this action will adapt current Products and Services to become the Products and Services required to deliver its DSAP vision and;
 - details on how stakeholders can gain more detailed information about the actions.
- 3.12. The licensee must include in the collection of actions; the current actions, planned future actions, and successfully completed actions. For actions that have either been completed, or are no longer relevant, the licensee must provide access to the archived collection. The licensee must provide stakeholders with a clear explanation on the progress and delivery between publication of updates to its DSAP.
- 3.13. When the licensee publishes updates to its Digitalisation Action Plan, it must provide clear updates for stakeholders on the status of its actions including timescales and reasons why actions have been added, changed, or removed.
- 3.14. The licensee must provide stakeholders with details on the actions that must be delivered before new Products and Services and Products and Service improvements will become available.
- 3.15. The licensee must make clear the priority of each action by setting out clear timelines that show when it will expect to start and complete. The licensee must prioritise the delivery of the actions it needs to complete to deliver the target Products and Services based on the projected benefits for the end-consumers who pay for the Products and Services and/or for the Public Interest.

6. Ensure there is shared understanding of how success and performance is measured

Explanation

- 3.16. The definition of successful delivery of the licensee's DSAP must be unambiguous. For each objective of its DSAP and associated Products and Services, the licensee must use and include at least one performance measure and its definition must be available to stakeholders.
- 3.17. The licensee must validate its measures and definitions of success with relevant stakeholders before delivery of all new products/services/actions as soon as reasonably practicable. The licensee must include performance reporting against these measures when updates are made to its DSAP. The licensee must gain stakeholder feedback for any changes to the definition of success and/or measures in advance of making these changes and must keep records to show how the process was cascaded and if feedback was received.

7. Coordinate with the wider ecosystem of Products and Services

Explanation

- 3.18. Where Single Provider Products or Services are or will be provided by the licensee as part of the Products and Services included in its DSAP, the licensee must ensure that the Single Provider Product or Service is developed in a way that achieves Interoperability-By-Design throughout its end-to-end lifecycle, enabling the integration of the product or service with other Single Provider Product or Services, including those provided by other organisations.
- 3.19. Where the licensee provides Single Provider Products or Services, the delivery of these must be carried out in a way that prioritises whole system benefits to end-consumers and/or the Public Interest.