

Change proposal:	Retail Energy Code (REC) R0115: Frequency and content of CSS reports on switching via DCC portal		
Decision:	The Authority ¹ has decided to approve ² this change proposal ³		
Target audience:	REC Board, REC Parties and other interested parties		
Date of publication:	23 April 2024	Implementation date:	08 November 2024

Background

Ofgem have a core regulatory activity to drive up standards for consumers. Our market monitoring supports this objective through finding the right balance of promoting competition and regulation in the energy market and holding suppliers to account for non-compliance. Information on customer switching is a key indicator of competition levels in the market and helps inform us of non-compliance by suppliers and our policy interventions.

Since the Centralised Switching Service (CSS) went live on 18 July 2022 we have been receiving monthly reports from the 'Switching Operator', the Data Communications Company (DCC).^{4,5} One of the existing reports summarises the count of successful switches derived from meter point data and is aggregated at the Market Participant Identifier (MPID) level. Some energy supply groups hold multiple licences and therefore manage several MPIDs. For this reason, the total switches for each MPID includes any internal migrations or corporate transactions which may substantially inflate switching figures. Without visibility of switch flows between MPIDs we do not have a view of genuine switching levels in the market ie where

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.

³ 'Change' and 'modification' are used interchangeably in this document.

⁴ The 'Smart DCC Ltd' is the legal entity that the holder of the Smart Meter Communication Licence. It operates under the conditions of its Licence and is regulated by Ofgem.

⁵ [Designation of the CSS Go-Live Date \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/designation-of-the-css-go-live-date)

customers actively choose to move to a new supplier. A view of switch flows will allow us to identify and remove internal switches as we will see where the gaining and losing licensee belong to the same supplier group.

The change proposal

We raised R0115 on 27 April 2023. This Authority-led change proposal seeks to improve the accuracy and timeliness of the switching information we receive from the DCC by allowing weekly reports with switch flow information which is closer to real-time. Having more frequent reports will enhance Ofgem's ability to monitor market trends, take compliance action and inform any policy interventions, especially in relation to market stability. It is our view that the new weekly switching report will allow Ofgem to view genuine switches by providing switch flows between MPIDs.

To achieve this, R0115 proposes the following changes:

- The 'Successful Switch' and 'Supplier Portfolio' reports are to be issued on a weekly basis instead of monthly.
- Additional columns for the 'Successful Switch' report to include gaining and losing supplier MPIDs to view switch flows.
- Additional columns for the 'Successful Switch' and 'Supplier Portfolio' reports to include company name and registration number for identification of corporate entities and therefore less manual intervention following receipt of the reports.

REC Change Panel⁶ recommendation

On 6 February 2024, the REC Change Panel unanimously considered that R0115 would better facilitate the REC Objectives and the REC Change Panel therefore recommended its approval. This was in line with the recommendation of the REC Code Manager.

Our decision

⁶ The REC Change Panel is established and constituted pursuant to and in accordance with [Standard Condition 11B.8\(a\) of the Electricity Supply Licence](#) and [Standard Condition 11.8\(a\) of the Gas Supply Licence](#).

We have considered the issues raised by R0115 and the Final Change Report (FCR) dated 6 February 2024. We have considered and taken into account the responses to the industry consultation which are attached to the FCR.⁷ We have concluded that:

- implementation of the change proposal will better facilitate the achievement of the applicable Objectives of the REC;⁸ and
- approving the change is consistent with our principal objective and statutory duties.⁹

Reasons for our decision

We consider this change proposal will better facilitate REC Objectives (a), (b) and (c).

(a) to ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement

The REC mission statement states that “*The REC will facilitate the efficient and effective running of the retail energy market, including its systems and processes. It will promote innovation, competition, and positive customer outcomes*”. We agree R0115 may facilitate these objectives by improving the accuracy of switching data provided to Ofgem, allowing us to monitor the retail energy market more effectively. As a key metric of competition between suppliers, switching data may help inform Ofgem’s future policy interventions especially in relation to market stability. Our view is that the revised reports can support our compliance work by providing more accurate data on number of meter points held by supply licensees and switching activity. For example, we use the data to do initial checks on whether suppliers are compliant with sale restriction bans and identify suppliers with dormant licences who become active. The increased frequency of the reports may enable more timely detection of non-compliance which we consider could assist in achieving positive outcomes for consumers by driving improved industry behaviours, in relation to both the domestic and non-domestic retail sectors.

⁷ REC change proposals, change reports and representations can be viewed on the [REC Portal](#).

⁸ As set out in [Standard Condition 11B.6 of the Electricity Supply Licence](#) and [Standard Condition 11.6 of the Gas Supply Licence](#).

⁹ The Authority’s statutory duties and principal objectives are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 and the Gas Act 1986 as amended by the Energy Act 2023

(b) to ensure customers interests and data is protected in the operation of the REC

We believe this change proposal may help ensure customers interests are protected, as the improved data is aimed at better informing Ofgem of market trends, including consumer engagement through switching activity. By having a better understanding of market trends, we can monitor the levels of stability and competition in the market to help ensure our regulatory approach shapes a retail market that works for consumers. Improving the frequency of reporting will allow Ofgem to respond to any observed irregularities at an early stage, better mitigating potential consumer detriment.

(c) to drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructure it governs

The Change Panel considered that R0115 would have a positive impact against REC objective (c) with the justification that the data is key to driving continuous improvements and efficiencies within the market. We agree the change proposal has a positive impact on REC objective (c) by improving data provided to Ofgem by the DCC as this drives improvements and efficiencies in the central systems and communication infrastructure which the REC governs. There is likely to be improvements and efficiencies in the wider market, as the Change Panel reasoned, through Ofgem having improved data to support our work in driving up industry standards, as covered under objectives (a) and (b).

We note a supplier in their consultation response queried whether there were plans to share the reports more widely with suppliers as, in its view, this could help reduce mismatches with CSS and ECOES/Xoserve. The REC Code Manager responded that for this to be considered, it would require a separate change proposal.

Decision notice

In accordance with Standard Condition 11B of the Electricity Supply Licence and Standard Condition 11 of the Gas Supply Licence, the Authority hereby approves REC Change Proposal R0115: 'Frequency and content of CSS reports on switching via DCC portal'.

Andrew Milligan

Deputy Director, Retail Market Intelligence and Stability

Signed on behalf of the Authority and authorised for that purpose