CoS Options Analysis – Data quality: materiality and initiatives

1. High level objective

1.01 Our high level objective on data quality is for the core industry data that supports the change of supplier process to be accurate. This can help facilitate fast, accurate and cost effective transfers. To this end, there should be effective arrangements that support updating and maintaining this core industry data and making it available to market participants.

1.02 At the inaugural SMCG meeting in January 2013, there was a strong call from senior industry representatives to review and improve the quality of industry standing data. Our exploration of data quality within the CoS project is a response to this call.

1.03 Following discussion at the COSEG meeting on 22 July, this paper sets out some initial commentary the materiality of data quality issues on the change of supplier process and summarises the current developments that are expected to improve data quality. This paper also sets out some thoughts on specific areas where further improvements could be sought to increase data quality.

1.04 This paper builds on the assessment of the address data and meter technical data (MTD) and the summary of the regulatory options available to deliver improvements provided for the COSEG meeting on 22 July.[1] For ease of reference, the regulatory options noted at the 22 July meeting were:

- **Option 1**: Industry self governance
- **Option 2a**: New obligations on central service provider/s
- **Option 2b**: New obligations on other market participants
- **Option 3a**: Incentives on central service provider/s
- **Option 3b**: Incentives on other market participants
- **Option 4**: Establish new body to improve data quality

2. Impact of data quality on the change of supplier process

2.01 Our analysis below is the best available information that we have available at this time. We will be seeking further information to support the impact assessment and consultation on our reform proposals in Q1 2014. It should therefore be treated as an indicative measure of impact only.

2.2 Address data quality

2.02 If centrally held address data is inaccurate, or difficult to interpret to identify the correct premises, this can impact the CoS process. In particular it can lead to delays in the customer getting their supplier transferred, a sales contract being abandoned or a consumer being switched to another supplier without having given their consent (erroneous transfers)

2.03 Current information on the materiality of address data issues is as follows:

- Erroneous transfers: Around 1% of transfers are currently reported as being erroneous (55,000/year). Of these, 70% (38,500/year) relate to the supplier choosing the incorrect MPxN to transfer. Evidence from suppliers, provided at COSEG3, suggests that 36% of the instances where the incorrect MPxN had been chosen related to “poor industry data”. This

[1] https://www.ofgem.gov.uk/publications-and-updates/change-supplier-expert-group-meeting-4-agenda

included where there is incorrect data on central systems and when it was not clear from central data what the correct site was (e.g. naming conventions for flats) and the supplier had chosen the wrong option. Based on this analysis around **14,000 erroneous transfers/year** arise from poor industry data. This represents a quarter of all erroneous transfers. Based on data from some suppliers, erroneous transfers cost the industry at least £10m a year to resolve. Address data issues could therefore lead to costs in the region of **£2.5m per year**. Erroneous transfer will also have significant impacts on customers in term of the time and effort to resolve and the loss of timely benefits from switching to a new supply contract. There are also consequential impacts on future engagement in the market.

- Delays and abandoned customer transfers: We do not have detailed information on the impact of address data quality on delays and abandoned customer transfers. Discussions with some suppliers indicate that they are not able to clearly match contracts with industry data in around 3% to 5% sales. We understand that suppliers typically attempt to contact these customers to verify their details. In addition to the cost of this correspondence, we understand that some suppliers are unable to progress around 1% of sales contracts (around 55,000/year). Based on a range of customer acquisition and contract processing costs (not tested with industry) of between £25 to £50 per customer, this could have an impact on overall industry costs of **£1.4m to £2.8m/year**. In addition, the customers impacted are likely to have missed out on the benefits of switching supplier, including access to cheaper tariffs.

2.3 Meter technical data (MTD)

2.04 MTD is required to understand the characteristics of the meter and interpret and validate the meter reads provided. If the MTD is not accurate, then the meter read may be interpreted incorrectly, may take more time to interpret or could be rejected. This can lead to incorrect consumer bills and settlement charges as well as delays in processing CoS meter reads and in getting consumption data into settlement.

2.05 Current information on the materiality of MTD issues are as follows:

- Xoserve is currently undertaking a project to assess the level of MTD inaccuracy held in its system. Under the current system design, the MTD submitted to it are not validated. For example, invalid combinations of meter model and meter serial number would not be rejected. Xoserve believe there are several thousand incorrect make and models on UK Link. It is currently working with MAMCOP to review the data item combinations held on its system.
- Elexon has also noted the difficulty in understanding the scale of inaccuracy in the MTD held on industry systems compared to the physical assets. As a measure of the quality of HH MTD, Elexon counts the number of re-sends to the HHDC. The latest re-send rate is 5%. Elexon's understanding is that MTD would only usually be resent if it was incorrect.
- Elexon notes that delays in processing MTD changes are often caused by ineffective processes for sending data from field operatives to the back office, with staff in the field not necessarily understanding the impacts that delays can have on settlement and customer billing. Types of MTD error (NHH and HH) that can result in erroneous readings include:
  - incorrect pulse multipliers and meter constants;
  - incorrect set up of number of meters or number of registers;
  - erroneous identification of main and check meters;
  - incorrect mapping of channels/registers;
  - confusion between total cumulative and resettable vend registers on pre-payment meters;
  - failure to notify a meter exchange.
- In many cases MTD data quality issues can lie dormant and unnoticed and it is the change of Supplier process that brings the issue to light. One gas supplier has provided information of its experience in transferring large multi-site industrial and commercial portfolios. For a portfolio of several thousand sites taken over for one customer it estimates that the meter asset data

was incorrect in 7% of cases. Each case required a site visit to identify the correct asset information which has now been passed to Xoserve. The supplier noted that meter asset problems had the potential to negatively impact a customer's attitude to engaging with the market and their new supplier as it increased the perceived hassle of switching.

3. Current initiatives and developments

3.01 Appendix 1 summarises the currently known initiatives and developments that are expected to have an impact on the core data items that support the change of supplier process.

4. Possible additional reform options

4.01 The following is a list of specific potential areas where further improvements could be made to data quality.

4.02 This list is intended for discussion with COSEG and to stimulate further thoughts on areas where improvements could be made. Please note that these are specific examples where changes could be made. We would also like to revisit the general regulatory principles set out in para 1.03 above. In particular we would like to discuss strengthening the obligations on suppliers to update central systems when they identify data discrepancies within their portfolios.

4.1.2 Option 1: Use physical visit to premises as part of roll-out of smart metering as an opportunity to identify data discrepancies and update central systems

4.03 Suppliers will be visiting most domestic premises at least once over the period of the smart meter roll-out. Discussions at COSEG have questioned whether this could be a useful (and unique) opportunity to review whether the address data held on central systems is correct.

4.04 Such visits may for example, be able to identify where there is a postal address rather than a plot address, where non-PAF address details are incorrect or where there are discrepancies with how flats are recorded.

4.05 We would like to discuss with COSEG whether the physical visit to install smart metering should be used to help identify address data discrepancies. In particular, we would welcome views on how this option may compare to other alternative (desk based) approaches, for example portfolio reconciliations between suppliers and central systems.

4.1.3 Option 2: Central register of electricity MTD

4.06 The meter reform options (introduced during COSEG4) include the idea of a central register of MTD in electricity. One of the advantages of such an approach would be that there was a single, central view of the MTD for each site. This may help to reduce errors that occur in the exchange of this data between agents and suppliers.

4.07 We note that such an approach may have particular advantages for traditional and AMR metering where MTD may not be accessible directly from the meter. It may also have some advantages for smart meters if not all of the required MTD is accessible remotely from the meter.

4.1.4 Option 3: Development of a common address format

4.08 The address formats for the gas and electricity registration services differ. In the electricity market the convention is to use a Standard Address Format (SAF) whilst the gas market uses PAF.

4.09 We would like to explore with COSEG whether there would be any advantages to holding a common address format across both fuels.

4.10 This would be likely to involve considerable change and require careful management. We believe that this is an issue worth considering in the context of centralising registration services under the DCC.

4.1.5 Option 4: Introduction of UPRN in registration systems

4.11 Both MPAS and UK Link will be able to utilise Unique Property Reference Numbers (UKPN). We understand that these will be populated on a voluntary basis. We would like to understand COSEG's views on the opportunities the wider use of the UPRN may provide, in particular in relation to reducing the current problems associated with inaccurate (or poor quality) address data. One specific example being the improved tracking of plot to postal addresses for new connections.

5. Next steps

5.01 We intend to discuss this paper at the next COSEG meeting on 28 August 2013 and would therefore be grateful if you could consider the issues and options raised in this paper prior to that meeting.

Development	COS data impacted	Description	Expected impact on COS
Roll-out of smart metering	Gas and electricity MTD	Suppliers can access MTD by polling a smart meter.	Suppliers no longer reliant on central register of meter technical data (gas) or other suppliers agents (elec) to obtain MTD to be able to bill customers.
Roll-out of smart and advanced metering	Gas and electricity address data	Suppliers and their agents have an opportunity to identify address data discrepancies and notify these to central systems.	Incentives and obligations to report data discrepancies currently appear to be weak. Without addressing incentives and/or obligations this is not expected to improve address data quality.
Performance Assurance Framework (PAF)	Gas MTD	A proposal is being developed under the UNC to introduce a PAF. Whilst in its initial stages, a focus on the accuracy of settlement could direct measures at improving the quality of MTD held in central systems.	Modification is currently in development and scope is still being defined. Potential incentives for parties to improve data quality or identify where obligations should be changed/strengthened. Improve accuracy of change of supply billing In place for end 2015.
Review of invalid MTD combinations	Gas MTD	Xoserve currently working with MAMCOP to review several thousand invalid combinations of MTD in UK Link (eg between meter make and model). Note that UK Link does not validate the data combinations sent to it.	Several thousand cases where issues identified Xoserve currently developing proposals with MAMCOP on how to resolve this issue.
The UK Link replacement project: Data Cleansing Work Stream	Gas MTD (and potentially address data?)	To support the implementation of new settlement arrangements under Project Nexus, a work stream is to be established to review the data that supports the accurate allocation of settlement charges.	Work stream to be established.
UNC431S – Shipper/Transporter Meter Point Portfolio Reconciliation	Gas MTD	This modification aims to identify any shipperless or unregistered sites where gas may be flowing or be capable of flowing. Identify these sites could help improve the accuracy of MTD at these sites if these were subsequently reviewed and update. The modification will not reconcile address data.	Potential to improve MTD if this is reviewed and updated by shippers following the identification of a shipperless or unregistered site.