

Change of Supplier Expert Group (COSEG): Meeting 5

Minutes of the fifth meeting of COSEG.	From	Ofgem
	Date and time of Meeting	28 August 10:30-15:30
	Location	Ofgem, 9 Millbank

1. Welcome and introduction

1.1. A full list of attendees is set out in Appendix 1. The materials presented at the meeting are published on the Ofgem website.

1.2. The Chair, Andrew Wallace (AW), welcomed members to the meeting.

2. Review of minutes and actions from last meeting:

2.1. The updated minutes of the last meeting on 1 August were agreed.

2.2. Action 1a. Energy Networks Association (ENA) carried forward an action to provide data on multiple objections per supply point in the non-domestic electricity market.

Action: ENA

2.3. Action 1b. Energy UK have received data from suppliers on missing reads and will collate this so that it can be circulated to CoSEG members for discussion at the next meeting.

Action: Energy UK

2.4. Action 1c. Energy UK provided further information to Ofgem on the Australian experience of the CoS process using contacts at the Energy Retailer's Association of Australia (ERAA). They will seek permission from the ERAA to circulate this material to CoSEG members.

Action: Energy UK

2.5. Action 2b: AMO carried forward an action to provide information, with particular regard to smart meters, on the data items that will need to be accessed at the point of change of supply and which data items could be provided at a later date.

Action: AMO

2.6. Action 3a. AW reported that Ofgem was continuing to review the implications of making the gas supplier responsible for the change of supplier under the Smart Energy Code (SEC) as opposed to the gas shipper who is currently responsible under the UNC. This will be discussed at a future CoSEG meeting.

Action: Ofgem

2.7. Action 4b. AW explained that Ofgem propose to take forward discussions with the Department of Business, Innovation and Skills and the Department for Energy and Climate Change on how the cooling off requirements in the EU Consumer Rights Directive will be transposed into UK law.

Action: Ofgem

2.8. Action 5b. ENA reported that DNOs receive 75,000 supplier driven address queries annually; 50% of these result in a change to address details, and 50% result in a request for further information. It was noted that in gas, there were 26,000 shipper driven address queries in a six month period. It was confirmed that most of these

electricity address updated related to non-PAF address. PAF updates were typically amended by the DNOs.

3. Consumer First Panel research

- 3.1. Anna Beckett (AB), Research Director from Ipsos MORI gave a [presentation on domestic customer research](#) undertaken to inform the development of a future change of supplier process.
- 3.2. The research found that awareness of what was involved in the change of supplier process was generally low, and that for customers, earlier stages of the consumer journey (e.g. making purchasing decisions) are a bigger disincentive to engaging with the market than the Change of Supplier (CoS) process. Ensuring reliability and accuracy was the top priority for consumers. There was some appetite for a faster and more efficient switch but this was dampened by a concern that a faster process could compromise reliability. Billing errors, tariff increases after a switch and the timing of the final bill were among other concerns raised by research participants.
- 3.3. When considering how the process could change with the roll out of smart meters, participants thought the process could be improved with new technology, and wanted each step of the process to proceed as quickly as possible without compromising reliability. Participants also valued clear communication from suppliers about what the process of switching involved, and wanted to minimise their own involvement, for example, in providing meter reads or being at home to allow access to their property.
- 3.4. AB was asked if participants made comparisons to their experience of other sectors, such as current accounts or insurance or telecoms. She explained that this did not come through strongly in responses, emphasising that knowledge of the process around change of supply was low.
- 3.5. Responding to another question, AB explained that there was some concern among prepayment customers about loss of supply and also among the very disengaged who had low levels of knowledge about the energy market.
- 3.6. AW thanked AB for her presentation and explained that the full report would be published. He also explained that Ofgem had commissioned research on the non-domestic market which will be presented to a future meeting of CoSEG.
- 3.7. Rachel Hay (RH) invited the group to offer initial thoughts on the findings. Attendees noted:
 - Customers' concerns about the perceived trade off between reliability and speed;
 - that the earlier stages of the switching journey were key to engagement in the market;
 - that concerns about accuracy of billing were so high among participants, and
 - the range of views among customers, from those disengaged and lacking confidence, to the tech-savvy, and particularly their preferences about cooling off periods. For example, some participants said they wanted their current supplier to offer inducements to stay with them, while others said they did not want any contact from their existing supplier after they had made the decision to switch away.
- 3.8. RH discussed Ofgem's initial thoughts on what the research means for policy development. Research has shown that, in the current market context consumers are more concerned about earlier stages of the customer journey. This implies that the sequencing of Ofgem projects is appropriate, and CoS reform should follow, and build

upon, the implementation of RMR. Consumers clearly place a strong emphasis on reliability and accuracy, which reaffirms reliability as a key objective of the CoS project. It also indicates that the project must address consumer concerns around any trade-off between speed and reliability. Ofgem considers that reforms can deliver a faster and more reliable process. Ofgem noted that current policy analysis is suggesting that many of the parts of the process which currently take a long time are also leading to reliability issues, with the data dependencies among agents being one example.

- 3.9. The group discussed how consumer's expectations might change once the RMR takes effect, and concerns about earlier stages of the process may diminish. A number of members advised caution on this point, and one member suggested undertaking further research to explore if attitudes towards the CoS process change once the retail reforms have been in place for some time.
- 3.10. One member reflected on the importance of building flexible systems that can respond to different types of customers and what they want from the market.
- 3.11. The group also discussed the importance of consumer information around changing supplier, in particular on what customers need to do, and what they can expect from their old and new supplier during the process. One member commented that this information should, both now and in the future, be provided by suppliers, and it was agreed to discuss information requirements at a future CoSEG meeting.
- 3.12. It was noted that consumer understanding and awareness of cooling off periods was low, and one member commented that with smart metering and the emergence of new time-of-use tariffs, "try before you buy" arrangements could be increasingly valuable.
- 3.13. One member suggested that comparing consumers' expectations and priorities with other sectors, including benchmarking, could be useful and it was agreed that members would share any relevant research with Ofgem who would collate this and disseminate to the group. AW noted that there are significant changes happening in both telecoms and current account change of supply processes.

Action: CoSEG members and Ofgem

4. Data quality and governance

- 4.1. Introducing this topic, AW stated that the high level aim was for the core industry data that supports CoS to be accurate to support fast, accurate and cost effective transfers. Stakeholders had reported that data quality issues, especially address data and meter technical data (MTD) were having an impact on the CoS process. Following discussion of possible regulatory options for reform at the previous meeting, members had requested further work to quantify the significance of this issue.
- 4.2. AW presented information on the materiality of inaccurate address data and meter technical data for the industry and consumers. A number of themes emerged in the subsequent discussion.
- 4.3. It was suggested that there should be tighter rules on the allocation of MPAN details for new connections. One view was that there should be better labelling of the "cut out". In smart, there is the potential for errors with mismatched meter technical to be removed, but only if the industry processes are designed to ensure this. This may be particularly helpful in resolving crossed meter issues.
- 4.4. It was suggested that there should be requirements on participants to update central systems when they identified data anomalies. Currently, suppliers may update their own systems eg with customer addresses and meter technical details so that customers could be correctly billed, but they may not then provide this information to the network company or other central systems. This was an issue on change of supply

as the new supplier would pick up poor data and would need to clean the data again to meet the customer's expectations. This could provide a poor customer experience and deter future switching. In relation to addresses it was felt to be important to distinguish between a customer's view on their address and the official (e.g. PAF) version.

- 4.5. Attendees raised issues around the new supplier (and its agents) having access to accurate metering data during a CoS event. While this can impact the generation of opening and closing reads, the discussion focussed on the challenges this presents for settlement. Members highlighted the relationship between possible settlement reforms.
- 4.6. One member offered to consider what metrics in PARMs reports would provide an indicator of the scale of the problem for new agents accessing accurate MTD in the NHH market.

Action: EDF Energy

- 4.7. Moving on to possible solutions, AW presented a slide on current initiatives that were expected to lead to improvements in address and MTD data accuracy and asked members if there were any others. It was noted that an Energy UK member is planning to introduce a new modification proposal in relation to electricity address data updates. The modification would place obligations on DNOs to provide a response following a request to update address data received from a supplier. Unlike gas, the supplier does not receive information when an address update is not accepted by the DNO. There was also a discussion about the obligations on meter installers to ensure that the data is correct from the outset.
- 4.8. AW presented four potential reform options for discussion with the group. He noted that these were not mutually exclusive.
- Option 1: Use site visits for roll-out of smart metering to identify data discrepancies and update central systems. The group was not convinced that this was a specific measure that should be pursued in its own right. In particular, there were concerns about a meter fitter's ability to check the validity of address data. There was however general support for obligations on suppliers to identify discrepancies with data held on central systems and site visits could be one way that suppliers used to identify these issues.
 - Option 2: Central register of MTD (elec). This is currently being reviewed as part of metering reform options under COSEG. One attendee referred to the arrangements in the gas market and noted that a central register did not necessarily imply accuracy. However, this was possible with the correct obligations and/or incentives.
 - Option 3: Establish a common address format across both fuels. It was suggested that the Unique Property Reference Number (UPRN), underpinned by the National Land and Property Gazetteer, could be used to map the existing electricity and gas address data together. Over time there was potential for the UPRN to be seen as the definitive address record. There was support for considering a common format for addresses in the context of centralising registration services. Participants generally considered that work to integrate the UPRN into industry arrangements should continue in advance of centralising registration.
 - Option 4: Use of UPRN in registration systems. Following on from the discussion noted above, there was consensus that using the UPRN was a sensible market innovation and that Ofgem should encourage industry to move from a voluntary system to mandatory.
- 4.9. A number of members also suggested that establishing mandatory requirements at the point of new connections, through a common new connections process, would also

tackle some of the root causes of address data problems and meter technical data. AW commented that this was out of scope of the CoS process but that he would raise it with colleagues.

- 4.10. AW thanked everyone for their contributions and it was agreed that this issue did not need to return as an individual agenda item to a further CoSEG meeting.

5. Gas Supply Point Nominations

- 5.1. AW introduced the next agenda item which had been carried forward from CoSEG4. The discussion explored whether the gas Supply Point Nomination (SPN) process was still necessary or if it could be improved in line with the high level aim for suppliers to be able to access the (accurate) data needed to transfer a customer.
- 5.2. SPN is a mandatory process prior to Supply Point Confirmation for LSPs and new domestic connections. In 2012, figures from Xoserve show that there were 3,745,193 SPN requests, of which 3,382,114 were accepted. When no referral is made to the GT for DM sites that were increasing capacity, responses are received within an hour, well within the 2 working days requirement on Xoserve. In 2012, 576 cases passed through the referral process and 83% of these were returned within the 12 working days requirement.
- 5.3. AW presented five possible options for reform.
- Option 1: Shorten response timescales
 - Option 2: Web-based shipper look-up/enquiry service
 - Option 3: Greater use of Supply Point Enquiry Service
 - Option 4: Only allow DM referrals once CoS completed
 - Option 5: Make inclusion of the Supply Point Offer reference code elective in the Supply Point Confirmation process for LSP sites
- 5.4. Some attendees considered that the current system provided a number of the benefits. For example, requests are recorded and auditable and it enables suppliers to calculate transportation charges for LSP sites and provide accurate offers to customers. One particular advantage was that it allowed the shipper to obtain an offer for transportation charges that was valid for a period of time. This was considered to provide value in terms of contractual surety for customers. One member therefore suggested that the status quo should be an option on the list.
- 5.5. There was general consensus that the benefits of the current system, and in particular the surety on transportation charges, were particularly important for larger non-domestic customers and that some larger suppliers were able to model these prices without reference to the SPN data.
- 5.6. One member suggested that the SPN request and subsequent offer from the GT for transportation charges provided a legal contract between these two parties and that any changes to the SPN arrangements should be considered in this context.
- 5.7. Consensus emerged around Option 5 for smaller LSP sites. Parties considered that, below a threshold (to be determined), shippers should have the option of not having to include the Supply Point Offer reference code in any Supply Point Confirmation request to transfer the customer. It would then be the choice of the shipper whether they obtained data via a SPN request, through the enquiry service or whether they chose not to obtain this data at all. There was no appetite for a web based enquiry service.

Xoserve and Northern Gas Networks agreed to provide further thoughts on which category of supply points Gas Transporters would require the SPN process to be mandatory for.

Action: Northern Gas Networks and Xoserve

6. Access to metering data and support for the metering market

6.1. RH introduced the next agenda item which had been presented for discussion at CoSEG4. RH explained that feedback from CoSEG members prior to the meeting had suggested broad agreement with the stakeholder issues identified in this area. Some additional comments were made about the degree to which the various issues identified are interlinked, and also flagging the issues caused by current iGT arrangements which are expected to be addressed under Project Nexus. CoSEG members agreed that the stakeholder issues identified in the slides were correct.

6.2. RH set out Ofgem's proposed reform options for the electricity metering markets and asked for views on the questions posed in the slides.

- Option 1: Reform of CoS processes with minimal reform to the current market structure. For traditional and AMR meters there were two sub-options. Option 1a – new supplier remains responsible for opening read, with MTDs and consumption history being held on a central register for suppliers and agents to access. Option 1b – Old supplier/agents responsible for opening read.
- Option 2: Reform of market structure to make suppliers responsible for feeding smart data into central settlement, and accompanying reform of CoS processes.
- Option 3: Reform of market structure to make the DCC responsible for procuring data processing (DP) and data aggregation (DA) functions, and accompanying reform of CoS processes.
- Option 4: Reform of market structure to make central settlement systems responsible for data processing and data aggregation functions, and accompanying reform of CoS processes.
- Option 5: Hybrid of the above options (breaking down DP and DA functions into their constituent parts and allocating them where most appropriate).

6.3. Attendees discussed the assumptions made under Option 1, namely that there is 'no need for data validation' for smart CoS reads and that 'all the information necessary for CoS can be accessed from the meter/configured'. Attendees felt that whilst these assumptions were not worded correctly, processes could be designed for CoS under Option 1 such that the new supplier and their agents need not be reliant on either receiving meter technical details other than those that could be retrieved directly from the smart meter (although this would be subject to further confirmation from the AMO) or consumption history from the old supplier's agents.

6.4. In order to remove the dependencies under Option 1 for smart customers, a pre-requisite was felt to be requiring the old and new supplier to poll the meter for the opening and closing reads, using the cumulative register to reconcile the reads. A number of attendees noted their preference that the DCC provide readings to the old and new supplier at CoS, although it was acknowledged that this has been de-scoped from the design of the DCC for go-live.

6.5. One attendee highlighted the concerns from the domestic consumer research about discrepancies between closing and opening reads, and another attendee highlighted the importance of using a cumulative register to ensure no double billing. It was suggested that reforms should be pursued on the assumption that the gaining supplier

will always reconfigure the meter and RH asked if it would be sensible to make this a requirement of the process. Attendees agreed and were not able to immediately identify any barriers to doing this.

- 6.6. One member said that requiring reconfiguration on CoS would remove the possibility of inaccurate data by removing the new agents' dependency on receiving historical meter read data from the old agents. The dependency on meter technical details would also be removed because in the event of reconfiguration, the configuration details are created by the new supplier. The only meter technical details that are not configured are the device details such as physical location and meter type. However, attendees suggested that the CoS is not contingent on device details - these can be obtained at a later date. Again this was expected to be confirmed on completion of the AMO's action regarding the data items that will need to be accessed at the point of change of supply and which data items could be provided at a later date.
- 6.7. In the event that a meter is not reconfigured, it was suggested that the dependency on meter read history could instead be removed by developing a different process for validation of the CoS read. One attendee suggested that the old and new supplier validate their read by reconciling the cumulative register (making the new supplier dependent on the old supplier for this reconciliation). Attendees generally felt that this would be sufficient validation for both settlement and billing for the CoS read. One attendee noted that you would lose the ability to check the first advance is consistent with the previous one, but attendees suggested that a similar check could be made by seeing if the consumption is at a reasonable level for the building type and that this would also form part of the new process for validation. It was also acknowledged that the validation process need not be altered for subsequent reads going into settlement.
- 6.8. RH confirmed that where a meter is not reconfigured, there would still be a dependency on meter technical details, unless these were to be held centrally.
- 6.9. Attendees discussed removing the data dependencies for AMR customers and customers with traditional meters under option 1. One attendee noted that if P272 is accepted, the dependencies on meter technical details and meter read history should be removed for AMR profile classes 5-8. Ofgem noted that this would mean that dependencies still remained for non-smart profile classes 1-4, but attendees considered that this would be a small and diminishing proportion of the market.
- 6.10. As a result of the discussion noted above, attendees suggested that many of the data dependencies inherent in the current CoS process could be removed under Option 1, without a need for structural market reform at this stage although it was noted that changes would need to be made to deliver this new way of working.
- 6.11. RH probed attendees' attitudes to the other reform options. Assessing the range of options, it was felt that some "quick wins" could be achieved through Option 1. Option 2 was not felt to be sufficiently different from current arrangements to be worth considering.
- 6.12. A number of attendees felt that, particularly for the reforms options focussing on centralisation, there were dependencies on settlement reform. Attendees believed that in the longer term more extensive reform may prove to be appropriate, and that of Options 3-5, Option 5 (or some variant) was preferred. Attendees suggested that Option 4 would be preferable to Option 3, but that Option 5 would be preferable to both. It was suggested that a decision on market reform of this nature would depend on the outcomes of a competition and cost benefit analysis and would also be contingent on settlement reforms.
- 6.13. RH asked whether all options were auditable. One attendee responded that all options were auditable but that each option would have different costs of auditing

associated with them. Attendees did not believe that there were any additional options that had not been discussed, that could effectively address the problems identified.

- 6.14. RH moved onto discussing the approach proposed to addressing the issues in gas. In response to a question over whether a Gas Performance Assurance Framework (PAF) would be going ahead, JD confirmed that there is currently a formal review related to Project Nexus that is working towards a Gas PAF. CoS has been flagged as being within scope for PA early on in this review. It was explained that if this working group fails to deliver on these expectations, Ofgem would explore other avenues to deliver one. Attendees agreed that the issues identified should be addressed through the Gas PAF.
- 6.15. Finally, RH asked about the data needs of agents following a CoS. Attendees felt that allowing MAPs to have access to a central register with the relevant data would support their data needs on CoS. It was also suggested that the upcoming licence conditions allowing MAPs to track SMETs smart metering equipment should be extended to other meter types.

7. Change of Tenancy flag

- 7.1. Due to time constraints, it was agreed to carry forward the discussion on change of tenancy flag to the next CoSEG meeting on 16 September.

8. Billing standards

- 8.1. Kristen Ross (KR) thanked CoSEG members who had already contributed views on the four options presented for reform to billing arrangements. The high level objective is for the billing arrangements to support a fast, reliable and cost effective transfer process from consumers' perspective.
- 8.2. KR set out the current regulatory arrangements which includes enforceable licence obligations for domestic supplier to send final bills within 6 weeks, the voluntary Energy UK Code of Practice for Accurate Bills, and SSE's Customer Charter. KR highlighted Consumer Futures research which found 13% of customers that switch reported a problem, of which nearly 50% were related to the closing bill. In addition, Ofgem's non-domestic consumer research conducted as part of the CoS review found concerns on the timing of credit balance refunds and cash flow and accounting issues from delayed large opening bills and receiving opening and closing bills at the same time. Concerns on the timing of the opening and closing bills were echoed in the domestic consumer research.
- 8.3. KR presented four options for reform, with the first two designed to tackle system constraints, and the others designed to improve billing standards.

- Option 1: (gas only) amend timescales for COS meter read submission and validation.

Participants indicated that the current gas meter reading arrangements were fit for purpose. Where a CoS meter read has been submitted to Xoserve the majority of reads are returned by Xoserve within a day of submission.

For smart meters this was considered to be a settlement function rather than one for consumer billing whereby both the losing and gaining supplier could poll the meter for the CoS read.

It was suggested that the SLA could be amended to reflect this and strengthen the signal to Xoserve to maintain this level of service. Parties also considered that there was value in retaining the backstop arrangements for validating these settlement CoS reads and providing an estimate if a read is not submitted or fails validation.

- Option 2: Allow the losing supplier to obtain the closing read from smart meter.

It was noted that this proposal is already being progressed under metering reform and could be applicable to gas as well as electricity. One member also suggested that there could be value in setting reads to zero at change of supply in gas as discussed in electricity.

- Options 3a and 3b: Improve billing standards by strengthening standards on timing and quality of final and opening bills, and extend to all customers including non-domestic. Option 3a proposes a self governance approach for industry, and option 3b would be a regulatory route, for example through new licence conditions or incentives such as guaranteed standards of performance payments to consumers.

One attendee commented that meeting customers' needs in this area was dependent on changes in other areas, for example in resolving problems with address data and meter technical data.

- 8.4. There was broad support for progressing new billing standards through Option 3a. Where this was not demonstrated in practice to provide sufficient protection for consumers then Ofgem should consider Option 3b. One member also commented that a commitment on the speed of refunding credit balances should also be included.
- 8.5. Members were invited to send any further comments or views to Ofgem on the reform options but it was not considered necessary to review this issue again at a future COSEG.

9. Wrap up, AOB and date of next meeting

- 9.1. AW reviewed the work plan, and explained that the next meeting would take a first look at possible end-to-end scenarios for the change of supplier process based on the various options discussed at CoSEG so far. The agenda will also cover a number of outstanding issues including the change of tenancy flag and security keys.
- 9.2. AW thanked attendees for their contributions. The next meeting of the COSEG would be held on 16 September at Ofgem's offices in London.

10. Summary of actions

Action	Responsible	Due by/Status
1 CoS data		
a) Provide data on multiple objections per supply point in the non- domestic electricity market	ENA	Carried over to 16 September COSEG
b) Provide information on missing reads in the electricity and gas markets.	Energy UK	Ongoing – submit to Ofgem for discussion at 16 September COSEG
c) Confirm whether analysis of the Australian experience of the CoS process provided to Ofgem by Energy UK can be circulated to COSEG.	Energy UK	16 September COSEG
d) Consider PARMS reporting to see if it provides an appropriate indicator/metric of the accuracy of meter technical data in the NHH electricity market.	EDF Energy	16 September COSEG
2 Reform options: Access to metering data and support for the metering market		
a) With particular regard to smart meters, provide information on the data items that will need to be accessed at the point of change of supply and which data items could be provided at a later date.	AMO	Carried over to 16 September COSEG
3 Reform options: Cooling-off period		
a) Review whether it is possible for a customer to return to their old supplier on a deemed contract, the applicability of any termination fees from the old supplier and any potential requirements under the proposed new legislation for the customer to be returned to their previous supplier under the same terms and conditions, if they change their mind during the cooling off period.	Ofgem	Ofgem will discuss with BIS and DECC how the cooling off requirements will be transposed into law and will return to further meeting on this action
4 Research on domestic consumers experience of CoS		
a) Explore if relevant comparative research exists on consumers' views on of change of supplier in other sectors.	COSEG members and Ofgem	Pass to Ofgem who will collate relevant information
5 Gas Supply Point Nominations		
a) Provide information on which category of supply points Gas Transporters would require the Supply Point Nomination process to be mandatory.	Northern Gas Networks & Xoserve	16 September COSEG

11. Appendix 1 – Attendees

Adam Carden	SSE
Alex Travell	E.ON
Andrew Wallace (Chair)	Ofgem
Anna Becket	Ipsos MORI (for item 3)
Chris Hill	Cornwall Energy, representing Supplier Forum
David Rodger*	Scottish Power
Eric Tyson	Laurasia Associates Ltd
Fiona Cochrane	Which?
Gareth Evans	Waters Wye Associates, representing ICoSS
James Court	Consumer Futures
Joanna Ferguson	Northern Gas Networks, representing GDNs
Jon Spence	Elexon
Julian Anderton	Energy UK
Kristian Pilling	SSE
Kevin Woollard	British Gas
Martin Hewitt	Energy Networks Association
Paul Orsler	Xoserve
Paul Saker	EDF
Tom Chevalier	Power Data Associates, representing Association of Meter Operators
Tony Thornton	Gemserv

* via teleconference

Ofgem:

Kristen Ross, Rachel Hay, Jon Dixon, Shona Fisher, Adam Knight (for item 3), Bart Schoonbaert (for item 8)

Apologies:

Gethyn Howard	GTC UK, representing AiGTs & CNA
Nick Taylor	DECC