

Change of Supplier Expert Group (COSEG): Meeting 6

Minutes of the sixth meeting of COSEG.	From	Ofgem
	Date and time of Meeting	16 September 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. Adam Carden of SSE noted that he had attended the last meeting. The minutes were updated to correct this. With that change, the minutes of the last meeting on 28 August were agreed.
- 2.2. Action 1a: Martin Hewitt of ENA clarified that the spreadsheet on domestic and non-domestic objections raised from Jun 2012-May 2013, provided to the group in advance of the meeting, was based on a sample covering 8.3m MPANs. AW noted that it showed that instances of customers being objected to many times during the year was a feature of the non-domestic rather than the domestic market.
- 2.3. Action 1b: Energy UK had provided missing reads data for 12 months for the big 6 suppliers to COSEG members in advance of the meeting. AW noted the figures for missing opening reads, at 5.38%, seemed unexpectedly high and other members agreed. Xoserve agreed to explore this further with Energy UK. It was noted that the figures for electricity could be explained by the problems experienced with passing data between metering agents at CoS.

Action: Xoserve

- 2.4. Action 1c and 1d: The information provided for these outstanding actions were circulated to members in advance of the meeting and were noted.
- 2.5. Action 2a: The AMO had provided Ofgem with views on the availability of data needed on CoS from a smart meter. AW reported AMO's view that, providing the communications systems are operational then all the information necessary at CoS should be accessible from a smart meter. The location of the meter was not available from the meter but could be provided by the MOP after the transfer. AMO had also noted that data on gas regulators is not currently held centrally but would be useful to collect and transfer at CoS.
- 2.6. Ofgem and AMO had also discussed whether information was required at CoS on any auxiliary load switches on the meter. These can for example, control the customer's heating. If the auxiliary load switch is integral to the meter, then this data will be available by interrogating the meter. However, where the load is controlled through the HAN (Home Area Network) and remote switches, then it was unclear what information will be accessible centrally at CoS, and how this will be transferred. One suggestion was that it was the customer's responsibility to provide this information in remote switching situations but it was recognised this would be putting responsibility on a customer to understand and communicate on a complex issue. It was agreed that this was an issue that should be addressed.

2.7. Action 3a: AW informed the group that Ofgem had met with DECC and BIS to discuss cooling off arrangements and how EU rules will be transposed into GB law. He noted that these discussions were ongoing and the aim was to provide an update at the next COSEG meeting.

Action: Ofgem

2.8. Action 4a: Ofgem has identified some research which explores consumer attitudes to CoS in different sectors, the Ofcom tracking survey. Ofgem would still welcome further suggestions from COSEG if they are aware of other relevant research.

Action: COSEG members and Ofgem

2.9. Action 5a: Xoserve updated the meeting on the progress on determining when the Supply Point Nomination process should be mandatory. If the referrals process is retained for DM sites then it may be that the nominations process for other categories can be removed entirely. However this is currently being considered by the gas network companies and Xoserve will report to the next meeting of COSEG.

Action: Xoserve

3. Non domestic consumer research

3.1. Monique Rotik (MR) of Collaborate Research gave a [presentation on the non-domestic consumer research](#) undertaken to inform the development of a future change of supplier process.

3.2. MR summarised the research conclusions

- CoS was comparatively less significant to micro and small business consumers who tended to be more concerned with earlier stages in the consumer journey. CoS was important for medium and large business consumers and the main issues for this group was objections.
- Non-domestic consumers felt that the future CoS process needed to be governed by an overarching principle that 'the customer has a right to a hassle-free transfer'.
- Consensus that the current level of objections, and perceived misuse of the objections process, needed to be addressed as a priority. Other suggested improvements included better aggregation of multiple meter and/or site transfers, more timely billing and faster resolution of billing issues.
- Increasing the speed of CoS was less of a priority given the contract driven circumstances most customers found themselves in while switching. However, non-domestic consumers suggested that for some customers, a faster switch could have benefits.
- Non-domestic consumers expected that a 48 hour transfer could and should be possible. Any improvements to speed should not be at the expense of reliability and should not reduce the opportunity to resolve issues such as objections.
- Standardising the contract termination and CoS process, as well as more proactive communication from the new supplier were felt to be desirable.

3.3. One member commented that most of the suggestions from participants on improvements that could be made to the process were already licence requirements. AW commented that while this may be the case to some extent, SLC 7B covers micro business customers, and a lot of the concerns had been raised by participants from medium and large businesses.

- 3.4. MR was asked if there was an understanding among participants that removing the objections process may lead to higher prices and she replied that this was not raised by participants. One member considered that there would be increased legal risk for consumers if they could leave before the end of a fixed term eg for breach of contract.
- 3.5. One member suggested that objections due to debt, and objections for contractual reasons, were two different issues that should be dealt with separately. They commented that objections are often used to ensure that contractual errors do not occur, and to prevent a situation where a customer signs an agreement with a new supplier while still under contract with the previous supplier. They suggested that the existence of the objections process prevented more onerous contractual and legal situations developing.
- 3.6. AW noted that in respect of debt, the research participants felt that objections should not be used in this situation as it was possible to collect outstanding debts from customers after they had left (as occurs for other goods and services).
- 3.7. One member commented that concerns about notice periods also featured and suggested this came down to the different contractual practices of suppliers and communication with their customers.
- 3.8. MR was asked if participants differentiated between the customer service practices of competing suppliers, and she noted that while there were some comments that suggested participants may avoid some suppliers for this reason, differentiation between companies did not feature strongly.

What does this research mean for the reforms?

- 3.9. Rachel Hay (RH) invited members to offer their initial reaction and thoughts to the research and what it may mean for policy development. There was some discussion about what research participants had said about speed of the process, with one member commenting that reliability was a key issue as it had been in the domestic research. Concerns were raised about how quickly a transfer could take place where there were complex metering arrangements, for example where there was data logger equipment in gas.
- 3.10. One member noted that for larger customers, CoS timescales would be driven by contractual end dates but for others their experience is more similar to domestic consumers, and it was suggested that more in depth research differentiating between customer types could be useful. One member asked whether the large customers (based on business size) also had large volume of energy use and/or large number of sites. RH agreed to check this.
- 3.11. One member questioned the fairness of introducing aggregation for multiple site customers if these costs were then socialised across all customers.
- 3.12. RH commented that a lot of the issues appeared to be interlinked, for example, the costs of out-of-contract rates drove many of the concerns about objections and communications around termination notices.
- 3.13. One member raised the use of ECOES by non-domestic customers for self-management of multiple sites. AW noted that during discussions a large customer had commented that this interface was not very "user friendly" for customers with large portfolios as it only allowed investigation of one site a time. AW suggested this interface could be improved and could be a potential solution for managing some of the issues for multiple sites.

- 3.14. RH moved the discussion on to introduce slides on Ofgem's initial thoughts on what the research means for policy.
- 3.15. AW clarified that in terms of the scope of the CoS project, speed and reliability of the objections process was "in scope", while some of the wider issues on the interactions with contracts was outside of scope of this project. The policy deliberations on whether to retain or remove objections is being considered outside of the CoS project.

4. Change of tenancy flag

- 4.1. AW presented an overview and stated that the high level objective for this work area is for the use of the COT flag to promote (and not to inhibit) fast and accurate customer transfers. He then led the group through five key questions.

Question 1: How many registrations are currently submitted with a COT flag? How often does the current supplier reject the COT flag as being spurious and submit an objection?

- 4.2. Members noted that this information is not currently collated in standard reporting while Electralink said it may be accessible through DTS in electricity. AW indicated that this question would be asked of registration service providers in the Information Request.

Question 2: Is there an ongoing requirement for the current supplier to be able to validate a COT flag before deciding whether to object? If so, is this for all, or some customer groups?

- 4.3. A number of suppliers offered details of when they currently use the validation process and noted that this is mostly for non-domestic accounts, with one supplier suggesting they would value retaining the ability to do this for non-domestic accounts in particular.

Question 3: How long does it take a supplier to validate a COT flag i.e. to determine if it has been correctly applied?

- 4.4. Members noted that this does take some time, with one supplier explaining that for example, they may have to run a check with Companies House. There was broad agreement that 1 working day would be sufficient.

Question 4: If there is an ongoing requirement for the current supplier to be able to validate a COT flag, are there additional regulatory measures that could mitigate the perceived risk of it being incorrectly applied?

- 4.5. One member noted that in electricity, additional assurance measures on the use of the COT flag have only recently been introduced so it would be useful to gather evidence on what impact this has had and if there have been improvements. AW noted that Ofgem is considering how to deliver robust monitoring and auditing of objections in general including the use of the COT flag. One member commented that there was definitely an appetite within the industry for robust monitoring backed up by enforcement action where necessary.

- 4.6. There are a number of different ways that this could be tackled, and AW proposed that Ofgem would do some further thinking on what is the right approach to auditing objections, by developing further the list of options.

Action: Ofgem

- 4.7. One member commented that the options for auditing and monitoring objections could be cheaper if registration services were centralised as there would only be one party required to provide performance data.
- 4.8. AW provided a challenge to the group suggesting that if industry wants to continue to use the COT flag, they should be able to provide evidence it is being used appropriately, or fund a monitoring system to evidence this. One member suggested that Ofgem could be funded to monitor the use of objections rather than establish a new body with this role.
- 4.9. One member noted that they have recently seen figures for the use of the COT flag in gas which showed that one supplier is raising objections in 90% of cases, while another is raising objections in 50% of cases. There are plans to introduce a modification proposal to require similar processes for validation as have recently been introduced in electricity.

Question 5: Are there any reasons for adopting a different approach between the gas and electricity markets?

- 4.10. AW said he could not identify particular reasons to have a different system and there was agreement around the room. The discussion widened to consider instances where a consumer may trigger the misuse of the COT flag, and Ofgem suggested there could be some further work to consider consumer behaviour and intent in this area. AW invited further thoughts following the meeting on the length of time needed to undertake these processes.

5. Customer information

- 5.1. AW invited views on three options for delivering consumer information which meets the high level objective to provide easy access to accurate and clear information on the switching process to promote engagement in the market.
- 5.2. The first option proposes further work to promote key messages on consumer switching and clarify current areas of confusion. He made particular reference to the messages coming from the consumer research on cooling off periods and perceptions of hassle when switching. Energy UK noted that they have consumer facing information on their website and they would be happy to develop this further. AW asked whether there should be more proactive promotion of this type of information and key messages on switching and there was broad support for this suggestion. One member also highlighted that the non-domestic research showed that these customers had some quite specific areas of concerns that may not currently be covered by existing information.
- 5.3. The second option proposes a review of existing consumer switching information to ensure that it is fit for purpose in the context of smart metering. This prompted a discussion of whether the Central Delivery Body (CDB) will be providing this information and it was agreed that COSEG members and Ofgem would explore this in ongoing discussions with the CDB. One member commented that it was important to get clarity on what information a customer might need to provide when switching with a smart meter to ensure that the messaging is correct.
- 5.4. The third option proposes setting out the basic standards that a customer should expect to be met if they choose to switch, which could include issues such as cooling off arrangements and timescales involved. AW made a parallel to the new switching guarantee in the banking sector and there was broad agreement to explore the possibility of establishing a charter or guarantee for the CoS process in energy.

6. Withdrawal of electricity registration requests

- 6.1. AW set the context for this discussion, noting that a registration withdrawal process currently exists within gas but does not within electricity. He invited comments on whether a process should be introduced within electricity, and why this has not happened to date. One member voiced strong support for the introduction of a process to withdraw a registration request noting that it would be particularly useful to stop a registration process when you have discovered an error, for example when the incorrect MPAN had been selected for transfer. Another member commented it seemed logical to build this option into the design of a new CoS process.
- 6.2. AW asked how this proposal should be driven forward. One industry party said that they were considering a modification to industry codes. One member questioned if it was worth taking this forward if a whole new process emerged from the CoS reform discussions. It was agreed that this could be a "quick win" and cut down the number of erroneous transfers so it should be looked at now by industry. If this was not possible then it could be considered as part of a package of improvements delivered by a new centralised registration service.

7. Customer portfolio aggregation

- 7.1. AW invited views on the potential costs and benefits of aggregation for multi site/meter portfolios and whether differences in approach are required between gas and electricity, domestic and non-domestic and smart and traditional meters.
- 7.2. Members raised a number of challenges for suppliers in managing multi-meter customers and one member argued that the customers themselves are best placed to manage their portfolios. Another member argued that aggregation already exists in the use of portfolio managers, and cautioned against introducing requirements that could be costly, and could affect this market solution.
- 7.3. There was a preference to look at some of the other process issues that lead to concerns for multi site customers such as supplier communications and out of contract rates. There was also support for looking at the accessibility and usability of portfolio management tools to improve the experience for these customers. One suggestion, as noted above, was to review customer access to data under any proposals to centralise registration services. One member also suggested that the rules should also allow customers to give permission to other actors to perform this function on their behalf.

8. Lock out periods

- 8.1. AW invited views on whether lock out periods should be retained, and if so, what parameters should be put around them. In electricity, consumers are currently prohibited from switching within 10 days of a transfer, and in gas, within 3 weeks.
- 8.2. It was noted that lock out periods may be valuable in the context of energy theft discussions, as there was a possibility that customers could frequently move around in an attempt to avoid paying for their consumption. Another member suggested that if lock out periods were removed then the market may respond by introducing minimum notice periods in contracts which could be a worse situation for consumers.
- 8.3. There was consensus that if designing the CoS process from scratch, lock out periods should not be introduced. If a need arose then the market would respond and a requirement to re-introduce a lock out period could be considered.

9. Security keys

- 9.1. AW set out the high level policy background to security keys, noting that SMIP have established an interim process for DCC go-live but that they expect an enduring system to be established by the industry during roll-out. He invited views on three questions.

Are there any links between the security key arrangements and centralising registration other than implementation efficiency?

- 9.2. Members argued that these two processes need to be separate for system security reasons, and there was no specific links between these two sets of arrangements. They noted that there may be some efficiency gains in considering the two issues at the same time.

Should the SEC Panel govern the development of the enduring solution and SLAs for security keys?

- 9.3. Members noted that an advisory sub-committee of the SEC Panel has been established and should fulfil this role, the SEC Security Sub-Committee.

What is the best approach to ensure that the SLAs for security keys do not inhibit fast switching whilst maintain reliable transfers?

- 9.4. It was suggested that this objective, to ensure that the SLAs for security keys do not inhibit fast switching whilst maintaining reliable transfers, should be set as a high level principle to govern the development of the enduring solution. It was noted that if changes to the CoS process are taken forward through a Significant Code Review process then Ofgem could set out the required minimum switching timescales and the SEC Panel Security Sub-Committee would need to respond to this when establishing the process and SLAs for managing security keys.

10. Initial review of end-to-end scenarios and dependencies

- 10.1. AW presented summary slides on each of the reform areas explored by COSEG to date, included preferred approaches to reform discussed by COSEG.

- 10.2. On **Supply Point Nominations**, AW asked if an elective process for LSP sites would also be beneficial in electricity, if one of the purposes of this process for these larger customers was to provide accurate tender information. One member voiced support for this approach, arguing that in a tender process this system can ensure that the same information is available to all potential tender participants. In the absence of this process, then customers would have to maintain a detailed record of data and make it available to all potential tenders to avoid the incumbent having an unfair advantage.

- 10.3. One member noted that this principle should be extended to consumption data, and there should be a central repository of this information so that the incumbent does not have an unfair advantage over other potential suppliers. AW posed the question of whether ECOES could provide this information. This is only a question for non-smart meters, one member offered, as for smart, this information should be available from the DCC, and could be accessed by ESCOs. It was agreed that the sensible approach is to consider what information would be valuable over and above basic registration (such as network charges), and then to consider how best to make this available on a non-discriminatory basis.

- 10.4. One member noted that Project Nexus will deliver access to meter reading data in gas and argued that this should also be available in electricity. It was agreed that a central repository of consumption data would be valuable.

- 10.5. On the **metering options**, AW reviewed who was best placed to lead the different reform options. For option 1a, "reform change of supplier process within 'current + DCC' market structure, it was suggested that industry will lead this. If it is not covered by the SMIP, then industry will raise modification proposals. Ofgem should drive Option 1b to consider the development of central repositories of meter technical data and consumption data to facilitate fast switching in the AMR and traditional metered market.
- 10.6. Ofgem suggested that a smaller group of metering experts should be brought together to consider these two options further and clarify any role for Ofgem in delivering change. AW suggested that this would take place in early October. The group agreed that this was a sensible approach.
- 10.7. It was agreed that Ofgem should take forward any consideration of work to place DP and DA activities under central bodies. Industry should take forward option 6 on Performance Assurance in gas.
- 10.8. On the preferred option 1a for **centralising registration services**, one member asked whether adequate protections were being considered if responsibility for registration and consequential issues such as continuity of service, shifted from asset-backed companies such as DNOs and GT's to the DCC. Consideration had been given to GT and DNO licence conditions on security and continuity of supply, in the event that the DCC failed. AW noted that work is ongoing to ensure contingency arrangements are in place in case of DCC failure.
- 10.9. Another member said that existing codes will need to be consolidated into one, and it was noted that there are timing issues about when is most appropriate to do this for the different codes. One party suggested that centralisation should take place after the mass rollout when industry will be very busy with this work and AW noted that the proposed timeframe is completion by end 2018.
- 10.10. AW said that Ofgem will consider the options for regulating **erroneous transfers**, options 2a, 2b, and 2c. British Gas offered to provide its thoughts on option 3 to, improving the efficiency with which customers can be returned back to their previous supplier if they have been erroneously transferred.
- Action: British Gas**
- 10.11. AW summarised the two options that emerged during the last meeting's consideration of **data quality** issues, to mandate the roll-out of UPRNs in registration systems and to require suppliers to update/notify central systems when data anomalies are identified. One member noted that while the UPRN approach was a good suggestion, discussions are ongoing with ordnance survey about some of the challenges with this data. For example, updated data is only released every six weeks, UPRNs do not currently exist for all meter assets, and some local authorities generate these UPRNs at earlier stages than others. There also needs to be further clarity on how the UPRN data will be populated across all meters.
- 10.12. One member commented that it could be made mandatory to populate UPRN data where it exists. It was suggested that this should be the responsibility of the networks and should be treated as an extension of the address data held for a metering point. In SMIP working groups the decision has been taken not to populate UPRN data unless it is done by central registration systems. However, the gas network companies are not using it because of concerns about how to validate this data. However, a field has been created in the relevant systems and it was suggested that it needs to be made mandatory to ensure that this data is populated.
- 10.13. It was also suggested that the proposed requirement to update data should be extended to cover all parties and not just suppliers when discrepancies were identified.

End to end scenarios

10.14. AW presented slides on options for implementation timing and noted that Ofgem will present proposals for who should take forward the identified "quick wins" and "longer term reforms" at the next meeting of COSEG. He went on to present proposed end-to-end scenarios for how the reforms could fit together in a package. These all had reliability as a key focus but varied on the speed of transfer, the applicability of the reforms for all customers and whether to introduce a new centralised registration service.

11. Wrap up, AOB and date of next meeting

11.1. AW thanked attendees for their contributions. The next meeting of the COSEG will be held on 9 October at Ofgem's offices in London.

11.2. The agenda for the 9 October meeting aimed to include a presentation on switching reforms in the banking sector from Vocalink and discussion of the outstanding issue of cooling off periods. It will also include another review of the reforms discussed at COSEG, including proposals on whether industry or Ofgem should take the components parts forward.

11.3. Ofgem will also aim to use the next COSEG meeting to present the draft information request that will be used to allow Ofgem to assess these reforms. AW noted that members would have a week after that meeting to further consider the draft information request and provide comments to Ofgem before it would be finalised.

12. Summary of actions

	Action	Responsible	Due by/Status
1	COS data		
	a) Examine missing reads data to understand why opening and closing meter reads are being reported as missing 20 working days after the transfer date in the gas market	Xoserve and Energy UK	COSEG meeting 9 October
2	Reform options: Cooling-off period		
	b) 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 have met with DECC and BIS. Ofgem to update at 9 Oct COSEG.
3	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	Ofgem have identified some Ofcom research but would welcome any other sources that COSEG members are aware of.
4	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	Carried forward to 9 October COSEG
5	Centralising registration services		
	a) Provide clarity on the scope of registration services that should be considered under a centralisation scenario.	Ofgem	COSEG meeting 9 October
6	Objections		
	a) Consider range of options for auditing and monitoring use of objections, including use of Change of Tenancy flag.	Ofgem	COSEG meeting 9 October
7	Erroneous Transfers		
	a) Consider improvements that could be made to improve the arrangements for returning a customer that had been erroneously transferred.	British Gas	COSEG meeting 9 October

Appendix 1 – Attendees

Adam Carden	SSE
Alex Travell	E.ON
Andrew Wallace (Chair)	Ofgem
Andy Baugh	RWE npower
Gareth Evans	Waters Wye Associates, representing ICoSS
Jon Spence	Elexon
Julian Anderton	Energy UK
Kevin Woollard	British Gas
Martin Hewitt	Energy Networks Association
Monique Rotik	Collaborate Research (for item 3)
Paul Gath	Electralink
Paul Orsler	Xoserve
Paul Saker	EDF
Nick Taylor	DECC
Steve Nunnington	Xoserve

Ofgem:

Kristen Ross, Shona Fisher, Rachel Hay (for items 1-3)

Apologies:

David Rodger	Scottish Power
Fiona Cochrane/ Ashleye Gunn	Which?
Gethyn Howard	GTC UK, representing AiGTs & CNA
Tony Thornton	Gemserv