

Change of Supplier Expert Group

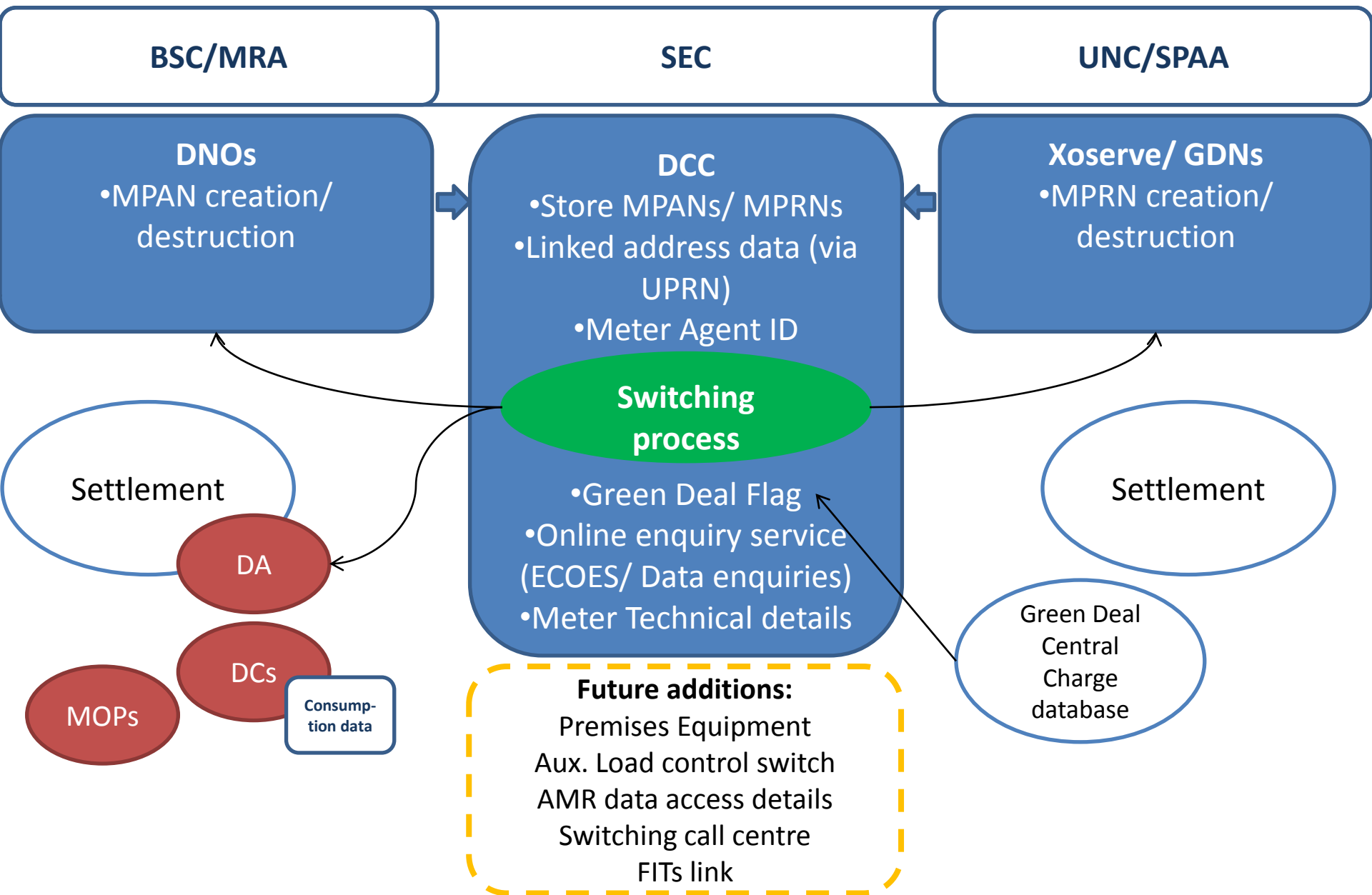
Meeting 7

9 October 2013

ofgem

Robyn Daniell

SCOPE OF A CENTRALISED REGISTRATION SERVICE



Rachel Hay

COS METER READING REMOVING THE DEPENDENCIES

To remove/minimise the dependency of the new supplier or its agents, on the old supplier or its agents to complete CoS and billing quickly, reliably and efficiently.

Metering type	Summary of current views
Gas Smart	The data dependencies that exist in the Electricity market on CoS do not exist in the Gas market because of the centralised market structure.
Gas AMR	The industry does not currently see a strong driver for altering the read arrangements for gas smart, but that there may be a desire to align the CoS read arrangements for gas with any new electricity arrangements.
Gas DM	The problems on the gas side would be best resolved through a gas PAF which will be carried forward separately.
Gas Traditional	
Electricity Smart	Data dependencies on CoS for smart electricity customers can be removed through enabling the old and new supplier to get the information they need from the meter on CoS and for the new supplier to reconfigure the meter.
Electricity HHly (“over 100kW HHly”)	Due to the large value of the contracts in this market, and the agent market structure, the processes for transferring data on CoS are efficient and should not be altered at this stage.
Electricity AMR (possibly developing into “AMR HHly”)	View that data dependencies still exist for AMR meters on CoS, and that if AMR meters are moved to HHly under P272, the current more efficient “large HHly” arrangements could not be effectively extended to the “AMR HHly” market – an alternative solution would therefore need to be found.
Electricity Traditional	Data dependencies still exist for this group of customers on CoS.

1a: Smart reform proposal

Removing agent dependencies for the CoS meter read

Old and new supplier to poll the meter for opening and closing reads and new supplier to obtain any additional meter information

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New supplier required to reconfigure meter on CoS

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No need for transfer of MTDs on CoS

No need for transfer of consumption history on CoS

Agent appointment process decoupled from CoS

No need for information flows to keep agents up to date on progression of CoS

- Old supplier must be able to get read prior to reconfiguration
- New supplier must be able to get relevant information on associated auxiliary load switches/remote load switches prior to reconfiguration
- Old and new supplier must have mechanism of reconciling the reads, without creating burdensome dependencies

Details necessary at CoS are configured by new supplier, remaining MTDs can be transferred at a later date with other information relevant to the meter.

Old supplier is able to validate the read using current processes and send it into settlement. New supplier has reset the registers to zero so has no need to validate or send into settlement.

New supplier able to obtain reads directly, so no need for agents (DA, DC or MOP) to be appointed to facilitate CoS read.

Unnecessary as agent appointment process decoupled.

Unsuccessful AMR/traditional reform options

Potential AMR/traditional solution	Description	Why not feasible?
CoS read taken following CoS	If CoS read is decoupled and taken a defined amount of time following CoS, then CoS need not be hindered by dependencies.	Sub-group confirmed that AMR meters are not required to store historical read data in this way, although in practice many do. As a result it would not be possible to rely on this as a solution for all AMR meters.
New supplier contracts with old agents for opening read	If old agents transfer to the new supplier for the opening read, then no data transfer would be necessary at CoS.	Sub-group were concerned with idea of being forced to contract with agents. They also raised questions over how Ofgem could require agents to contract with suppliers given agents are not under licence. Concern also that this solution goes against the general principle of the new supplier and their agents driving the process.
Smart solution applied to AMR	Old and new supplier to poll the meter for opening and closing reads and new suppliers required to reconfigure meter on CoS	<p>Whilst there was some feeling this could be feasible, it requires all meters to be reconfigurable (so that they can be reconfigured to eradicate the need for MTDs such as multipliers). Ability to remotely reconfigure is not a requirement of AMR meters. As a result it would not be possible to rely on this as a solution for all AMR meters. There may also be other MTDs that it is necessary to transfer on CoS.</p> <p>Nor does this solution address the dependency on access passwords.</p>

Central database

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No need for transfer of MTDs on CoS

No need for transfer of consumption history on CoS

Change of agents still happens at CoS

Minimal information flows necessary

Access passwords must still be transferred

- Could hold any remaining information necessary to remove data dependencies on CoS.
- For traditional meters it would need to contain MTDs and last read/associated EAC.
- For AMR meters it would need to contain MTDs and depending on P272, it may need to contain last read/associated EAC.

MTDs can be retrieved from central database as necessary

Last read/associated EAC can be retrieved from central database as necessary

DC, DA and comms provider would still be appointed at CoS to facilitate the opening read

Agents can be appointed after objection window, minimising flows

Access passwords necessary for new supplier/agents to take opening read

- **All AMR meters to use common comms provider** – this would eradicate the need for the transfer of passwords
- **Central portal for access to comms providers** – transfer of passwords may still be necessary but the central portal would directly link up the new supplier/their agents with the old comms provider such that an instruction could be sent to obtain the passwords
- **The central database (option 1B) could hold details of the comms provider associated with a meter point** – transfer of passwords may still be necessary but the database would make it clear to the new supplier/their agents which comms provider to contact to arrange for the transfer of passwords

Metering type	Next steps
Gas Smart	Include gas metering and meter read requirements within the scope of the proposed new gas performance assurance framework under the UNC (or any subsequent relevant industry code).
Gas SSP	
Gas LSP	
Gas Traditional	
Electricity Smart	To be led by industry following clear high-level direction given from Ofgem
Electricity AMR (possibly developing into “AMR HHly”)	Further thinking necessary to develop AMR solution. Ofgem intends to hold a further subgroup to discuss this, and will communicate a view on how this is to be carried forward.
Electricity Traditional	

Following COSEG discussions, centralisation of DPDA functions is still under consideration. However, latest thinking is that the drivers for doing so might be more closely linked to settlement rather than CoS.

Andrew Wallace

INFORMATION REQUEST

- Ofgem is seeking information from stakeholders to support policy evaluation on improving the customer transfer process
- Ofgem needs to make policy decisions on **outcomes** and **delivery method**
 - Identify the optimum combination for GB consumers, informed by an Impact Assessment
- **Outcomes:**
 - Should the speed of smart COS be: in-day; next day; 5 days?
 - Should smart COS improvements apply to all consumers, or just smart metered consumers?
- **Delivery method**
 - What is the appropriate degree of centralisation?
 - What other improvements are viable?

- COSEG has identified the key **longer term reforms to systems, process and rules** required to deliver fast, reliable and cost effective transfers
 - Our indicative date for implementation is 2018
 - To support assessment of these reforms, Ofgem will require data on expected costs and benefits and the counterfactual
- COSEG has also identified that focus on reliability
 - Our indicative date for implementation is start 2015
 - These do not require significant system changes
 - We want to collect (more limited) data here to support the case for change
- We recognise the potential burden for stakeholders in providing data and we have tested and modified our approach following discussions with COSEG

Longer term system change (2018)

- Centralise registration services
- Shorten objection window/central objections register
- Remove/reduce gas confirmation window
- Remove electricity metering data dependencies (AMR/Dumb)
- Make gas Supply Point Nomination process elective

Quick wins (focus on reliability)

- Objections performance assurance
- ET incentives/obligations
- Billing standards
- Data quality
- Customer information (including cooling off requirements)
- Speed up CoS meter read process for Smart

Requirement for reform still to be determined

- Interaction between transfer process and cooling off arrangements
- Centralising DP/DA

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Key variables to be tested in information request

Further work required

- Interaction between transfer process and cooling off arrangements
- Centralising DP/DA

Suppliers

- Request information from active suppliers > 50,000 customers in domestic market and those with more significant customer numbers in non-domestic market
- Informal request
 - Counterfactual
 - Cost and benefit assessment of long term proposals
 - Additional data (eg performance)

Central service providers

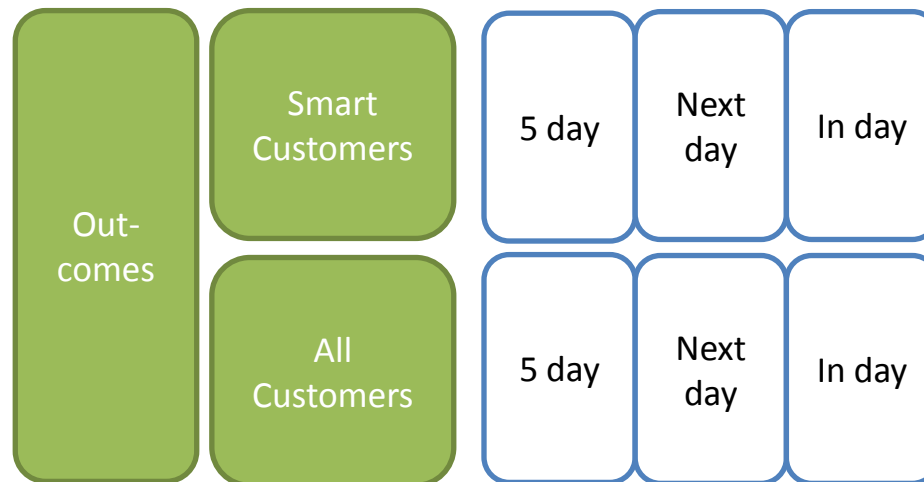
- Request data from DCC, DNOs, Xoserve and Gemserv
- Informal request
 - Counterfactual
 - Cost and benefit assessment of long term proposals
 - Efficiency of running reforms together
 - Additional data (eg performance)

Approach

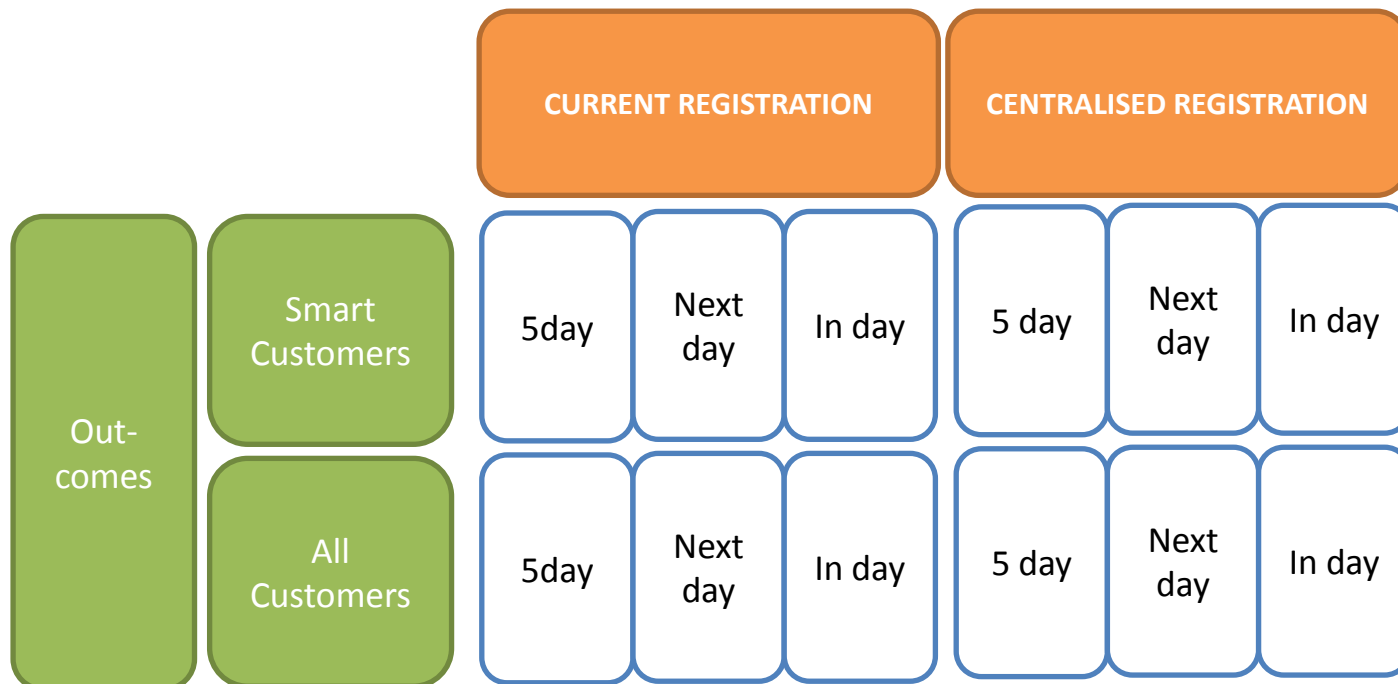
- Provide building blocks to assess overall impact of reforms
- Ofgem will use these building blocks to test credible end-to-end reform scenarios

Longer term reform scenarios

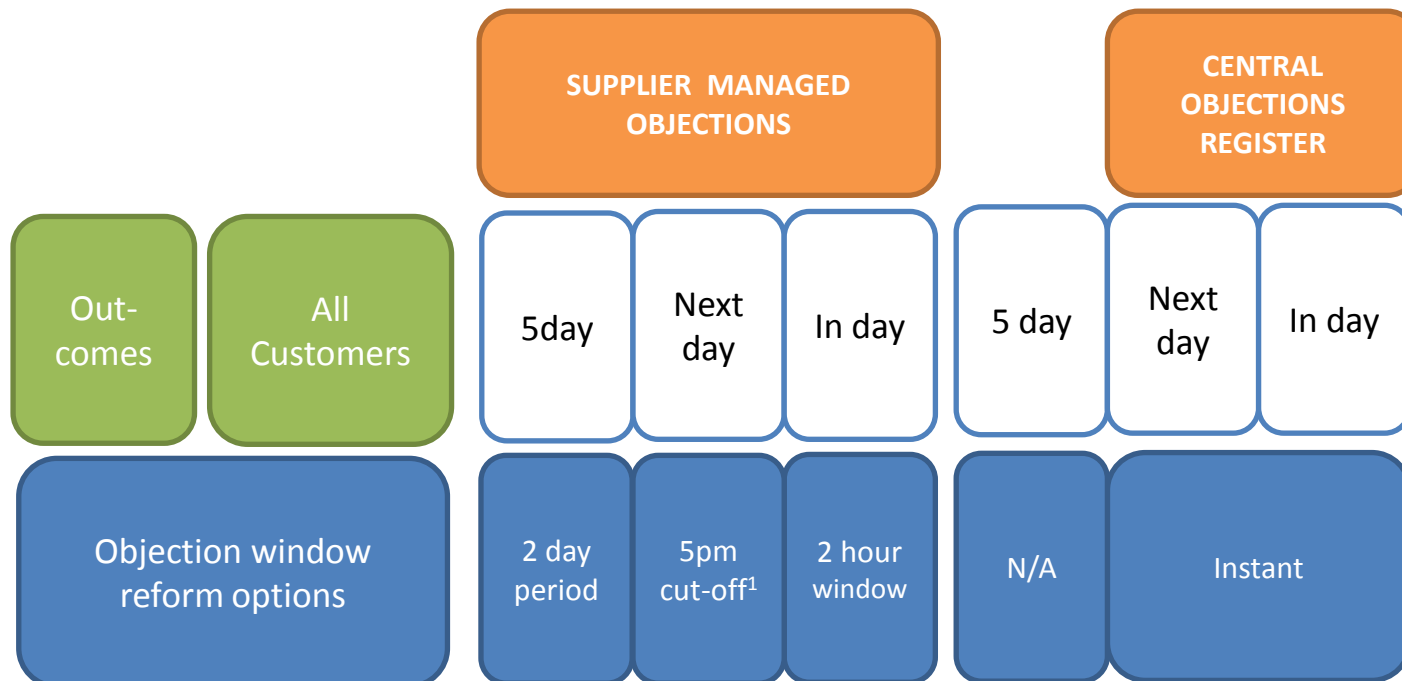
- Our assumption is that all reasonable and proportionate changes that deliver reliability should be implemented
- Our scenario analysis will examine the impacts of varying the minimum transfer speed for different customer groups



- Centralising registration services is expected to be a big driver of efficiency in delivering reforms as well providing other benefits. We will test this assumption as part of our analysis



- Objections is a key driver of COS speed and we will explore outcomes and delivery methods
 - Supplier Managed Objections: Suppliers expected to largely automate process
 - Central Objections Register: Incumbent required to update register daily

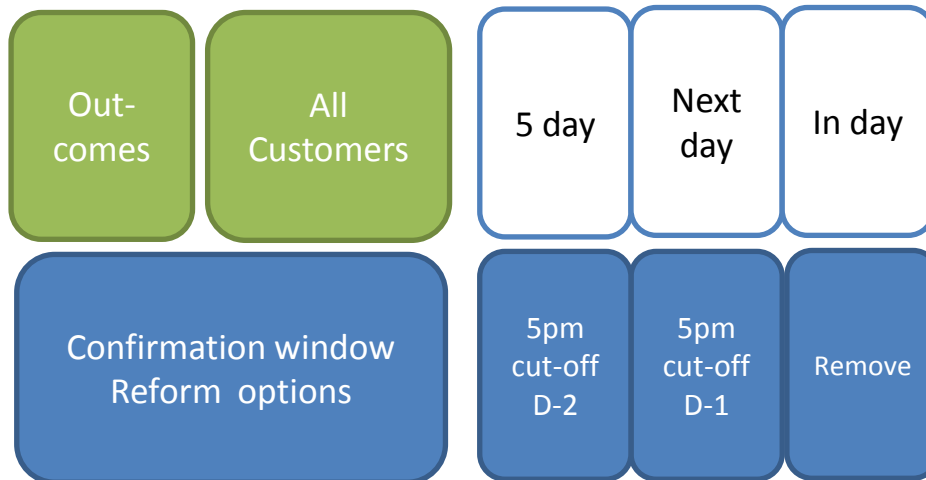


¹ For any loss notifications received before 3pm

Longer term reform scenarios

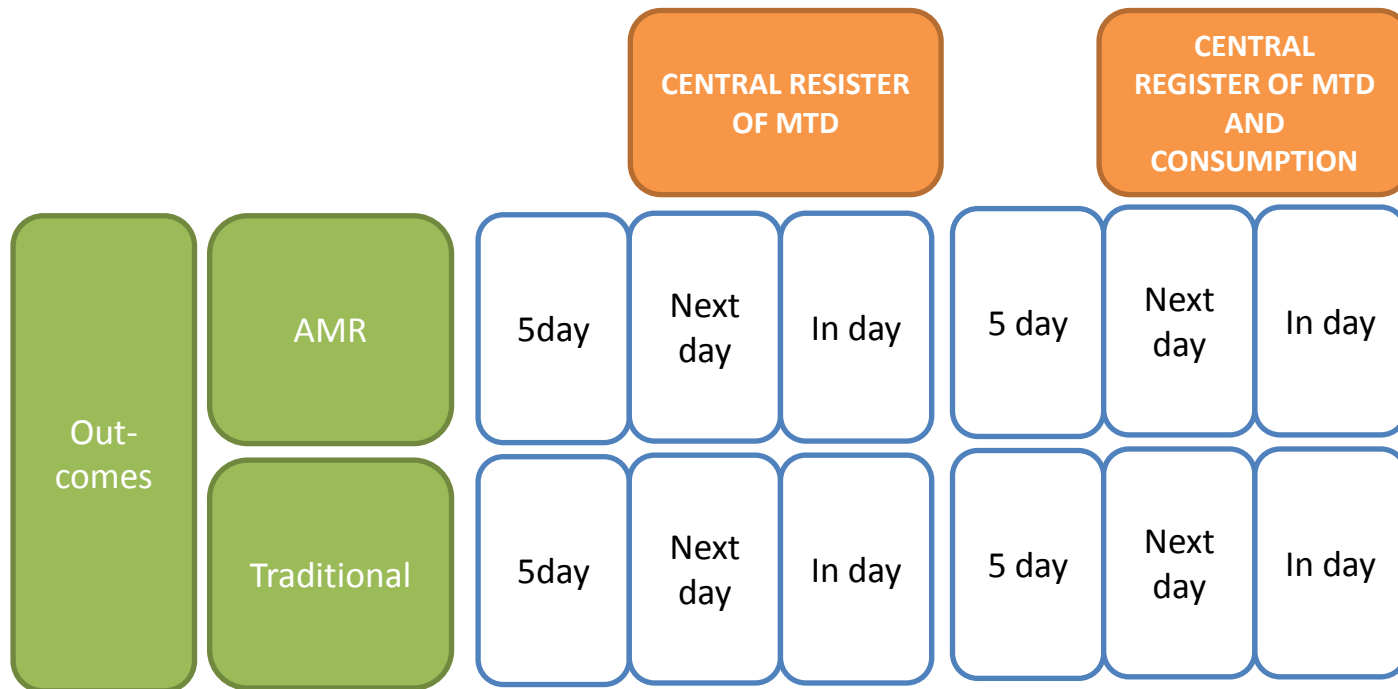
Confirmation window (gas only)

- We also want to examine the impact of removing or reducing the gas confirmation window (ie the 8WD between the end of the objection window and the transfer)

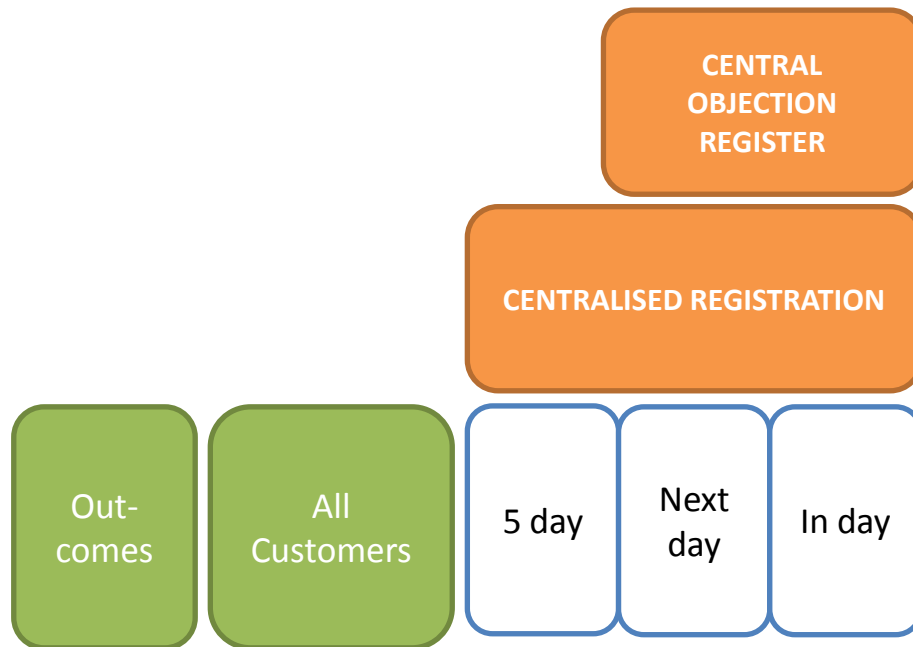


AMR and Traditional COS Meter Reads

- Data exchange dependencies for electricity AMR and Traditional metered customers can slow the transfer process and lead to exceptions
- (Amongst other options) we want to test removing these dependencies by holding MTD and consumption data centrally



- We also want to explore synergies and economies of scale...for example:



We will also ask for data on the following areas. These are more likely to impact on reliability and efficiency rather than transfer speed

- Supply Point Nomination
- COS Billing
- Erroneous transfers
- Objections performance assurance

Counterfactual for the CoS process in a smart world

- Expected Capex for system updates over the relevant time period
- Expected Opex (can ask for costs over a numbers of years or average annual costs with comment boxes for when specific costs will be incurred)

Expected reform costs

- Average annual capex and opex

Additional benefits

- Ie those not already included in potential cost savings outlined above (may include quantitative and qualitative analysis)

Proposed next steps

Action	Who	When
Review summary of reform proposals and draft information request	COSEG	9 October
Provide comments to Ofgem on draft information request	COSEG	15 October
Review approach at SMCG	SMCG	28 October
Issue information request	Ofgem	End October
Check point with respondents	Ofgem	Mid November
Response to information request	Industry	End November

- We would welcome COSEG's thoughts on the main barriers to within-day switching in the electricity and gas markets.

Gas

- Gas allocation process provides data in advance of gas day.
- Would require rules to allocate gas for a transfer within a settlement period.
- Ability to send security keys to meter and reconfigure meter in advance of transfer.
- ...

Electricity

- Ability to send security keys to meter and reconfigure meter in advance of transfer
- ...

REVIEW OF DRAFT INFORMATION REQUEST TEMPLATES

Andrew Wallace

WRAP UP

- Requirement for additional or ad-hoc COSEG meetings?
- AOB

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.