

To: Balancing and Settlement Code (BSC) Panel, Master Registration Agreement Executive Committee (MEC), UNC Panel, IGT UNC Panel, SPAA Executive Committee, network operators, suppliers, metering agents, other industry bodies, consumer representatives and other interested parties

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Dear Colleagues

Industry data quality, ownership and governance

This letter requests that the UNC Panel, IGT UNC Panel, SPAA Executive, BSC Panel and MRA Executive Committee:

- Undertake a piece of work, with the support of the relevant code administrators through a cross code group(s), to review the data quality arrangements that support the consumer switching process, and
- Report to Ofgem by the end of December 2014 on findings and any recommendations to ensure that the arrangements support effective competition and consumers interests.¹

Following receipt of the report we will consider whether to consult on a new obligation for suppliers, shippers and network licence holders² to take action including, but not necessarily limited to, updating relevant systems when they become aware of any data errors or inaccuracies. We envisage that any such obligation would focus on correcting data errors and eradicating their root causes.

Issue

Meeting our objective of a fast, reliable and cost efficient switching process requires suppliers, shippers and their agents to have access to accurate address and metering data.³ This data is maintained by a range of parties in the market including network operators, suppliers and metering agents. It is important for responsible parties to have proportionate obligations and/or commercial incentives to ensure that any data required by the new supplier and its agents is accurate.

¹ This request was flagged in Ofgem's 'Summary of the findings of the Change of Supplier Expert Group (COSEG)' published on 3 December 2013 <https://www.ofgem.gov.uk/publications-and-updates/summary-findings-change-supplier-expert-group-coseg>

² Our initial view is that any such obligation on licence holder should also apply to the agents with whom the licensees contract to meet their requirements under industry codes, licences and other relevant regulations.

³ Please note that more broadly, networks and their agents also need access to accurate address and metering data to support their work.

Switching problems caused by issues such as poor address and metering data will impact on consumers' perceptions of the market and their willingness to engage and to switch again. Ensuring that data is accurate will support an effective switching process both now and as part of any longer term changes being developed as part of Ofgem's Change of Supplier project.

Address data

Where accurate address data is not available to suppliers, shippers and their agents, a consumer's switch can be delayed or even abandoned. Additional contact between a supplier and a consumer may also be necessary to resolve the problem. Suppliers have told us that poor quality address data held on registration systems has contributed to the high level of erroneous transfers in the market. This was reflected in our discussions at our Change of Supplier Expert Group (COSEG).⁴

Metering data

Consumer billing requires accurate metering data to be held for each supply point. Where this is not available to the suppliers, shippers and their agents on change of supplier, this can lead to delayed or inaccurate consumer bills. It can also lead to inaccuracy in the allocation of industry charges (eg network and settlement) between market participants. Suppliers have told us that inheriting poor quality metering data on change of supplier can add considerable time, effort and cost to the switching process and leads to a poor experience for consumers whilst these issues are resolved.

Other

We have identified address data and metering data as two key issues where data quality impacts the switching process. These were areas identified as part of the COSEG work. At the same time we recognise that there may be a number of other areas that may be relevant to improve data quality.

Background

As part of our Change of Supplier project, data quality was identified as a key issue by industry stakeholders. They told us that poor data quality increases cost and complexity and impacts on consumers' experience in the market. Discussions at COSEG set out the background to the current data quality and governance arrangements and resulted in the development of a number of reform options.⁵ COSEG also covered materiality of the issue and current initiatives to improve performance.⁶

Detailed request

We are now requesting that the UNC Panel, IGT UNC Panel, SPAA Executive, BSC Panel and MRA Executive Committee undertake a review and report to Ofgem on the issues set out in this letter. In pulling together this report we encourage code administrators and industry groups and panels to share their assessment methodologies and provide evidence-based assessments wherever possible.

We envisage that the report(s) would identify and document:

⁴ Minutes of the third meeting of COSEG:

https://www.ofgem.gov.uk/sites/default/files/docs/2013/07/20130701_coseg-meeting-3-minutes.pdf p2

⁵ See supporting paper <https://www.ofgem.gov.uk/ofgem-publications/82641/20130819cosoptionsanalysis-dataquality.pdf> and minutes (section 6) <https://www.ofgem.gov.uk/ofgem-publications/82301/cosegmeeting4minutes.pdf>

⁶ See supporting paper <https://www.ofgem.gov.uk/ofgem-publications/82933/cosanalysis-dataqualityimpactandinitiatives.pdf> and minutes (section 4) <https://www.ofgem.gov.uk/ofgem-publications/83304/cosegmeeting5minutesagreed.pdf>

Relevant data items

- The data items that support the switching process⁷ - these will include those associated with address and metering data but we encourage panels and industry groups to think more widely in developing the report. For example, data quality issues may result from processes other than the change of supplier process such as in relation to new connections, change or meter etc. We consider that such issues should also be in scope.
- A high-level assessment of current data accuracy associated with the change of supplier process. This should separately identify issues impacting different market groups and sectors e.g. domestic and non-domestic consumers.

Current arrangements to ensure data quality and existing issues

- The existing code obligations that support data quality and on which parties the relevant obligations fall
- An explanation of the processes and systems for updating each data item to maintain its accuracy
- The specific code obligations that drive the existing monitoring arrangements, as well as any supplemental monitoring arrangements that sit outside the formal code agreements, that are in place to establish when parties have not met their requirements
- If effective enforcement measures are in place to require those responsible to maintain data accuracy
- Any instances when the responsibility for the accuracy of data and the duty to ensure its accuracy is not clear

Potential remedies

- Any improvements that are currently being developed and their anticipated impact on data accuracy⁸
- Any additional and proportionate improvements that should be made with the aim of securing data accuracy including (but not limited to):
 - Any changes that should be made to clarify or amend responsibility for maintaining data quality
 - Any changes that should be made to improve monitoring and/or the enforcement of responsibilities
 - Any changes that should be made to existing rules around the processing or sending of data
 - Any improvements that could be made to enhance or ensure the integrity and consistency of data across existing systems
 - An assessment of potential benefits of a new licence obligation on parties to update relevant systems when they become aware that the data held is inaccurate.

As well as providing views on what improvements can be made now to support better data quality, we welcome any views that the group can offer on how our proposals for next-day switching on a new centralised registration service⁹ can best be designed to maximise data quality.

⁷ The scope of the change of supplier process should include, but not be limited to, the transfer of responsibility for a consumer on registration systems including the availability of data to identify the correct premises to transfer, the change of supplier meter reading process including any requirements to access data on consumption and meter technical details and that support accurate consumer billing and allocation of settlement and billing charges.

⁸ We recognise that in many areas work to resolve these fundamental questions on responsibility, monitoring and enforcement of data quality may be ongoing, for example on the proposed new Gas Performance Assurance Framework and <http://www.gasgovernance.co.uk/PA> and the work to improve data quality in readiness for Project Nexus. We still consider that it is important to undertake this work now and those existing group could provide important insights and views into the requested report to Ofgem.

⁹ Moving to reliable next day switching – Ofgem, June 2014

<https://www.ofgem.gov.uk/ofgem-publications/88156/fastandreliableswitchingcondocfinal.pdf>

Proposed approach

We would expect those responsible for gas industry codes to work together to provide a joint report to Ofgem and for those responsible for electricity industry codes to do the same i.e. we would expect to receive two reports. We would also welcome an approach that facilitated relevant cross industry discussion¹⁰, incorporating the views of agents among others. For example, holding joint sessions to discuss the issues with a view to discussing synergies where these exist.

We would welcome the opportunity to be involved in the progress of this work which would include attending any groups that are set up to discuss these issues and being provided updates on progress. We would also consider convening a meeting of COSEG if the Panels felt this would be helpful to support this work. In particular we envisage that COSEG could be used as a forum for working group(s) to present their findings to a wider audience and test their thinking before finalising their reports.

Next steps

We would welcome the report being submitted to Ofgem by the end of December 2014.

We are happy to discuss this letter further with relevant industry code Panels and working groups and to contribute to the development of the Terms of Reference for the joint working group(s).

If you would like to discuss this letter further please contact Ciaran MacCann (ciaran.maccann@ofgem.gov.uk; 0203 263 9800).

Yours faithfully

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¹⁰ We would, of course, expect industry participants to satisfy themselves that the content of those discussions was appropriate and compliant with their obligations under competition law.