

Smarter Markets Coordination Group – Meeting 6

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| Minutes of the sixth meeting of the Smarter Markets Coordination Group. | From: Ofgem |
| | Date of Meeting: 29 September 2014 |
| | Location: Ofgem, 9 Millbank |

1. Present

- 1.1. A full list of those who attended is given in appendix 1.

2. Welcome

- 2.1. Rob Church (RC), thanked everyone for their attendance and introduced Angelita Bradney (AB), the new head of Ofgem’s smarter markets team.

3. Update on the Smarter Markets Programme and related work areas

- 3.1. AB spoke briefly to the Smarter Markets Programme [update](#) which was circulated to members in advance of the meeting. She informed attendees that the Programme team has mapped out the various obligations to industry and aims to update the map of regulatory reform to provide a solid foundation on which to address industry comments on regulatory requirements. She encouraged the group to feedback more detail about the exact the concerns by changes, links and dependencies that Ofgem needs to consider. Alex Travell (AT) queried whether it will be possible to add P272 milestone to the map of regulatory changes.
- 3.2. AB gave an update on the specific projects within the Smarter Markets Programme, particularly noting the consumer empowerment and protection decision document that Ofgem published in September and the change of supplier consultation responses that Ofgem received in June. She also noted the forthcoming decision document and draft target operating model. On settlement, AB noted two upcoming milestones; a decision on modification P272 alongside changes to distribution charges and a summary of expert group discussions and approach to analysing shortlisted options. AB also noted that an update on the Demand Side Response work programme is due in early 2015.
- 3.3. AT suggest adding more details on the map for 2015. RC commented that this is what the team plans to do and encouraged the group to provide views on the right level of details.
- 3.4. Rosie McGlynn (RMc) suggested adding the milestone of the tender process of performance assurance framework to the map of regulatory changes.

4. Change of supplier

- 4.1. Andrew Wallace (AW) spoke to the slides circulated in advance of the meeting which provided an update on the road map for the change of supplier reform published in Dec 2013.
- 4.2. AW explained that the roadmap for the reform is threefold:
- Secure a reliable three week switch now

- Speed up switching in the short term
 - Longer term reform
- 4.3. On our longer term reforms, AW noted responses to June 2014 consultation document “Moving to reliable next-day switching”, showed strong support for switching reform and to centralising registration under the DCC. AW also noted that there were mixed views on whether switching speed should be either next day or two day, with limited support for the five day switching option. On the option for a centralised electricity metering database, AW noted that there was a weak support.
- 4.4. On the assessments of impacts, AW informed the group that some respondents felt that more weight should be given to the reliability and cost evaluation criteria. Some respondents preferred to keep decision on speed open during Target Operating Model (TOM) stage while others stressed the importance of understanding impacts on smaller suppliers eg balancing risks and change overload.
- 4.5. AW then spoke to the implementation options for the reform noting that responses to the consultation showed a wide support for Ofgem to lead this programme. He also noted that many parties wanted the DCC to retain its focus on smart metering and should therefore not lead on the TOM development. AW highlighted that respondents supported the Significant Code Review (SCR) to deliver regulatory changes with a limited support for licence obligation on industry to support the project. On the timeline, AW noted that respondents did not believe that the proposed timeline of Q3 2018 could be brought forward.
- 4.6. AT asked how dual fuel would work in the new regulatory process. AW clarified that meter technical details would be compared to consumption data.
- 4.7. The group was concerned about the volume of industry change in the coming years. RC asked the group to provide Ofgem for further details on where this might constrain our reform proposals. There were different views on whether multiple change programmes were causing constraints on the regulatory design and oversight side and/or with technical development and delivery. Ofgem agreed to seek stakeholders’ views on this in the context of the regulatory change map discussed earlier.
- 4.8. AW and RC encouraged the group to review the governance and phasing proposals and feedback their views to help Ofgem to plan for next stage. AW agreed with Ashley Pocock’s (AP) view that dependencies, risks and issues and change management would need to be considered as part of programme governance . RMc asked whether there should be an articulation of the current use of industry’s resources as part of the map of regulatory changes.
- 4.9. Fiona Cochrane (FC) asked if costs control and monitoring could be articulated in Ofgem’s proposed governance framework. AW noted that Ofgem propose to continue to develop its IA during the next (Blueprint) phase and will consult on this at the end of that phase.
- 4.10. Jonathan Simcock (JS) suggested calling the implementation scheme a “delivery strategy”.
- 4.11. RMc noted that cost monitoring should be throughout the phase and asked about Ofgem’s plans to make this work visible and transparent. AW said that Ofgem would update its IA and publish it at key stages. AP asked where governance sits. AW clarified that it sits within an Ofgem led Design Authority that would agree the market design. AP also suggested adding a “Programme Director” to the top of the diagram in slide 14.

- 4.12. AT and Chris Harris (CH) asked questions about the last two phases, which were, (enactment) and (design, build and test) highlighting potential congestion in these stages. AT suggested that elements could take place in parallel which could help to reduce overall implementation timescales.
- 4.13. DECC noted that they are very supportive of this work and Ofgem leading this programme.

5. Consumer Empowerment & Protection

- 5.1. Bart Schoonbaert (BS) spoke to the slides that were circulated in advance of the meeting. He noted that the project team has been busy analysing consultation responses and identifying plans for next steps. He informed the group that the objectives of this presentation is to discuss progress and developments within the Consumer Empowerment & Protection project and provide an overview of our recently-published consultation response and decision document, and set out our workplans for the phase 1 work areas. BS also encouraged members to signal their interests in getting involved in the upcoming stakeholder engagement events.
- 5.2. BS highlighted the key messages in the September decision document, as follows:
- We received 18 responses from a range of stakeholders incl. large and small suppliers, consumer bodies and industry groups.
 - Respondents were broadly supportive of our proposals, with many comments and suggestions provided.
 - Four key themes emerged across several respondents
 - The decision document provides our views against many of the individual comments and suggestions submitted by respondents.
- 5.3. BS also spoke to the key workstreams planned for phase 1, namely; smart prepayment, smart billing and RMR for time of use tariffs. BS informed the group that Ofgem's proposed approach is to address micro businesses within each work area where appropriate. For both smart prepayment and smart billing the intention is to address domestic and micro business issues in parallel. Domestic smart billing issues will be separate from micro businesses, unlike domestic smart payment issues which would be combined with micro businesses.
- 5.4. AT asked whether it will be worth having separate discussions for domestic and micro businesses on the prepayment side. This is because there may be different levels of interests and concerns for those different stakeholder groups and engaging both at one meeting may be challenging. AP agreed with AT. AT also suggested to get the right stakeholders to those meetings and ensure that the key messages are tailored to the audience to achieve the appropriate level of engagement.
- 5.5. On the smart billing proposed work plan, RMc noted that E.UK is currently updating the Code of Practice for accurate billing and the plan is to have an updated code of practice, that is smart compatible, by the end of the year. She also noted that the preference is to move away from any licence condition.
- 5.6. BS asked the group about their initial reaction to the proposed workplan, the group noted that they welcome the work plan and are supportive of it. AT noted that, for smart PPM, phase 2 is stretched out. RC clarified that when smart prepayment is in place, it is important to ensure that the appropriate customer protection are in place.

5.7. SJ queried whether there is any scope for running a pilot to test smart prepayments to allow industry to be innovative. RC commented that we will take this point away.

5.8. AP commented that we do need to be careful not to stifle innovation, RC commented that some minimum standards could be appropriate regardless of innovation, without stifling it.

6. Actions

1. Ofgem to take into account comments from the SMCG in planning the Change of Supplier work programme
2. Ofgem to further revise the map of regulatory reform
3. Attendees to provide detailed information about forthcoming regulatory and IT systems changes, with details on how additional potential changes (as part of the smarter markets programme and other projects identified in the map) could cause problems and how

7. Wrap up and date of next meeting

7.1. RC thanked all the attendees for their contributions.

Attendees

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| Sharon Johnson | British Gas |
| Ashley Pocock | EDF |
| Alex Travell | E.ON |
| Chris Harris | Npower |
| Haren Thillainathan | Scottish Power |
| Fiona Cochrane | Which? |
| Jonathan Simcock | DCC |
| Kevin Spencer | Elexon |
| Andy Knowles | MRASCo |
| Martin Baker | Xoserve |
| Rosie Mcglynn | Energy UK |
| Eddie Proffitt | Major Energy Users Council |
| Jill Ashby | SECAS |
| Judicaelle Hammond | DECC |
| Gillian Cooper | Citizens Advice |
| Paul Gath | Electralink |

Ofgem: Rob Church (Chair), Angelita Bradney, Rowaa Mahmoud, Andrew Wallace, Bart Schoonbaert and Ciaran MacCann.

Apologies:

Chris Welby: Good Energy

Paul Bircham: Energy Networks Association
Ed Reed: Energy Suppliers Forum
Louise Murphy: SSE
Steve Rowe: Co-op
Peter Olsen: Corona Energy
Sara Bell: UKDRA
Andrew Poole: Federation of Small Businesses