

## Smarter Markets Coordination Group – Meeting 7

Minutes of the seventh meeting of the Smarter Markets Coordination Group.

From:  
Date of Meeting:  
Location:

Ofgem  
3 November 2014  
Ofgem, 9 Millbank

### 1. Present

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

### 2. Welcome

2.1. Angelita Bradney (AB), thanked everyone for their attendance.

### 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 gave an update on the specific projects within the Smarter Markets Programme and informed attendees that on the Consumer Empowerment and Protection project, following the presentation at the last SMCG meeting, Ofgem is progressing work on smart billing and smart prepayment. Three stakeholder meetings have been scheduled for November to initiate our detailed work in these areas.

3.2. On the Demand Side Response (DSR) project, AB said that Ofgem is working with distribution networks policy colleagues to put together a work programme that will deliver a framework for DSR. Ofgem is also working closely with key parties through the Smart Grid Forum Workstream 6 group and related subgroups. AB informed the group that the Change of Supplier and Electricity Settlement projects are the main items of the agenda for the meeting where updates will be given in more detail.

### 4. Electricity Settlements

4.1. Johnny Amos (JA) spoke to the slides circulated in advance of the meeting which provided:

- a recap on the project
- an update on progress made in 2014
- an overview on initial findings
- an overview on priorities for the project
- an overview on next steps

4.2. In the discussion on the initial findings of the project the key points were as follows:

- Gareth Evans (GE) suggested expanding on the expert group's discussions on error and aligning gas and electricity disputes. JA said that the expert group agreed a mechanism for resolving error which would still be required in the future but that the group had not discussed aligning gas and electricity disputes processes

- on the project ambition, JA said that the expert group had discussed shortening settlement process to 1, 3 or 6 months
- on what interactions with other reforms the expert group had discussed, JA informed that settlement will affect a number of back office systems such as billing, forecasting, pricing and customer management and so the most pertinent interactions would be with other reforms which will also affect those areas such as Electricity Market Reform EMR and Electricity Balancing Significant Code Review (EBSCR)
- JA also said that there is an important interaction with the data access and privacy licence conditions. These limit access to half-hourly (HH) data and so it may be necessary to change the current rules to enable settlement of consumers against their half-hourly (HH) data from smart and advanced meters
- Chris Harris argued that it is important to get any change to data access and privacy licence conditions right at a policy level. He said that the Information Commissioner's Office(ICO) had, on a previous occasion, been willing to take a policy proposal from DECC for why the rules should be interpreted in a particular way. There is, therefore, a precedent for such an approach
- JA agreed that it would be helpful to get a high-level steer from the Information Commissioners Office on whether the data licence conditions could be amended subject to a positive business case
- JA noted that suppliers need access to disaggregated HH data to validate reads and manage their settlement risk

#### 4.3. In the discussion on 2015 priorities the key points were:

- any new Change of Measurement Class (CoMC) process would be different depending on whether DP/DA were centralised or not. As such David Jones (DJ) argued that it may be necessary for the CoMC work to occur after the DP/DA work
- JA also noted that the expert group had shortlisted options for the detailed assessment stage on how consumers with traditional meters will be settled in the future. These options include using smart profiles or freezing current profiles
- Alex Travell (AT ) said that as gas settlement uses a centralised process there should be a ready evidence base to use in any analysis of DP/DA
- on CoMC , AT asked whether the new process would be in place in time for BSC Modification P272 given the number of sites which need to transition to HH settlement because of that mod. It was argued that if it were in place in time it would deliver both short and long-term benefits

#### 4.4. In the discussion on Transition the key points were:

- the expert group had been in favour of a back-stop end date for the transition, potentially combined with interim targets
- some expert group members had argued a shorter transition would be beneficial as it would prevent processes being run in parallel for extended periods (thus reducing costs)
- a question was raised as to whether some consumers could transition early if they wanted to. Some multi-site consumers have a portfolio of sites ranging from Profile Class 1-8 and they may want all to go HH early

- JA informed that there would be nothing to stop that supplier settling all their sites against HH data now
- attendees put forward the view that the elective mass migration of site to HH settlement could be facilitated by having a new CoMC process as soon as possible

## 5. Change of supplier

5.1. Andrew Wallace (AW) and Ciaran MacCann (CM) spoke to the slides circulated in advance of the meeting which provided:

- an update on the road map for the change of supplier reform following September SMCG meeting
- a proposed approach and gap analysis of 'Level 0' Target Operating Model (TOM) that Ofgem proposes to publish in January alongside its decision document
- an updated governance framework

5.1. key points were:

- the group generally agreed with the approach and objectives as well as the main elements that Ofgem proposed to be considered as part of the TOM. The group raised a number of comments which Ofgem agreed to consider
- the group requested more clarity on switching timescales and design
- one attendee suggested including proposed licence changes in the TOM
- one attendee suggested analysing the expected customer journey as part of the assessment of the reform proposals
- one attendee suggested allowing consumers to choose when to switch so next-day switching is an option rather than a requirement (i.e a customer can switch after seven days if he wishes to). AW clarified that this was the case

## 6. Data quality

6.1. CM explained that the objective of this agenda item was to get an update on whether suppliers would be responding to the code panels' request for evidence for the data quality work that industry is undertaking following Ofgem's request in June. To date it was unclear whether sufficient evidence would be produced. The key points made by respondents were:

- Other priorities and calls on resources were making it difficult to respond
- Ashley Pocock (AP) noted their intention to provide more detailed information and a response to the questionnaires
- some attendees suggested other evidence that might be available (Electricity PARMS data, Energy UK report, DECC UPRN analysis)
- "smart" is a once in a lifetime opportunity to address data quality issues therefore this work needs to be taken seriously
- there is a key role for Ofgem on this and clarifying the format is key to ensure a good quality of outcomes

## 7. Actions

1. Ofgem to take into account comments from the SMCG in planning the Change of Supplier work programme
2. Ofgem to share a draft of TOM
3. Attendees to provide update on their data quality work
4. Gareth Evans to (find out) what is the mechanism for dealing with some situations (errors)
5. Ofgem to get a steer from Information Commission Office on whether the data licence conditions could be amended subject to a positive business case

## 8. Wrap up and date of next meeting

8.1. AB thanked all the attendees for their contributions.

## 9. Appendix 1: Attendees

Sharon Johnson	British Gas
Ashley Pocock	EDF
Alex Travell	E.ON
Chris Harris	Npower
Richard Sweet	Scottish Power
Andrew Poole	Federation of Small Businesses
Jonathan Simcock	DCC
David Jones	Elexon
Andy Knowles	MRASCo
Martin Baker	Xoserve
Lawrence Slade	Energy UK
Eddie Proffitt	Major Energy Users Council
Jill Ashby	SECAS
Nick Taylor	DECC
John Christopher	DECC
Gillian Cooper	Citizens Advice
Paul Gath	Electralink
John lawton	ENA
Gareth Evans	ICOSS
Patricia Hall	SSE

**Ofgem:** Angelita Bradney (Chair), Andrew Wallace, Ciaran MacCann, Johnny Amos, Francis Jackson, Jeremy Adams Strump and Rowaa Mahmoud.

**Apologies:**

Chris Welby: Good Energy

Ed Reed: Energy Suppliers Forum

Steve Rowe: Co-op

Peter Olsen: Corona Energy

Sara Bell: UKDRA

Ashleye Gunn: Which?

Tony Thornton: Gemserv