

Change of Supplier Expert Group (COSEG): Meeting 9

Minutes of the ninth meeting of COSEG	From	Ofgem
	Date and time of Meeting	8 June 2015 11:00-15:00
	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 will be published on the Ofgem website.¹

1.2. Angelita Bradney (AB) welcomed attendees and ran through the progress made to date on the change of supplier project, summarising the February decision document and Target Operating Model (TOM) consultation on moving to reliable next-day switching. The 2015/16 timetable for the switching programme was described with work being undertaken in specific areas now, in advance of the Blueprint phase workgroups being established by the end of 2015.

1.3. Kerry LeVan (KL) provided an update on Energy UK's cooling-off and switching guarantee workgroups. The cooling-off group has now kicked off and will continue to meet, with an intention of publishing a final report in September. This report will then feed into the Blueprint workgroups. The switching guarantee work does not yet have a fixed timetable. Both groups are open to non-Energy UK members. Parties interested in attending or receiving meeting papers should contact Kerry LeVan (email: Kerry.LeVan@energy-uk.org.uk).

1.4. Mel Abraham (MA) presented a summary of the TOM consultation responses. In relation to Ofgem's proposal to add a section in the TOM to describing consumers' switching journey, one attendee asked that this included all metering types.

1.5. A query was raised on the timescales for the objections review. Ofgem said that it was considering information provided in response to its call for evidence. A request was made for an update on this objections work at the July COSEG.

Action: Ofgem

2. Review of the switching programme scope

2.1. For each area identified, Andrew Wallace (AW) reminded attendees of the original proposal in the February TOM, and requested COSEG's view on its inclusion within the scope of the switching programme.

Unmetered sites – included in scope

2.2. It was agreed that the switching of the MPANs associated with unmetered sites should be included in scope. The group suggested an amendment to the current arrangements to allow meter point administration number (MPANs) to be registered without a meter operator (MOP) (as there is no meter, MOPs are not required). Current registration systems require a MOP to be assigned to every MPAN. The group agreed that wider issues relating to unmetered sites – for example on portfolio management, should be excluded from scope.

¹ <https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/smarter-markets-programme/change-supplier>

Misdirected prepayment (PPM) payments – included in scope

2.3. The group agreed that mechanisms to support the allocation of misdirected payments for legacy PPM metering should be in scope. Legacy PPM meters were expected to be still in use after the switching reforms had been implemented. Currently, information is provided to PPMIPs through the electricity central online enquiry service (ECOES).

2.4. Some members noted that, for smart meters operating in PPM mode, customers could have credits on meters when they switch. It was suggested that these credits should be refunded to customers and that the issue had been discussed by Ofgem's Consumer Empowerment and Protection project. Some noted that more frequent and faster switching may increase the incidence on PPM credits needing to be refunded

2.5. Ofgem agreed to include the issue of smart PPM switching in its review of the customer journey at the next COSEG meeting.

Action: Ofgem

Radio teleswitch – excluded from scope

2.6. The group clarified that radio teleswitch meters would be replaced by smart meters, (which can be dynamically managed). Currently suppliers were able to identify whether they had a radio teleswitch meter via the Standard Settlement Configuration (SSC). It was expected that this would be sufficient and there would not be a requirement to separately flag radio teleswitch meters in the CRS.

Security Restriction Notices – further review required

2.7. Security Restriction Notices had only been issued in rare instances by distribution network operators (DNOs). COSEG noted that their incidence could increase as a result of more distributed generation and if time-of-use tariffs became more widespread.

2.8. The group agreed that if Security Restriction Notices were considered necessary, it made sense to record them on the CRS. Ofgem agreed to follow up on the DCUSA decision on change proposal DCP204 to understand their likely future role in the market.

Action: Ofgem

Directly connected sites – further review required

2.9. The group confirmed that there were low numbers of sites directly connected to the transmission network with several hundred in gas, and very few in electricity. The group thought that these sites would not switch next day. They recognised the merit in having one process for all meter types but noted that these sites might have unique requirements that would make it difficult to have a one size fits all approach. For example, it was noted that some gas directly connected sites (some connected to the transmission network and some connected to distribution networks) did not require a gas supply licence because of an exemption linked to their large consumption size, and this could be a more natural boundary to the CRS scope.

2.10. Ofgem agreed to undertake further work to understand how the switching process for directly connected sites works and review the merit in these arrangements being harmonised with the distribution network connected sites and included within the scope of the CRS requirements.

Action: Ofgem

Complex sites – further review required

2.11. Of the types of complex sites in the gas market, the group commented that primes and subs were being phased out during this RIIO price control period. It was likely that there would only be a handful of these remaining at the point that the CRS went live.

2.12. There are a number of unique sites (000s), where two suppliers/shippers sharing a single supply point. Their continued role in the gas market was being reviewed.

2.13. The group noted that there may be some complex sites could be managed outside of the CRS next-day switching process. Where that was the case, it was important for the CRS to hold a flag for those sites. The ability to flag non-standard arrangements in the CRS was thought to be a helpful principle that could be applied to range of other issues.

2.14. Ofgem and Northern Gas Networks agreed to consider the materiality of complex sites and review whether they should be managed within the CRS or separately.

Action: Ofgem & NGN

Licence exempt networks – included in scope

2.15. The group agreed that it would be appropriate to include switching on exempt electricity networks within scope. Further work was required to understand if the current arrangements - for the licenced DNO responsible for the connection to the exempt network to create the MPAN - should be maintained, or if this responsibility should be dealt with by the exempt network and the CRS.

2.16. Further work was required during the Blueprint workgroups to identify the nature of exempt gas networks although in principle it was agreed that the CRS should also manage this process.

Related MPANs – included in scope

2.17. The group agreed that related MPANs will continue to be an issue after smart meters had been rolled-out. There were additional complexities that made it more important for the related MPANs to remain with a single supplier, namely that only one supplier would have access control for the meter to manage the tariffs etc.

2.18. The group agreed that there would be benefits in the CRS describing which specific MPANs were related to each other so that they could not switch separately. This would avoid the current reliance on the old supplier objecting when only one of the related MPANs switched. Linking MPANs would require suppliers to populate this data.

Export metering – include in scope

2.19. It was agreed that the TOM should be amended to specifically include within scope the switching of export meters registered on the CRS. The programme would not consider any requirements to register export metering in the CRS.

Feed-in tariffs (FiTs) – further review required

2.20. AW reported that there were data protection issues associated with flagging the existence of a FiTs installation on the CRS. Ofgem agreed to further review the potential to include a FiTs flag on the CRS.

Action: Ofgem

2.21. Some participants wanted to explore the potential for the CRS to manage FiTs. Some participants thought that as many areas as possible should be included within the CRS to reduce the number of industry databases (and therefore opportunities for data corruption). AW said that incorporating the FiTs arrangements within the CRS was out of scope for the programme but that these issues could be reviewed again once the CRS was up and running. AW said that Ofgem wanted to ensure that the CRS design was flexible to cope with future requirements.

Renewable Heat Incentive (RHI) – excluded from scope

2.22. The group agreed that there was no identified benefit in flagging sites linked to the RHI in the CRS. Ofgem confirmed that scope of the programme excluded incorporating the administration of the RHI within the CRS.

Rota Load Disconnection – included in scope

2.23. The group agreed that holding Rota Load Disconnection data on the CRS would be useful.

Additional suggested areas of scope

2.24. The following additional areas of scope were discussed at the meeting:

- Lock in periods – AW confirmed that this will be examined from a technical and competition perspective in the Blueprint workgroups. A reference will be added to the TOM.
- Concurrent switching and capacity increases – Large gas customers may require an increase in capacity at the same time as a switch. GTs have a target response time of 12 days for this. It was agreed that the Blueprint workgroups would need to understand the interactions between these two processes.
- Reporting and data access – The group queried how a supplier knows they had lost a customer, and how would they know when the customer was switched back in the cooling-off period. Ofgem agreed to review the TOM and ensure that it included requirements on the CRS to provide parties with all of the information required to facilitate a fast and reliable switch.
- Green Deal – Ofgem agreed that the CRS would maintain the current arrangements. This had been set out in the TOM, so no further discussion was required on whether to include this in scope.

2.25. The following areas were identified for discussion on scope at COSEG 10:

- Priority Services Register (PSR)
- ECO flag – The group felt it would be helpful for suppliers to target consumers more accurately, and to prevent fraud

3. Requests for clarification – roles and responsibilities

3.1. There had been a number of requests for clarification on roles and responsibilities of industry parties in the TOM responses. AW reviewed slides explaining the role of the CRS in balancing, settlement and metering, and the relationship with the various gas and electricity parties. The group discussion is summarised below.

Data & responsibilities

3.2. Clarification was requested on whether the gas transporters (GTs) and DNOs would continue to manage their own databases alongside the CRS. Ofgem said that this was a design decision for networks to take. Previous discussions with networks had suggested that there were two models. One whereby networks maintained a database that feed data into their other systems and the other where they took a direct feed from the CRS.

3.3. Some members questioned who would be responsible for updating settlement data and alignment between Xoserve and CRS. Ofgem said that this would be assessed in the Blueprint phase and each data item would be examined to understand roles and requirements. Ofgem noted its view that the CRS should be seen as the master version of registration (including settlement) data.

3.4. Some members said that there would be benefits in having a common approach on holding meter technical details (MTDs), were this centrally by the CRS or by agents. Ofgem noted that it had not proposed fundamental reform to the current metering arrangements as this was not thought to be needed to achieve reliable next-day switching. However, it was open to discussions on the role of the CRS holding data that could simplify and improve the switching process. Some COSEG members noted that MOPs currently have to update ECOES with the MTD in electricity, so it would be relatively simple for them to update the CRS instead.

Shipper requirements

3.5. Some parties were concerned about the consequences for shippers of a gas supplier-led switching arrangement (for both the supplier and shipper at a supply point). In particular, there was concern that shipper liabilities and its interactions with the GT (through the GT's agent) had not been fully considered.

3.6. AW noted a proposed amendment the TOM to allow shippers to perform the registration functions as the agent of the supplier.

3.7. The group agreed that a review was sensible on the impact of supplier-led registration process on the role of the shipper and its requirements under the UNC. Parties felt that the impact on shippers should be fully captured within Ofgem's impact assessment during the Blueprint phase.

3.8. Some members were concerned about shippers' exposure to balancing costs. Under the proposed new arrangements, a shipper could lose supply points very quickly and would need to balance its position in a short timescale. Ofgem said that it would be incorporating this within its impact assessment.

3.9. AW confirmed that there was no intention to amend the FGO reforms as part of the switching programme.

Electricity

3.10. The group were happy with Ofgem's clarifications that the meter agent requirements would continue to be set out in the BSC and were not expected to require fundamental reform to deliver next-day switching although efficiencies and improvements would be sought.

4. Conclusions and next steps

4.1. AB wrapped up the meeting and thanked parties for their attendance. The next COSEG meeting will be at 10:30 on Thursday 16th July, at Ofgem's offices. The provisional agenda is:

- Review of additional scope areas (PSR and ECO flag)
- Review of the consumer journey
- DCC transitional funding and licence requirements
- Ways of working for the Blueprint phase

Appendix 1 – Attendees

British Gas	Alun Rees
Citizens Advice	Daniel Walker-Nolan
CMAP	Stuart Haughton
Co-operative Energy	Steve Rowe
Cornwall Energy	Adam Boorman
DCC	Jonathon Bennett
DECC	Patrick Whitehead
DECC	Richard Haigh
Ecotricity	Ryan Wilkins
EDF	Paul Saker
Elxon	Jon Spence
Energy UK	Kerry LeVan (KL)
EOn	Alex Travell
First Utility	David Neale
Haven Power	June Mallett
ICOSS	Gareth Evans
MRASCO	Glenn Sheern
Northern Gas Networks	Joanna Ferguson
Northern Power Grid	Gary Marshall
NPower	Andy Baugh
Ovo	Guy Newey
Scottish Power	Rhona Peat
SEC Panel	Jill Ashby
SSE	Patricia Hall
Utilita	Alison Russell
Utility Warehouse	Carly Lenihan
WW Utilities	Richard Pomroy
Xoserve	Nick Salter

Ofgem: Andrew Wallace (AW), Angelita Bradney (AB), Jo Thrower, Mel Abraham, Nigel Nash