

# Moving to reliable next-day switching: Consultation on a Target Operating Model

## Introduction

Thank you for this opportunity to respond to your consultation on a Target Operating Model (TOM) for next-day switching.

DCC welcomes Ofgem's conclusions on the introduction of a centralised registration service (CRS) which will enable fast, reliable and cost effective switching. We are fully supportive of the ambition to "radically overhaul and re-engineer switching arrangements". We also recognise the benefits this will facilitate for the consumer and the efficient, competitive operation of the retail market.

At this early stage, DCC's principal concern has been that a robust, programmatic approach to the delivery of the next-day switching environment is applied which takes into account lessons learned from other cross-industry programmes including the Smart Metering Implementation Programme (SMIP). We regard this as essential for Ofgem to secure achievement of the programme's objectives.

We therefore support the publication of the TOM and Ofgem's intent that it is used "as a guide and reference document through the lifetime of the Programme". To meet Ofgem's ambitions for next-day switching, the TOM must be the guiding framework for what the programme is trying to achieve, and the requirements that participants must deliver against.

Our response to the consultation questions are outlined below. We'd be happy to provide more detailed feedback in advance of the industry expert groups.

## Q1. Do you agree with the requirements set out in the TOM?

DCC broadly agrees with the requirements set out in the TOM. We believe they provide sufficient clarity for the initiation of the programme and welcome the intention that the TOM is refined, updated and consulted upon at key junctures of the programme.

We support the inclusion of the delivery approach for the CRS and switching arrangements within the TOM. Service requirements should be developed in parallel with implementation requirements from the outset. This approach will help reduce the risk of objective/scope dilution later on in the programme.

Our chief concern with the TOM is that it should be developed and maintained as an unambiguous articulation of strategic intent and high-level requirements. The current draft contains instances where specific solutions are referenced. For example, in delivering the CRS, DCC may procure services from more than one service provider to meet the requirements set out in the TOM. The TOM currently assumes a single CRS provider.

Without this clear distinction, the programme risks:

- Reducing the scope for flexibility and innovation in the generation of options during the Blueprint Phase
- Creating assumptions about what the solution needs to be which are taken as self-evident and are not fully tested
- Limiting room for manoeuvre during the programme when trade-offs between time, cost and quality are required.

We consider that this distinction should be clearly established and maintained by the Ofgem Design Authority. This will ensure that the evolution of the blueprint, detailed design and delivery of procured solutions can be traced back to the TOM.

**Q2. Is our description of the requirements sufficiently comprehensive to progress the design of our reforms during the next phase of the programme?**

DCC agrees that the description of requirements is sufficiently comprehensive for Ofgem and industry to progress the design of its reforms during the next phase of the programme, notwithstanding our response to Q1 above.

**Q3. Are there any additional requirements that should be captured in the TOM?**

DCC considers that the key absence within the TOM is an articulation of design principles<sup>1</sup> for the development of requirements and the formulation and evaluation of options. Both the consultation response and the TOM place a significant emphasis on “harmonising” and “simplifying” industry processes to deliver a service that will provide “a better outcome for consumers”. In this vein, we recommend that the TOM includes an explicit statement of design principles which will:

- Underpin requirement and option development
- Serve as evaluation criteria for the refinement and selection of options
- Shape the ethos and mind-set for the next-day switching programme.

We believe Ofgem should develop these principles through the industry expert groups which will provide feedback on the TOM.

**Concluding Remarks**

DCC considers it essential that it is able to mobilise resources to support the next-day switching programme separately from its core smart metering programme. This will ensure there is no loss of focus on the achievement of DCC Live and the delivery of a service that will support the sustainable rollout of smart meters.

DCC therefore welcomes Ofgem’s proposal to make changes to the Smart Meter Communication Licence to establish our role in delivering the CRS and to enable us to secure funding to fully engage with the programme across the implementation phases.

We look forward to working closely with Ofgem and industry on this critical programme of work over the coming years.

---

<sup>1</sup> The Government Digital Service design principles are a pertinent example - <https://www.gov.uk/design-principles>