

Change of Supplier Expert Group (COSEG): Meeting 10

Minutes of the tenth meeting of COSEG	From	Ofgem
	Date and time of Meeting	16 July 2015 10:30-15:00
	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 recent support shown for fasting switching by the CMA in its provisional remedies and the Budget. On the 2018 timetable in the Budget AB noted that this was framed as an ambition. At the end of the Blueprint phase, when the design and delivery strategy have been worked through in more detail, Ofgem would consult further on the programme timetable and implementation date.

2. Minutes and actions

2.1. The minutes from COSEG 9 were agreed with one amendment on directly connected sites.

2.2. AB provided updates on the actions from the previous meeting. She stated that the objections review was ongoing, no decision had yet been made and a further call for evidence may be made.

2.3. AB confirmed that smart PPM was covered in the consumer journey to be reviewed at this meeting. AB confirmed that DCP204 hadn't been rejected and Ofgem is continuing to assess if Security Restriction Notices should be included in programme scope.

2.4. AB confirmed a meeting with NGN had taken place and a view on including arrangements switching directly connected, unique and complex sites was being developed.

2.5. AB confirmed that the programme would not include a FiTs flag on the CRS, unless a compelling case was made. This was because of the data protection issues. She invited COSEG members to provide any further views to Ofgem on why it should be included.

2.6. Alex Travell (AT) asked whether FiTs and export metering was being covered in Ofgem's flexibility work².

3. Additional Scope items

3.1. Mel Abraham (MA) ran through the proposals for additional area to include in programme which had been suggested at COSEG 9.

Priority Services Register – included in scope

3.2. COSEG agreed there were significant benefits from holding PSR data centrally. Citizen's Advice research shows that many people drop off PSR registers when they switch

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

² Ofgem's flexibility announcement (summer 2015) will confirm the scope of work.

suppliers. There was concern around keeping the data up to date e.g. the CRS is associated with meter points and many switches take place because of a change of tenancy, when the PRS flag will need to be removed. COSEG did not consider that suppliers should have access to this information before submitting their registration request.

3.3. It was agreed that the PSR should be included in the scope of the programme. The programme would incorporate the outcome of Ofgem's current PSR review rather than developing this policy. Some COSEG members noted that delays to the timing of policy decisions which feed into the CRS design could have an impact on the switching programme. Ofgem agreed to give further thought to the management of related policy development and how any changes to the baseline will be governed.

Energy Company Obligation (ECO) – excluded from scope

3.4. The group did not identify any benefits in flagging sites which had previously received an ECO installation. They pointed out that DECC has an energy efficiency database where this information may be available to suppliers if they require it.

4. The consumer journey

4.1. Jeremy Adams-Strump (JAS) presented a series of diagrams each depicting a different consumer journey through the switching process following implementation of the switching programme reforms (see slides 11-16). He clarified that these diagrams represented the typical customer experience of their switch rather than identifying the problems which could occur at each stage. The design principles for the consumer journey were: the process should be simple, customers should receive targeted communication, customers should be reassured, and the process should be similar as possible for different meter types.

Standard Credit Smart Meter

4.2. One person asked if a new supplier would be able to access consumption data remotely before the switch. Ofgem clarified that this could be done with the customer's permission. The potential supplier would be acting under the Third Party Access category. The data privacy framework is defined in licences and the SEC. Ofgem pointed out this was a general smart switching issue, rather than just an issue for next-day switching. Some members questioned whether this data access would be achievable in practice given the current trials of data speed. Ofgem said this would need to be reviewed as the capabilities of the DCC went live but that half hourly data may not be needed to provide an accurate quote to the customer.

4.3. One member questioned whether there would be a limit on how far in advance customers could sign up. Under current registration systems the limit was around 30 days. Ofgem said this would be something for the business process design working group (one of the working groups to be set up later in the year) to decide.

4.4. One member noted that for large customers the results of credit checks were required before deciding which tariffs to offer to them. Therefore these processes might not always be in the order suggested by Ofgem's diagrams.

4.5. The group noted that as soon as possible after midnight for electricity and 5am for gas the new supplier's tariff details should be displayed on the consumer's in-home display. This was important confirmation for a consumer that they had switched and should therefore be added to Ofgem's diagrams.

4.6. On final bills, the group had a lengthy discussions on the pros and cons of issuing this straight away (ie within two days of the switch), or after the end of the cooling off period. Issuing it straight away would close off the relationship between the consumer and the old supplier quicker. Not only would this allow for a swifter process it would also mean the consumer would have longer between their closing bill and opening bill potentially allowing them to financially plan more effectively. However for consumers that decide to cool off and return to this supply it would mean cancelling the final bill which could be complicated and confusing for consumers. Most considered it was important that the old and new suppliers didn't issue bills within the same month, causing budgeting issues. Suppliers suggested they would issue the bills as soon as possible, and that mandating a specific timeframe may not be necessary. Several people also suggested that following the 'targeted communication' principle, the accuracy of the bill was the important thing, and the correct charging of termination fees was only achievable after 14 days.

4.7. These issues will need to be worked out in the Energy UK cooling off workgroup, which will need to decide how a consumer's account and contract is held open when they switch. One member questioned how often consumers actually cancel their contract, and that a system which benefits the majority should be used.

4.8. It was confirmed that while you were being supplied by a new supplier, that supplier could charge the customer for the energy consumed, even if the customer subsequently cancelled the contract.

4.9. JAS made the group aware that the cooling off period would be amended in the slides to show the cooling off period starting from D-0, the day the contract is entered into, to D+13.

4.10. One person questioned if "lock-out" periods should be designed in at this stage. Ofgem confirmed that this would be considered later in the Blueprint phase.

Prepayment smart meters

4.11. It was considered that the method for returning credit needs to be more flexible than just a cheque – this should be a consumer choice as some customers did not have bank accounts and others would prefer a direct credit to their bank account. The group debated whether to return credit before the end of the cooling off period.

4.12. JAS agreed to amend the PPM slides to include the Debt Assignment Protocol (DAP). One member noted that Ofgem's current objections review had requested views on extending the DAP to credit customers, but COSEG agreed that for now the switching processes needed to be designed during the Blueprint phase based on known policy i.e. DAP for PPM.

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Traditional credit meters

4.13. The group considered whether there would be scope to improve on the current CoS meter read, to allow the quicker issue of a final bill. It was pointed out that the new supplier would be able to ask for a meter read while signing up a customer if they were switching next day, as this would fit into the +/- 5 day window for CoS meter reads.

4.14. One member questioned whether a consumer would be able to switch next day if they didn't provide a meter read on sign up. Ofgem confirmed that they would, and an estimated meter read would be used, as currently works. AW noted that further thought

was required on whether the process for estimating meter reads needed to be amended to meet the aim of sending a final bill to customers quickly after a switch.

4.15. One member questioned what would happen if the meter read was disputed by the previous supplier. Ofgem said that the disputed reads process will have to be agreed at the BPDWG.

Traditional prepayment (PPM)

4.16. JAS noted that traditional PPM customers would need a new key when they switched. Ofgem had therefore assumed a minimum four-day switch for these customers to allow the key to be sent. Daniel Walker-Nolan (DWN) said that Citizens Advice were very concerned about the lack of ambition for traditional PPM, and questioned whether they should have to contribute to the cost of the reforms if they received so little benefit. He asked that Ofgem give further thought to alternative ways that traditional PPM customers could benefit from next-day switching for example if there were ways of issuing immediate top-ups using bar code scanning technology, which wouldn't require waiting for a new key.

4.17. Some other members questioned how many traditional PPMs would be left in 2018/9, as removing them is also a supplier focus as the infrastructure is expensive to maintain. DWN noted that there may be a number of people who refuse a smart meter and it was right to look to improve the switching process for these customers.

4.18. Some people questioned whether the old supplier's key card could be reprogrammed to send the top-ups to the new supplier. Messages can be sent to a customer's usual top up outlets, but it's not very efficient. COSEG felt there are ways to speed up the process, but these would introduce additional risks, which could expose vulnerable consumers to harm.

4.19. Ofgem and Utilita agreed to review the PPM switching journey, for both smart and traditional, to see what can be done to improve switching times.

Action: Ofgem

AMR meters

4.20. COSEG agreed that because these are non-domestic meters, cooling off periods are generally not applicable, and expect very few to be switching next day as they will be more dependent on commercial arrangements for switch timings.

4.21. A few members questioned whether there are prepayment AMR meters. It was suggested that there are, but as they are not smart compliant, we would expect to see them disappear in the next few years. JAS confirmed that these cases assumed that non-SMETs advanced PPM had been phased out. Ofgem will research whether AMR PPM requires a separate consumer journey and will update accordingly.

Action: Ofgem

4.22. COSEG agreed that the timing of final bills for large consumers is agreed on a contractual basis and there was no need for Ofgem to stipulate a specific time to receive a final bill.

Assumptions

4.23. Several members asked what the assumptions were for these cases. JAS confirmed that we assume that all smart meters are enrolled in the DCC. JAS agreed to add a list of assumptions to the consumer journey.

Action: OfgemMarketing route

4.24. COSEG confirmed that the sales route might affect the switching speed, depending on the length of time the information took to reach the new supplier's system, and if any further information then needed to be requested.

4.25. COSEG considered collective switching. Usually the customer expressed their interest in the potential collective switch, and then would be given terms and conditions (T&Cs) to agree to once the new supplier had been found. These customers were therefore unlikely to experience a next-day switch from when they expressed their interest in the collective switch but the switch could take place on an agreed date, which could be the day after the T&Cs had been agreed.

4.26. COSEG considered face-to-face switching and the fact that a supplier may follow up with a phone call to check the customer is satisfied with the behaviour of the seller, and the T&Cs. COSEG agreed that this could happen after a switch and therefore did not need to slow down the switching process.

4.27. COSEG also felt that it was important to consider the "nudges" to switching, to better understand where switching demand came from, as this forms part of the consumer experience of switching. They proposed that a smart meter could inform a customer that their tariff is coming to an end, without them needing to be contacted by their supplier, which could be an improvement to the consumer experience.

4.28. One member questioned how the switching guarantee would apply to the various types of meter and sign up type. Ofgem said the switching guarantee would have to be revised in light of next-day switching.

4.29. JAS asked for any examples of the presentation of consumer journeys, as Ofgem are considering how this could best be presented in the TOM.

Action: COSEG members**5. DCC licence mods and funding**

5.1. Andrew Wallace (AW) introduced the background to the DCC licence amendments that will be required for DCC's work to support the design of the new switching arrangements and to procure the CRS.

5.2. One member said that the SEC Panel (through SECAS) rather than DCC should draft the SEC legal text.

5.3. Tricia Quinn (TQ) introduced the background to the DCC price controls and the areas that would require amendments to allow the DCC to support the development of the new switching arrangements and procure the CRS.

5.4. COSEG felt that the biggest issue is the level and profile of DCC charging. COSEG asked if there would be a cost presented in the consultation. Ofgem confirmed that the scale of the costs would be made available. As the exact scope is not yet agreed, this would be an estimated cost and subject to revision. Once the scope is agreed, DCC will be required to put specific costs against specific items, and any cost changes would need to be justified.

5.5. Ofgem confirmed that costs would be apportioned using the existing charging methodology as anything else would not be proportionate for the transition period. This would be reviewed for the enduring regime. COSEG was concerned that this would lead to cross subsidies during the transition period, but understood that changes for the transition period would not necessarily be cost-effective.

5.6. COSEG asked what the split between transition and enduring costs are. AW is to look into this.

Action: Ofgem

6. Ways of working

6.1. AW introduced the ways of working slides and highlighted that the Senior Stakeholder Group would also look at ways of working in the context of securing the project sufficient resource.

Characteristics

6.2. AW asked the group for their ideas on what the characteristics that should be embedded in the Switching Programme were. The ideas were broadly in line with Ofgem's suggestions and led to an updated version of the characteristics:

- Continued focus on consumers throughout programme;
- Clear vision of the end state;
- A transparent plan for how we will get there, including a clear scope, phases, stage gates, products and change management arrangements;
- Clearly defined roles and responsibilities;
- Clear accountability for decision making that includes a dynamic assessment of costs and impacts, including where costs fall on parties other than the decision-maker, and wider market dependencies;
- Transparency in decision making and on how the programme is progressing;
- Opportunities for stakeholders to shape the design and programme access to specialist input;
- Tailored mechanisms for all stakeholders to contribute and be informed;
- Project memory that allows decisions to be taken once.

Governance

6.3. COSEG asked about the transparency of decision making at the Design Authority (DA). Ofgem clarified that the DA role is to ensure the outputs between the groups are consistent, and that they are consistent with the output of other initiatives (e.g. the objections review) and in line with the scope agreed in the TOM. The DA was expected to confirm if recommendations that had been passed up via external design advisory group (EDAG) has been accepted, setting out reason and to send back issues to EDAG when it did not agree, rather than develop policy itself. COSEG were keen to have a clear decision maker.

6.4. One member questioned how this fitted in with the Programme Board. Ofgem stated that the Programme Board has delegated authority from GEMA to make decisions on the programme. Ofgem agreed to distribute a hierarchy chart with the minutes along with a graphic showing how decisions are made.

Action: Ofgem

6.5. One member asked whether the work groups would have the authority to make any decisions. Ofgem confirmed that they made recommendations.

6.6. Ofgem clarified that the Ofgem workgroup leads would be responsible for project management of the work groups.

Workgroup membership

6.7. AW led the group through options on how the workgroups could be constituted. COSEG were concerned that the Design Team role was a heavy commitment and did not think that many organisations in industry would be able to contribute at this level. It was asked if this could be managed through representation of a range of stakeholders by an individual. There was also a suggestion that groups could use independent consultants to represent their collective interests, and this should be borne in mind when asking for expressions of interest.

6.8. COSEG suggested that Ofgem may struggle to find sufficient engagement given the resources it requires. There was a suggestion that 'lack of interaction' should be added to the risk log. Therefore it was suggested that a blend of options 2 (Expressions of interest managed by Ofgem who seek to ensure a balance of experience and skills in line with ToR and role descriptions) and option 3 (Ofgem invitation to attend groups) so that everyone is given their chance to volunteer but Ofgem pro-actively approaches people it thinks could contribute.

6.9. It was asked if a single person could sit on multiple User Groups. Ofgem said this would be fine if they had the necessary expertise and capacity. COSEG felt there should be gas and electricity expertise in the BPDWG, so wanted to ensure input from Xoserve, MRA and SPAA.

Workgroup structure

6.10. COSEG questioned whether Ofgem could determine how often the User Groups needed to meet at this stage. It was felt that this could only be determined between the Design Team and User Group, once a list of deliverables had been drawn up. Therefore the User Group will need to be involved to determine how much input they would need to make for the rest of the workstream. The group said that project initiation was likely to be the most resource intensive time.

6.11. COSEG were concerned about whether the scale of work for the BPDWG was feasible to conclude within a year. They felt getting a clear understanding of the required work should be the first thing for the group to discuss.

6.12. COSEG questioned how the User Groups would ensure they have access to expertise for very specific issues, when that user may not be required to give any input to the rest of the design. They thought for the BPDWG it could be worth having multiple User Groups (DNO/GT/domestic/non domestic suppliers) to ensure engagement on the issues which were most relevant to them. It was felt that if a plan could be produced, then stakeholders would be able to make themselves available where they could contribute most to the programme.

6.13. One suggestion was that the User Group could be chaired by an industry member (maybe rotated), rather than the workgroup lead (Ofgem) as this would encourage better commitment from users. COSEG also felt it was important to have consistent attendance in the group so that once an idea has been discussed, the group can move on, rather than going over the same ideas many times. It would be important that decisions are clearly documented and therefore a good project memory.

Communications and information access

6.14. The group noted the need for transparency around accessibility of information, to ensure some tendering organisations did not have access to information that others did not.

6.15. COSEG requested a regular report which would tell the wider stakeholder group if the programme was on track, and highlight any key decisions made that month. The group felt it was important to ensure the EDAG User Group shaped the reports, to ensure that they were relevant to stakeholders. This would form part of a communication strategy for those not part of the workstreams. COSEG also requested a calendar which would give an overview of the upcoming activities and meetings, as well as access to an overall RAG assessment of the programme risks and issues and delivery confidence.

6.16. AW asked that anyone who has good examples of communication strategies to send this to Ofgem.

Action: COSEG members

7. AOB

7.1. AB stated that Ofgem would be asking for expressions of interest for the workstreams later this year and would provide more detail of the levels of involvement required. Stakeholders were invited to provide early expressions of interest.

7.2. Jon Spence (JS) invited industry parties to attend the Elexon Data Quality group on Wednesday 22 July, and to provide any input of specific consultation questions. AB invited parties to respond to the consultation when it is issued.

7.3. Ofgem confirmed that COSEG would now be replaced by EDAG. Dates for EDAG are not yet fixed, but this would be towards the end of the year.

Appendix 1 – Attendees

British Gas	Tabish Khan
Citizens Advice	Daniel Walker-Nolan (DWN)
Macquarie (representing CMAP)	Stephen Hughes
DCC	Jonathon Bennett
DECC	Patrick Whitehead
DECC	Nicholas Taylor (am only)
EDF	Paul Saker
Electralink	Paul Pettitt
Elexon	Jon Spence
Energy UK	Kerry Levan
EOn	Alex Travell
First Utility	Jeremy Guard
Gemserv/SEC Panel/MRA	Jill Ashby
Haven Power	June Mallett
Northern Power Grid	Gary Marshall
NPower	Andy Baugh
Ovo	Andy Cook
Scottish Power	Haren Thillainathan
SSE	Martyn Edwards
Utilita	Alison Russell
Utility Warehouse	Carly Lenihan
Xoserve	Steve Nunnington
Ofgem	Andrew Wallace (AW)
Ofgem	Angelita Bradney (AB)
Ofgem	Jeremy Adams-Strump (JAS) – section 3
Ofgem	Jo Thrower
Ofgem	Mel Abraham (MA)
Ofgem	Nigel Nash
Ofgem	Tricia Quinn (TQ) – section 4

Apologies

Gareth Evans – ICOSS
 Ryan Wilkins – Ecotricity
 Steve Rowe – Co-op
 Adam Boorman – Cornwall Energy
 Mark Askew – ENA
 Joanna Ferguson - Northern Gas Networks
 Richard Haig – DECC
 Kay Haughton – C MAP
 Richard Pomroy – WWUtilities