



Making a positive difference
for energy consumers

Electricity and gas supply licence holders, gas shipper licence holders, electricity and gas distribution licence holders, code panels, industry bodies, metering agents, consumers and their representatives, and other interested parties

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Date: 17 November 2015

Dear Colleague,

Moving to reliable and faster switching: Switching Significant Code Review launch statement and request for expressions of interest to participate in Programme workgroups

Overview

This letter launches the Switching Significant Code Review (SCR). It also invites expressions of interest from industry parties to contribute to the Switching Programme as part of dedicated workgroups and/or our External Design Advisory Group.¹

The objective of the Switching Programme, and this Switching SCR, is to improve customers' experience of switching, leading to greater engagement in the retail energy market by designing and implementing a new switching process that is reliable, fast and cost-effective. In turn this will build consumer confidence and facilitate competition, delivering better outcomes for consumers.

Ofgem is establishing a central team to lead the Switching Programme, but suppliers, networks and the Data and Communications Company (DCC) will all have to establish their own change programmes to update their own systems. This will allow them to interface with the new industry arrangements and systems being developed by the Ofgem-led Switching Programme.

Alongside this document, we have published an updated version of the Target Operating Model (TOM)², which takes into account responses to our February 2015 consultation.³ This sets out further details about the new arrangements being developed.

The need for change

For competition to work effectively, it is vital that consumers can easily, and with confidence, change their energy supplier. However, consumers perceive switching energy supplier as hassle and the fear of something going wrong during the process is off-putting for many consumers.⁴ Since the full removal of retail price controls in 2002, 30% of

¹ More detail on these groups is in Appendices B and C.

² <https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-and-fast-switching-updated-target-operating-model-and-delivery-approach>

³ <https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-next-day-switching-consultation-target-operating-model-and-delivery-approach>

⁴ The proportion of all domestic customers (ie. including both those who have and haven't switched) who agree that switching is a hassle was 48% in 2015, while 38% of customers agreed that they worry that if they switch,

electricity meter points and 18% of gas meter points have never been switched to a new supplier.⁵

The current gas and electricity switching arrangements – through which a consumer changes energy supplier – depend on processes developed for the late 1990s. The arrangements are inefficient and result in unreliable outcomes for industry and consumers. They do not support our vision⁶ for smarter energy markets that are more efficient, dynamic and competitive. Even when the process works according to plan, it is slow when compared to other sectors (eg telecoms and banking) as well as some other international markets and there is often little information available for the consumer during the process.⁷ These factors can stop consumers from engaging in the retail market, and can create barriers to effective competition and innovation.

A reliable and fast switching process can reduce real or perceived switching costs and increase consumer engagement. This can directly benefit those consumers who become active in the market, and further improve outcomes for those who are already “energy shoppers”. More engaged consumers can strengthen competition among suppliers and lead to innovation, better service and pressure on prices. We expect suppliers to respond by working harder to attract new consumers. The increased threat of losing market share will also encourage suppliers to offer good service, innovative products and competitive prices to their existing customers.

Which reforms will best benefit consumers?

In June 2014, we consulted on how to achieve our objective of reliable, fast and cost-effective switching that will facilitate competition and build consumer confidence⁸, and in February 2015 we published our decision.⁹ We said that we would deliver reliable, next-day switching for consumers on a new centralised registration service (CRS).¹⁰ We also said that the CRS would be procured by the DCC.¹¹

Our primary objective for these reforms is to create new reliable and fast switching arrangements. Our ambition is for consumers to be able to switch the next day. The detailed design of the new arrangements is still uncertain. From a consumer’s perspective, next-day switching could include a range of timescales, from agreeing to switch and being with the chosen supplier at the beginning, to the end, of the next day.¹² During the Blueprint Phase, we will assess which approach would provide the best overall outcome for consumers, including opportunities to move to next-day switching in stages, once the new centralised systems are put in place.

something will go wrong. Retail Energy Markets in 2015 report, Ofgem, September 2015. See page 29, paragraph 3.39: https://www.ofgem.gov.uk/sites/default/files/docs/2015/09/retail_energy_markets_in_2015_report_0.pdf

⁵ Retail Energy Markets in 2015 report, Ofgem, September 2015. See Page 46, paragraph 5,13:

https://www.ofgem.gov.uk/sites/default/files/docs/2015/09/retail_energy_markets_in_2015_report_0.pdf

⁶ Our vision is here <https://www.ofgem.gov.uk/publications-and-updates/infographic-guide-what-does-smarter-energy-market-look>

⁷ Switching supplier is much quicker in other international energy markets where it can happen the next day in Norway, Greece, Victoria (Australia) and Ireland.

⁸ https://www.ofgem.gov.uk/sites/default/files/docs/2014/06/fast_and_reliable_switching_con_docfinal_0.pdf

⁹ <https://www.ofgem.gov.uk/publications-and-updates/decision-moving-reliable-next-day-switching>

¹⁰ The registration service will hold a record of each supply point. It will process the switching request and informs the old supplier. It will also perform a number of other roles to support the functioning of the gas and electricity markets.

¹¹ The DCC is a central communications body appointed to organise the communications, data transfer and management required to support smart meters.

¹² In our February 2015 decision document we said that we would examine “next-day” and “two-day” switching. We think that from a consumer’s perspective both of these options are covered by the idea of next-day switching.

The SCR launch

In our February decision document we said that we would use our SCR powers to deliver the Switching Programme. An SCR is currently the best available tool for Ofgem to successfully manage the complex changes needed to multiple industry codes and licence conditions.¹³ We recognise the risks that respondents raised about ambitious timelines in the face of competing priorities, and the importance of ensuring all stakeholders (including independent suppliers) can add their input. We have taken this into account in designing the work programme. Below, we show how we have developed our SCR timeline to mitigate these risks, and Appendix B has more detail on our resourcing and engagement strategy.

Scope of the SCR

The SCR scope is the arrangements required to deliver reliable next-day switching for consumers on a new CRS which is procured by the DCC.

In developing our scope, we carefully considered respondents' views on our June 2014 consultation.¹⁴ We have now refined our scope to incorporate responses to our TOM consultation, and the output of industry discussions at the Change of Supplier Expert Group (COSEG).¹⁵

We will consider all parts of the switching process from the point when a consumer enters into a contract with a new supplier¹⁶, until they have received a closing bill from their old supplier and an opening bill from their new supplier or have exercised any right to cool-off, cancel the contract and return to the previous supplier.

The scope includes:

- Changes to the regulatory framework to facilitate a new CRS, covering all supply points connected to gas and electricity distribution networks, and decommissioning the existing registration services run by electricity and gas networks. This will include DCC price control and CRS charging arrangements.
- Reviewing any remaining network licence obligations linked to registration, including requirements to supply data or to provide enquiry services.
- Developing the requirements for a CRS that will provide registration services for the gas and electricity market and the data to support market functions, including energy settlement and network charging.
- Facilitating reforms to the switching process for all domestic and non-domestic gas and electricity consumers (with the exception of those consumer types detailed below) to deliver reliable next-day switching.
- Harmonising the switching arrangements between the gas and electricity markets, where possible, taking into account differences in market requirements.
- Defining and identifying how to execute a transition and implementation scheme for the CRS and new switching arrangements.
- Implementing the new CRS arrangements with all relevant industry parties who will operate in the new environment.

¹³ The SCR process gives us powers to direct a licensee to raise code changes. We are also exploring, with government, the possibility of new legislation to strengthen our ability to deliver the reforms. More detail is given later in this document.

¹⁴ There is more detail about how specific respondent views have informed this in our February decision document.

¹⁵ COSEG was established in 2013 to progress switching developments with industry and relevant stakeholders. It met twice (COSEG 9 and COSEG 10) over the summer to review programme scope. Minutes of meetings can be found here: <https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/smarter-markets-programme/change-supplier>

¹⁶ This includes access to supply point data, by consumers and market participants, which can facilitate entering into a contract and the reliability, timeliness and efficiency of the switching process.

The scope excludes:

- The initial consumer acquisition activities, eg marketing, before the point when a consumer enters into a contract.
- Defining new rules or requirements for how suppliers bill their consumers. But it should ensure that the new arrangements support suppliers in meeting their requirements for timely and accurate billing.
- Security keys are designed and built into smart meters as part of the smart metering installation and roll-out. Transitional arrangements reliant on the DCC exist to support changing the keys to the new supplier during the main installation stage. For the long term however, an enduring change of supplier process which places reliance on energy suppliers is being considered by the Smart Metering Implementation Programme led by the Department of Energy and Climate Change. The CRS will support the new arrangements when they are implemented.
- The switching arrangements for consumers that are directly connected to the national electricity and gas transmission networks. These operate bespoke switching arrangements, and we are focusing on the arrangements for the majority of consumers.
- Ofgem's review of objections. This work is being progressed as a separate project. As described in Ofgem's 2015-16 Forward Work Plan, we are reviewing the objections process. This will include whether to improve current arrangements so that consumers in debt can get the best deal more easily, while ensuring suppliers are able to take appropriate steps to have debt repaid. The outcome of this work is important to the switching process and will feed into process design in the Blueprint Phase of the Switching Programme.
- Ofgem's Priority Services Register review. This work is being progressed as a separate project. But we expect to incorporate the outcome of that review into the requirements of the CRS, noting that they may be implemented before the CRS goes live.
- Industry code consolidation. The Switching Programme will remove major parts of existing codes, and incorporate new switching rules into the SEC. This could be an opportunity to rationalise some of the industry codes, where significant aspects of particular codes would, going forward, be covered within SEC. This work would be undertaken as a separate project.
- Centralising Data Processing (DP) and Data Aggregation (DA).¹⁷
- Consumer awareness campaign. The scope of the Switching Programme includes delivering a consumer awareness campaign and we will explore how and who will undertake this activity during the Blueprint Phase. However, we do not expect this to be delivered through changes to industry code obligations. We have therefore not included it within the scope of the SCR.

The TOM describes the scope of the Switching Programme in more detail.

We will refine the scope of the SCR, where we deem it appropriate to do so, in a manner best calculated to further our principal objective and general duties. This could be to ensure our SCR remains in line with developments in domestic and European legislation, industry developments, progress in our thinking, and engagement with stakeholders. Before doing so, we expect to undertake appropriate consultation with stakeholders.

¹⁷ As part of our work with COSEG, we concluded that centralisation of DP and DA would not be required to improve the speed and reliability of the switching process, so this will not be included in the scope of the Switching Programme.

It is anticipated that the SCR Direction will cover the following industry codes and agreements:

Electricity¹⁸

- Master Registration Agreement (MRA)
- Balancing and Settlement Code (BSC)
- Distribution Connection and Use of System Agreement (DCUSA)

Gas

- Uniform Network Code (UNC)
- Supply Point Administration Agreement (SPAA)

Both electricity and gas

- Smart Energy Code (SEC)¹⁹

Industry code governance is one of the areas also being considered by the Competition and Markets Authority (CMA) as part of its ongoing investigation of the energy market. In our response to the CMA's provisional findings, we set out that we think there are changes to the industry governance regime that can address the issues identified by the CMA, building on the options set out in the CMA's notice of possible remedies. We noted that a reformed set of institutions would be central to ensuring that the regulatory regime is able to respond to the innovation and change the industry is going to see in the coming years. As we implement the Switching Programme, we will take into account the CMA's conclusions in this area.

Government policy and obligations under EU law

The objective and scope of the Switching SCR are consistent with the policy ambitions expressed at both UK government level and in Europe.

In October 2013, the UK government challenged industry to deliver faster switching, with a long-term ambition of moving to 24-hour switching.²⁰ The General Election manifesto set out an ambition to deliver next-day switching, which will be made easier for consumers to realise with access to data from a smart meter. This ambition was reinforced in the 2015 summer Budget²¹ and a public letter to the CMA from the Secretary of State for Energy and Climate Change in July 2015.²²

On a European level, the Agency for the Co-operation of Energy Regulators (ACER) announced in September 2014²³ that by 2025 the Council of European Energy Regulators (CEER) would produce a roadmap to secure, reliable, 24-hour switching between energy

¹⁸ The Data Transfer Services Agreement (DTSA) is not covered by our SCR powers. We would expect industry to raise any consequential amendments to the DTSA if minor changes are required. If more significant changes are required we would seek to implement these through new licence requirements.

¹⁹ DECC's consultation on the New Smart Energy Code Content and Related Supply Licence Amendments from July 2015

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/446617/15_07_17_Summer_2015_SEC_and_Supply_Licence_Consultation_Doc_Final_revised_version.pdf) outlines that SCR powers for the SEC are currently expected to be switched on six months after DCC launches.

²⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/254250/FINAL_PDF_of_AES_2013_-_accessible_version.pdf

²¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443897/Productivity_Plan_print.pdf

²² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/450605/CMA_response.pdf

²³ For further detail please see 'Energy Regulation: A Bridge to 2025 Conclusions' (Section 3.2), http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/SD052005/Supporting%20document%20to%20ACER%20Recommendation%2005-2014%20-%20%20Energy%20Regulation%20A%20Bridge%20to%202025%20Conclusions%20Paper.pdf

suppliers, subject to a positive cost-benefit analysis. It clarified that delivering this could require changes to EU legislation.

The objectives and scope of our SCR more broadly accommodate existing European legislation, for instance around consumer cooling-off rights.²⁴

Related proposals over the course of the SCR

Unless they have our consent, parties cannot generally progress new modification proposals covering the same ground as the SCR after the SCR has launched. However, there may be some instances where discrete early improvements could deliver benefits for consumers. We will review any proposals with industry on a case-by-case basis (taking into account costs and potential distraction from wider reform delivery), to establish whether to allow a proposal to be progressed separately during the course of the SCR.

Why are we launching an SCR?

Taking into consideration the nature and content of our reforms and given our current governance framework, we think that launching an SCR is appropriate. As set out in Appendix A and our February decision document, the majority of respondents to our June 2014 consultation agreed with us that an SCR is the only way we can currently seek to achieve the necessary coordination across the range of industry codes that will be affected by our reform proposals.

Reforming the switching arrangements is significant because of our principal objective to protect the interests of existing and future consumers, and our duty to do so wherever appropriate by promoting effective competition. A consumer's right to switch energy supplier lies at the heart of the competitive retail market, and we think significant improvements can be made to the current arrangements.

An SCR lets us direct the industry to change codes that give effect to our policy proposals, which we then approve or reject. We are therefore able to initiate change across multiple industry codes and licence obligations. This approach also goes some way to help address any lack of incentives on parties to bring about timely reform. Through an SCR, we can steer the design of the arrangements to meet long-term consumer priorities and protect consumer interests, while also accounting for the needs of other stakeholders.

For the above reasons, within the current governance framework, we consider that Ofgem is best placed to lead the changes via an SCR.

Separately, we are also consulting on reviewing our current SCR powers through the latest phase of work under our Code Governance Review.²⁵ Through that, we are proposing to clarify our ability to set timetables for the development of code change under an SCR; we are also proposing that the SCR process should provide for a collaborative, Ofgem-led, end-to-end approach, including the ability for Ofgem to draft code modifications ourselves. Subject to the outcome of the consultation process, we would consider how any amended SCR process may apply to deliver code changes under our Switching SCR.²⁶

²⁴ http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm

²⁵ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-initial-proposals>

²⁶ Separately, the Competition and Markets Authority (CMA) is also considering if the current system of code governance delivers timely change that is needed to support competition, innovation and wider policy objectives through its energy market investigation: <https://www.gov.uk/cma-cases/energy-market-investigation>

In addition to reviewing our current SCR powers, we are liaising with government to explore if legislation could be brought forward to strengthen our powers to lead implementation of the Switching Programme. While we recognise that the current SCR process gives us powers to direct a licensee to raise code changes, new legislation could further strengthen our ability to efficiently drive through the necessary changes. If such powers were provided, we would expect to use those rather than an SCR. We would inform parties and provide information on any consequences or changes to the Switching Programme.

Timelines

SCR stages and milestones

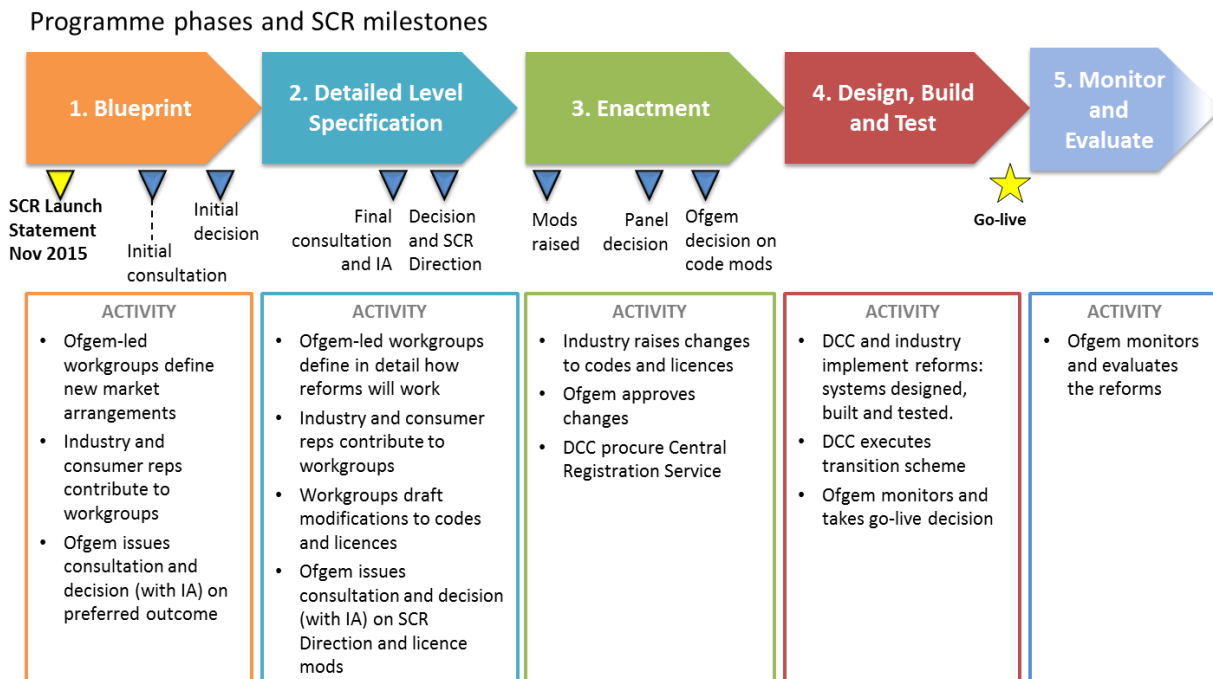
This SCR launch statement marks the beginning of the Switching SCR. Based on the current process, the SCR will conclude when we issue our direction to licensee(s) to raise code changes. We will then work with the industry to progress these code modifications and will decide if the proposed changes to codes should be made. Approval of the changes will trigger the design, build and test of the new systems. Our current view is that the new arrangements should go live in 2019. As the Switching Programme develops and more information becomes available on the solution and delivery options, we will continue to refine our planned timescales, including options to meet the Government's ambition for the new arrangements to take effect in 2018. We expect to consult on a plan through to go-live at the end of the Blueprint Phase. This will incorporate the latest information on the scale and scope of the changes and our delivery strategy.

Figure 1 below shows how the main SCR activities align with our Switching Programme phases. The Switching SCR will cover three of the five phases identified for the Switching Programme:

1. A Blueprint Phase which will design the CRS and switching arrangements, the commercial arrangements, the regulatory arrangements and the delivery approach
2. A Detailed-Level Specification (DLS) Phase where the arrangements developed in the Blueprint Phase will be set out in full, code modifications are drafted, and licence changes are consulted upon
3. An Enactment Phase, where the formal industry code process begins and Ofgem will decide whether to approve the changes to industry codes and licence changes will be made.

This would then be followed by a Design, Build and Test Phase through to implementation with further monitoring and evaluation after go-live.

Figure 1- SCR process and Switching Programme phases



We are now in the Blueprint Phase of the Switching Programme. There will be a consultation at the end of the Blueprint Phase, which will set out our proposed new switching arrangements and an updated Impact Assessment.

At the end of the DLS Phase we will consult on our final conclusions and draft code changes, a final Impact Assessment, and proposed licence changes. The DLS decision document will encompass our final conclusions, the SCR Direction and our statutory consultation on licence modifications. The formal industry code process then begins under the Enactment Phase.

Next steps and request for expressions of interest to participate in workgroups

The Switching Programme will be led by Ofgem and we have established a central team to undertake this function. Industry parties will also be required to provide resources, support and leadership. To harness this we will establish five industry groups. These are the External Design Advisory Group (EDAG) and a User Group for each of the four Blueprint Workstreams. These groups will meet regularly. Table 1, below, outlines when these meetings will begin. We will also establish a Senior Level Stakeholder Group that will meet every six months. Appendix B has more detail on these meetings and how we intend to engage with stakeholders more broadly. Draft terms of reference for the groups can be found on our website.²⁷

²⁷ <https://www.ofgem.gov.uk/publications-and-updates/switching-significant-code-review-launch-statement-and-request-expressions-interest-participate-programme-workgroups>

Table 1: Meeting dates

External Design Advisory Group	14 Jan 2016
Business Process Design User Group	End Jan 2016
Regulatory Design User Group	Jan/Feb 2016
Commercial User Group	Jan/Feb 2016
Delivery Strategy User Group	Jan/Feb 2016

We would now like to hear from you if you would like to attend the External Design Advisory Group and Business Process Design User Group, the Regulatory Design User Group, the Commercial User Group and the Delivery Strategy User Group.

We are asking those who want to attend these workgroups to set out how they meet the skills and experience required. Further information is set out in Appendix B. Please send expressions of interest to switchingprogramme@ofgem.gov.uk by 4 December.

We will review expressions of interest to ensure appropriate expertise across the different groups before formally confirming parties' roles. We may also invite specific people to participate in certain groups if there is a requirement for particular expertise. Wherever possible, we ask that the same participants attend each of the specific meetings over the course of the year, and be Ofgem's point of contact for that subject matter area. We will publish all key documents on our website, so that all stakeholders, whether attending these meetings or not, can participate in the Switching Programme and this SCR.

If you have any questions or comments on this letter please contact Angelita.bradney@ofgem.gov.uk or Andrew.wallace@ofgem.gov.uk.

Yours sincerely,

Rob Salter-Church
Partner, Retail Markets

Appendix A: Responses to pre-launch consultation

On 16 June 2014, we published our consultation on Moving to Reliable Next-Day Switching, requesting views on our proposal to launch an SCR. The views gathered are summarised below.

Requirement for an SCR

Nearly all respondents agreed that an SCR would be necessary to deliver the appropriate regulatory changes to the switching arrangements, in anticipation of the scale and breadth of code changes required. Supporters felt that an SCR would enable effective governance, through suitable coordination and oversight from Ofgem, while allowing for sufficient consultation to deliver the necessary changes.

These respondents felt that the alternative implementation options were unlikely to be suitable.

A few respondents were concerned that an SCR would lead to market uncertainty and destabilisation given the level of change anticipated. These respondents argued that change should be timely and minimal. There was also a concern that the SCR would give larger suppliers a disproportionate degree of influence, detrimentally affecting independent suppliers due to the difficulty they face in influencing the process.

Scope

We consulted on our view that the scope of the SCR should be defined by our chosen reform package, namely next-day switching, alongside a CRS facilitated by the DCC.

There was strong support across all respondents for this proposal. There was also strong support for next-day or two-day switching.²⁸ Supporters highlighted that a move towards next-day switching would drive competition within the market, with suppliers offering cheaper and innovative tariffs to consumers and encouraging consumer participation.

Some respondents considered a need for further analysis and research into the value consumers put on next-day switching. Some respondents suggested that a phased approach, of two-day then next-day, should be included.

Most respondents agreed that a CRS should be established and that it should be run by the DCC. A significant advantage was considered to be the flexibility a CRS could provide in accommodating future market developments, for example in electricity settlement. Some voiced concern about the DCC being required to take on ambitious additional functions under the SEC, given its already significant responsibilities to support the rollout of smart metering over this period.

Most respondents agreed that it would not be necessary to hold meter technical details and consumption history centrally for automatic meter reading (AMR) and traditional meters. Doing so was felt to be of limited benefit. Some were also concerned about the risks of poor data quality on a central database. A small number of respondents disagreed and suggested that central retention of these data items would support more efficient switching and billing, and suggested that it could be implemented cost-effectively given that these details would already be held on the CRS for gas. One respondent argued that the decision should be left open until existing reforms had been proven to support next-day switching without the need for these data items to be held centrally.

The majority of respondents agreed that Ofgem had identified and assessed the main areas of reform for the switching process. However, some noted that data quality issues would need to be considered, with sufficient time allowed for them to be rectified.

²⁸ In our February 2015 decision document we said that we would examine “next-day” and “two-day” switching. We think that from a consumer’s perspective both of these options are covered by the idea of next-day switching.

Scale of work and impact on industry processes

Nearly all respondents noted that significant resource, from both industry and Ofgem, would be required to implement the proposed switching reforms and CRS.

There was strong agreement that the correct implementation stages had been identified to conduct this work. Respondents emphasised the importance of input from all stakeholders into the project.

Most respondents agreed that the key risks and issues with next-day switching had been identified. Respondents noted the significant level of change that is already underway within the industry, particularly the smart meter rollout and Project Nexus.²⁹ Respondents were concerned that an SCR launch in parallel with these competing priorities, may risk overstressing industry (including DCC) expertise during this period. In particular, there were concerns about resource impacts on independent suppliers.

Most respondents therefore felt the proposed implementation timescale of 2018, set out in the June 2014 consultation, was too ambitious and that any attempt to bring this forward would heighten risk. It was also urged that the timeframe allowed for testing is not compressed so as to achieve an earlier implementation date, at the expense of well-tested reforms.

²⁹ Project Nexus is a work programme that has been established to review and overhaul the gas settlement arrangements.

Appendix B: Resourcing and stakeholder engagement throughout the SCR process

Significant resource will be necessary from both Ofgem and stakeholders to support the development of our switching reforms. We have been mindful of this in designing our industry stakeholder management strategy. We have set out below our view of the types of input needed and how this resource can be used most effectively.

Ofgem

The Switching SCR will be led by an Ofgem programme team. We will engage with stakeholders and with external subject matter experts where appropriate throughout the SCR process.

Industry

We want to gather input from a wide range of stakeholders to develop our proposals. We initially propose a number of methods for engagement with stakeholders:

Published documents

In the body of the letter we have set out the main consultation documents we intend to publish on our website over the course of the SCR. The consultation periods will allow all interested parties to formally express their views on our position. We may publish further consultations if we consider this to be necessary, for example to inform policy development during the Blueprint Phase.

Workgroups

We are inviting expressions of interest from a range of stakeholders to join the workgroups.³⁰ We will establish a Senior Level Stakeholder Group, an External Design Advisory Group and a User Group for each of the four Blueprint Workstreams. The workstreams, and the role of the User Groups, are described in more detail below.

We want to use these groups to have an open and engaging approach with stakeholders. We recognise that there are practical limits to participation. We will therefore make documentation available on our website and look for other opportunities to understand stakeholder views.

Bilateral meetings

Over the course of the SCR, we will be organising bilateral meetings with individuals and representative groups to discuss views confidentially, if appropriate. These meetings will also ensure that views from a wide range of stakeholders are incorporated into the process.

DCC

We recently consulted on the role that the DCC will have in developing the new registration and switching arrangements, including the procurement of the CRS.³¹ Our consultation proposed changes to the DCC licence to establish its role in supporting the development of

³⁰ It is important that we work closely with a broad range of stakeholders in order to ensure a successful Switching Programme. For the avoidance of doubt, participation in workgroups is entirely distinct from any decision as to future roles that may be procured in respect of the Switching Programme. Nevertheless, we are committed to ensuring as fair and transparent an approach to the Switching Programme as possible. In this spirit, we will make relevant information discussed in programme workgroups available on our website. We would also ask any potential workgroup participants to consider and declare any intent they may have to bid for a role in respect of the programme. It will also be a requirement of participating in the workgroups to declare any intent to bid, or any potential conflict of interest, which may develop during participation in any workgroup.

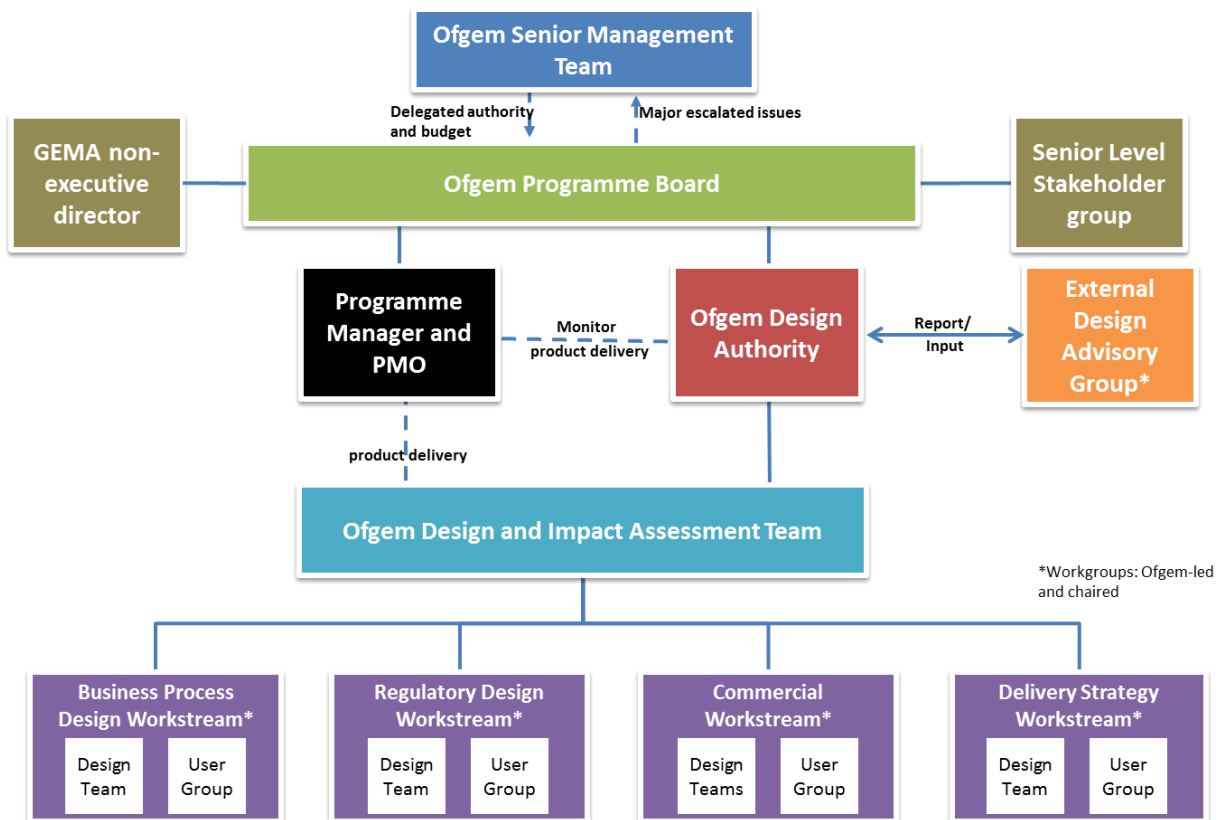
³¹ https://www.ofgem.gov.uk/sites/default/files/docs/2015/07/crs_dcc_licence_consultation_final3.pdf

the new switching arrangements, including how this activity would be funded. We aim to publish our decision and statutory consultation on licence changes later this year, taking account of responses to our consultation.

Switching Programme Governance

Figure 2 below summarises the governance arrangements for the Switching Programme. Draft terms of reference for the EDAG and the four Blueprint Workstreams are available on our website.³²

Figure 2: Switching Programme governance



Senior Stakeholder Group

The Switching Programme will require strong support from senior external stakeholders to ensure success. We propose to convene a Senior Stakeholder Group to help keep the Switching Programme on track, maintain public industry commitment, support and resource for our work. The first meeting of this group is planned for November 2015 and will be joint-chaired by Ofgem’s CEO, Dermot Nolan, and Amber Rudd, the Secretary of State for Energy and Climate Change. This group will meet every six months throughout the Switching Programme, to ensure that support is retained and to help resolve any issues that are blocking success. Attendance at the Senior Stakeholder Group will be at the invitation of Ofgem and due to administrative reasons we will have to limit numbers.

³² <https://www.ofgem.gov.uk/publications-and-updates/switching-significant-code-review-launch-statement-and-request-expressions-interest-participate-programme-workgroups>

External Design Advisory Group (EDAG)

The EDAG will act as a steering group for the four workstreams. It will consist of representatives from Ofgem, industry and consumer representatives. It will be chaired by Ofgem. It will meet every month during the Blueprint Phase. It will be responsible for:

- Providing strategic assessment across workstreams
- Reviewing and providing guidance on products and deliverables
- Assessing proposals prior to their submission to the Design Authority
- Providing guidance on which proposals are sufficiently developed to send to the Design Authority.

We welcome expressions of interest in becoming a member of the EDAG explaining how you would contribute to helping meet its responsibilities.

Blueprint Workstreams

The Blueprint Phase will consist of four workstreams:

1. Business Process Design Workstream
2. Regulatory Design Workstream
3. Commercial Workstream
4. Delivery Strategy Workstream.

Each of the four Blueprint Workstreams will have a separate Design Team led by Ofgem. Membership is at the invitation of Ofgem and typically constitutes industry code administrators as well as Xoserve and DCC. We will extend this invitation as necessary. The role of the Design Teams is to produce products and content. Each workstream will also have its own User Group, also led by Ofgem. The User Group will review and further develop the products and content from the Design Team. This letter requests expressions of interest in attending User Groups.

Business Process Design Workstream

This workstream will develop and document the business processes and design baseline that will underpin the new switching arrangements and the new CRS. It will consist of a Design Team that will meet weekly and commit additional time to develop the content that will then be reviewed by a User Group. The User Group will meet monthly.

We welcome expressions of interest in becoming a member of the User Group. To help us consider these it would be helpful if responses provided a statement explaining how you meet the following criteria:

- A good understanding of the current roles and responsibilities of industry participants in the switching process
- A good knowledge of data requirements and processes to support the switching process
- Experience and knowledge of the functionality of the current registration system and the services they support
- Experience in developing innovative and best practice design to deliver the best outcome for consumers.

Regulatory Design Workstream

This workstream will develop and document the licence and industry code changes required to deliver reliable next day switching and a new CRS. It will consist of a Design Team that

will meet weekly and commit additional time to develop the content that will then be reviewed by a User Group. The User Group will meet monthly.

We would welcome expressions of interest in becoming a member of the User Group. To help us consider these it would be helpful if responses provided a statement explaining how you meet the following criteria:

- A good understanding of the current regulatory framework for the energy retail market including licence obligations and code governance arrangements
- Experience in designing and implementing new regulatory arrangements.

Commercial Workstream

This workstream will develop the price control, charging and procurement approach for the CRS. It will consist of two Design Teams (one on price control and charging, the other on procurement) that will commit time to develop the content that will then be reviewed by a User Group. The User Group will meet monthly.

We would welcome expressions of interest in becoming a member of the User Group. To help us consider these it would be helpful if responses provided a statement explaining how you meet the following criteria:

- A good knowledge of price controls and charging in the energy sector (particularly current DCC arrangements; RIIO desirable)
- Appreciation of regulatory incentives
- A good knowledge and/or experience of designing procurement processes (for example, current DCC smart metering arrangements or similar IT procurement outside energy)
- Experience in regulated and commercial environments.

Delivery Strategy Workstream

This workstream will develop and document how the new arrangements will be delivered in practice. This will include the testing strategy, implementation approach and developing the approach for a customer awareness campaign. It will consist of a Design Team that we expect will meet twice a month and commit additional time to develop the content that will then be reviewed by a User Group. The User Group will meet monthly.

We would welcome expressions of interest in becoming a member of the User Group. To help us consider these it would be helpful if responses provided a statement explaining how you meet the following criteria:

- Experience of implementing big IT projects
- Experience of complex industry transitions from legacy to new systems
- Ability to consider impact of options for delivery on market participants
- Experience of data migration best practice
- Experience of testing in multi-participant projects.