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

Direct Dial: 020 7901 7034
Email: rob.salter-church@ofgem.gov.uk

Date: 17 November 2015

Dear Colleague,

Moving to reliable and fast switching: updated Target Operating Model and Delivery Approach

We have today published a second version of a Target Operating Model (TOM) to support Ofgem's Switching Programme.[1]

This letter summarises the changes we have made in this second version of the TOM. These changes have been developed following review of the industry and consumer group responses to our February 2015 consultation[2] and input from two workshops in summer 2015.[3]

We have also published a Significant Code Review Launch Statement today.[4] It describes how we will implement the changes required to deliver our reforms within the current governance framework, and invites parties to express interest in participating in workgroups in the current Blueprint Phase of the Switching Programme.

Overview

The TOM describes how we expect new business arrangements will support reliable and fast switching using a new Centralised Registration Service (CRS). It also describes the proposed delivery approach. The TOM is designed to be a guide and reference throughout the Switching Programme.

---

[1] https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-and-fast-switching-updated-target-operating-model-and-delivery-approach

[2] https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-next-day-switching-consultation-target-operating-model-and-delivery-approach

[3] The Change of Supplier Expert Group (COSEG) met in June and July 2015. COSEG is a group of industry participants and consumer group representatives. See https://www.ofgem.gov.uk/publications-and-updates/change-supplier-expert-working-group-coseg-9 and https://www.ofgem.gov.uk//publications-and-updates/change-supplier-expert-working-group-coseg-10

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

In February 2015 we also published our decision to lead a programme of work to deliver next-day switching on a new CRS by 2019.[5] We confirmed that the CRS would be managed by the Data Communications Company (DCC) and that the switching rules would be described in the Smart Energy Code (SEC), with support from the other industry codes. These decisions are reflected in the TOM.

Refining the TOM

We received 32 responses to our February TOM consultation.[6] These responses have been valuable in helping us to refine and improve its content.

Appendix 2 details the changes we have made to the TOM. In summary, these changes relate to:

- *Switching Programme scope:* We received comments on the scope of the Switching Programme. We welcome these, as it is important to be clear on what areas are within and outside scope.

- *Roles and responsibilities:* Respondents provided views or asked for clarity on specific industry parties' requirements. In particular, we have clarified that the CRS will not undertake settlement and network charging activity, but it will provide access to data to support these processes.

- *Process design:* Respondents made suggestions and asked for clarity on how the processes that the CRS will facilitate, including switching, will operate. Where possible we have added further clarity in the TOM. In some instances, this detail will be for the next phase of the Switching Programme to determine, and we have flagged these requirements in the updated TOM.

- *Consumer journey:* Some respondents said that the TOM should describe the target switching process from a consumer's perspective. We agree that this will help the Switching Programme deliver outcomes that meet consumers' requirements, set expectations for what we want to achieve, and identify issues to resolve to meet consumers' requirements. We have therefore included a new section in the TOM which describes the "consumer journey". This also highlights the main differences in the switching experience between groups of consumers and metering types.[7] The consumer journey has been discussed at an industry workgroup.[8]

In addition to the changes described in Appendix 2, we have also taken this opportunity to improve the drafting of the TOM and make other improvements.[9]

---

[5] https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-next-day-switching

[6] See Appendix 1 for details on those that responded. All non-confidential responses can be found on our website. https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-next-day-switching-consultation-target-operating-model-and-delivery-approach

[7] We want all consumers' experience of the switching process to be, as far as possible, consistent regardless of how they pay for their energy or what meter they have. Any differences, therefore, need to be fully considered and justified.

[8] See COSEG 10 https://www.ofgem.gov.uk/publications-and-updates/change-supplier-expert-working-group-coseg-10

[9] In particular, we have amended references to the CRS holding data centrally. We want to examine the most efficient way for data to be held and accessed given the technology and communications options that are available.

Further issues

Below, we have set out our views on some further issues raised by respondents where we have not made changes to the TOM, but we want to help provide clarity for the Switching Programme:

Switching speed obligations

A number of respondents asked if the Switching Programme would include a requirement for suppliers to switch consumers the next day.

We want consumers to be able to switch at the time that's best for them. Some will want to switch as soon as possible, eg next day. Others will want to pick a specific date, eg at the end of a fixed-term deal. We want switching arrangements that meet all of these consumer requirements. We will review whether to add licence obligations that explicitly require suppliers to offer next-day switching[10] if consumer demand for this is not met by the industry.

Objections review

Several respondents asked about the interaction between the Switching Programme and Ofgem's review of the role of objections in the retail market.[11]

The objections review remains out of scope for the Switching Programme. For our initial work in the Switching Programme, we will design new switching arrangements that include the objections process. We will then incorporate the outcome of the objections review when we know it.

Industry code consolidation

Some respondents suggested that moving the switching and registration rules to the SEC was an opportunity to consolidate industry codes. This was particularly in relation to the Master Registration Agreement (MRA) and the Supply Point Access Agreement (SPAA) codes.

We recognise that 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 could be advantageous for the industry in terms of consistency in governance and overall efficiency. But it is also important to have a clearly-defined scope and any new project to review industry codes would be separate from our Switching Programme.

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

---

In some instances it may be more appropriate for the CRS to facilitate access to data that is held elsewhere. The location of data and the mechanism for accessing it will be determined during the Blueprint Phase.

[10] 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. 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.

[11] The objections process allows the current supplier to block a switch in specific circumstances.

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.

When a contract is entered into

We have amended the TOM to be clear about when we consider that a customer has entered into a contract for the purpose of calculating switching speed and triggering the start of the cooling-off period.[12] Our view is that a contract is entered into when the consumer believes they have made a firm commitment in a supply contract, which would result in a binding contract if no further action was taken by the consumer. For example, we consider that a customer will normally believe that they have entered into a contract when they sign up via a switching website.[13]

Impact assessment

We presented an initial impact assessment with the June 2014 consultation on reliable next-day switching[14] and updated this in the February 2015 decision document.

Several respondents said that the impact assessment did not fully account for the impact of the proposals on smaller suppliers. They noted that the impact on balancing and settlement positions had not been taken into account and were concerned about the costs of a central objections register.

We will update the impact assessment as we progress through the Switching Programme. We expect to publish updated versions alongside our consultation and decision documents at the end of the Blueprint Phase. These publications will incorporate our refined assessment of the costs for small suppliers, including the balancing and settlement impacts.

Role of the DCC

In July 2015, we consulted on the funding and governance arrangements for the DCC in this set up phase.[15] This was to make sure DCC was clear about its role and had sufficient funding to meet these requirements.

---

[12] The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 require that a consumer is given a 14 day period within which they can cancel a contract. This is triggered by the customer entering into a contract with day one of the 14-day cooling off period being the day after the customer enters into the contract.

[13] In addition to its application in the Switching Programme, we intend to treat a contract as "entered into" for the purposes of our licence conditions on switching speeds in a scenario where the consumer's understanding is that a contract has been entered into. That is, we would not consider a supplier to have a defence to slow switching speeds where they claimed they had only made an "invitation to treat" to the consumer, in circumstances where the customer is misled by the supplier into believing that invitation is an offer. We are taking this view in the light of broader rules (in the Unfair Trading Regulations and our licence conditions) around not misleading consumers. We also feel this interpretation is consistent with the relevant DG Justice Guidance Document concerning the Directive: http://ec.europa.eu/justice/consumer-marketing/files/crd_guidance_en.pdf

[14] https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-next-day-switching

[15] https://www.ofgem.gov.uk/publications-and-updates/dccs-role-developing-central-registration-service-and-penalty-interest-rate-proposals

Some parties asked if it was right to require the DCC to provide the CRS given its extensive smart metering commitments. We agree that DCC must continue to be able to focus on meeting its important requirements on smart metering and are working with them to ensure they can contribute to the Switching Programme without risking the successful delivery of its smart metering role. We expect to publish a statutory consultation setting out our minded to decision to amend the DCC's licence and confirm the funding arrangements later this year.

Further amendments to the TOM

The design of the new switching process and CRS will develop through the lifetime of the Switching Programme.

We will define a series of design baselines through the lifetime of the Programme. Each baseline will consolidate the latest position on the design products at a particular time. We will use each baseline for a specific purpose, for example as the basis for impact assessment and industry consultation at the end of the Blueprint Phase. When we define the design baselines we will consider if the TOM needs refining further. We may also propose amendments to the TOM at other points in the Switching Programme, such as when we identify a material change to Switching Programme scope. The Ofgem Switching Programme Board will agree any changes to the TOM, after consulting with stakeholders where appropriate.

If you wish to discuss any points raised in this letter, please contact Andrew Wallace (andrew.wallace@ofgem.gov.uk).

Yours sincerely

Rob Salter-Church
Partner, Retail Markets

Appendix 1: Respondents to the February 2015 TOM consultation

British Gas
Citizens Advice
CMAP
Confidential (four responses)
Cornwall Energy
DCC
Ecotricity
EDF
Elexon
ENA
ENW
Eon
Laurasia
MEC
National Grid Gas Distribution
Northern Gas Networks
NPG
Npower
Ordnance Survey
Ovo
Scottish Power
SEC Panel
SGN
TMA
UKPN
Utilita
Vocalink
Wales and West Utilities
Xoserve
Total: 32

Appendix 2: The TOM consultation response log

In this Appendix we summarise the key issues raised by respondents to our February 2015 TOM consultation and describe the changes that we have made in the second version of the TOM.

General comments

Ref.	Title	Summary	Response	TOM amendment
1	**Design principles**	One respondent said that the TOM should include design principles to guide further development.	We agree that the Switching Programme should be guided by design principles. We are developing these and will review a draft with the External Design Advisory Group (EDAG) at its first meeting (expected to be in January 2016). We aim to publish the design principles shortly after.	No amendment to the TOM.
2	**Programme objective**	One respondent said that the Switching Programme objective should be to improve customers' experience of switching, leading to greater engagement in the retail energy market.	We agree that the outcomes for consumers should be made more explicit in the Switching Programme objective. We have amended the objective 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".	TOM amended, Paragraph 2.01.

Programme scope

Ref.	Title	Summary	Response	TOM amendment
3	**Unmetered sites**	Unmetered sites are found in the electricity industry only. They include sites such as street furniture where it is not practical to meter each consumption point. Instead, consumption is estimated, potentially from a number of different supply points, and allocated to a Meter Point Administration Number (MPAN). Several respondents said that the switching arrangements for unmetered sites should be included in scope.	We agree that switching of electricity MPANs linked to unmetered sites should be included within scope. The Switching Programme will focus on the switching aspects of unmetered sites only. This issue was discussed at Change of Supplier Expert Group (COSEG) meeting 9.	TOM amended, footnote 8.

4	**Radio-teleswitch**	Some electricity sites have radio-teleswitch metering equipment that allows consumption to be controlled remotely using radio signals. Typically, a Distribution Network Operator (DNO) will use this to switch heating load at a premises to help manage network capacity constraints. One respondent said that the switching arrangements for sites with radio-teleswitch equipment should be included within the Switching Programme scope.	We agree that sites with radio-teleswitch equipment should be included within the Switching Programme scope. However, we consider that this is already captured by existing drafting (see paragraph 2.03 bullet 3). Currently suppliers are able to identify whether a site has radio-teleswitch meter via a data item known as the Standard Settlement Configuration (SSC). For existing meters, this is expected to be sufficient and we have not identified a requirement to add an additional flag to the CRS to identify radio-teleswitch meters. Our expectation, informed by discussion at COSEG 9, is that existing radio-teleswitch meters would be replaced by smart meters (which can be dynamically managed).	No amendment to the TOM as already included within scope.
5	**Load-Managed Areas and Security Restriction Notices**	Under the Distribution Charging and Use of System Agreement (DCUSA), a DNO can designate an area of its network as a Load-Managed Area where it has identified a need to reinforce or extend the capacity and this issue can instead be managed through customer demand management techniques. It can also issue Security Restriction Notices to seek to change demand within an area. Several respondents said that Load-Managed Areas and Security Restriction Notices should be flagged in the CRS. A suppler would then be aware when it takes over a site that it may have to perform additional activities and may only be able to offer a limited selection of tariffs.	We agree that prospective suppliers will need to know whether a site is in a Load-Managed Area or is subject to a Security Restriction Notice.	TOM amended, paragraph 7.13, bullet 4.
6	**Directly connected sites**	Several respondents said that sites directly connected to the gas and electricity transmission network should be included within scope as they were largely treated the same, for switching purposes, as large sites connected to the distribution network.	We propose to exclude sites directly connected to the electricity transmission network within scope. There are very few of these sites. Switching rules for sites connected to the electricity transmission network are set out in the Balancing and Settlement Code (BSC) and are linked to the change of responsibility for a Balancing Mechanism Unit (BMU)[16]. These arrangements support switching in five days. We also propose to exclude sites directly connected to the gas	TOM amended, paragraph 2.06, bullet 4.

[16] See BSCP15 https://www.elexon.co.uk/wp-content/uploads/2015/06/bscp15_v23.0.pdf

			transmission network within scope. There are around 150 directly connected gas sites and their switching arrangements are currently managed by National Grid as a separate process to switching on sites connected to the gas distribution networks.	
7	**Complex gas sites**	Xoserve currently manage bespoke switching arrangements for some gas sites. These include unique sites (such as shared supply points and short haul tariff connections) as well as complex sites (such as twin stream meters and primes and subs). Several respondents said that the switching arrangements for these sites should be included within scope.	Following review at COSEG we agree that the CRS should facilitate identification of complex sites. Specific switching processes may also be required that reflect the site requirements.	TOM amended, paragraph 7.13, bullet 1.
8	**Related MPANs and non-standard electricity supply points**	In electricity, some meters have more than one MPAN and must be switched together. These are known as related MPANs. The current arrangements rely on the existing supplier objecting if only one of these MPANs is due to switch. One respondent said that the CRS should link related MPANs so that they can only be switched together. One respondent said that the CRS should be able to flag any non-standard meters and tariffs, as well as relevant associated information to reflect the requirements of the site. This, it said, would allow the gaining supplier to assess its ability to support the customer before taking them on.	We agree that tagging and linking related MPANs so that they can only switch together would be valuable and should be a feature of the CRS. Related MPANs will continue to operate after the roll-out of smart meters. Traditional meters with related MPANs are being replaced with twin element smart meters which will also have multiple MPANS. They will therefore also need to be flagged in the CRS. We agree that the next phase of the Switching Programme should consider the benefit of adding flags on the CRS to provide notification of specified non-standard arrangements at premises. This would require governance arrangements to maintain the accuracy of this data.	TOM amended, paragraph 7.02 bullet 12 and paragraph 7.13, bullet 1.
9	**Licence-exempt networks**	Several respondents said that switching on licence exempt networks should be included within scope.	We agree that his should be included within scope. Currently, DNOs have licence obligations to facilitate switching on exempt networks. We will consider the role of the CRS in allowing the DNOs to discharge this obligation. In the gas market there is no licence obligation on Gas Transporters (GTs) to facilitate switching on licence exempt networks. However, we think that the CRS could offer to provide this service if there is demand.	TOM amended, footnote 8, paragraph 2.06 and paragraph 7.02, bullet 11.

10	**Prepayment (PPM) payment allocation**	Registration services currently support PPM payment allocation for traditional PPM customers by providing supplier ID information access to PPM Infrastructure Providers (PPMIPs). One respondent said that this support should be maintained by the CRS.	Traditional prepayment meters are likely to be in operation after the switching reforms have been implemented. We therefore agree that the new switching arrangements will facilitate access to information to those bodies charged with allocating prepayment top-ups to the correct supplier. This could be facilitated by the CRS or through a different mechanism (for example by an enquiry service if this is operated separately from the CRS).	TOM amended, paragraph 7.02, bullet 9.
11	**Balance transfer - PPM**	One respondent said that the transfer of credit balances for a smart PPM should be considered as this would provide a positive consumer experience and reduce financial difficulties of having to pay the new supplier while waiting for a refund from their old supplier.	We consider that this is out of scope for the Switching Programme. Our smart prepayment consultation[17] outlined that the losing supplier will, on a smart change of supply, need to refund any remaining credit to prepayment consumers. We acknowledge that for a consumer this could be confusing since, in a traditional prepayment world, credit generally remains on the meter and they experience a continuation of credit as they change suppliers. Our smart prepayment consultation highlighted our expectation that both the losing and gaining supplier should consider carefully how they communicate with their customers, and design the customer journey. In addition we outlined that timely refunds will be particularly important if a customer experiences difficulty topping up their meter while awaiting a refund. Suppliers have taken proactive steps in this area, for example the largest suppliers have already agreed to return credit balances promptly. Other suppliers are considering proactive measures such as extending emergency credit and issuing additional 'starting credits'.	No further action.

[17] Published 9 Sept 2015 https://www.ofgem.gov.uk/publications-and-updates/smart-prepayment-proposals

12	**Balance transfer - all metering types**	One respondent said it could be possible to transfer credit balances for all smart meter types, and it could be possible to transfer direct debits without customers having to cancel one and set up another. This would improve the customer experience.	We do not propose to include this within the scope of the Switching Programme. We do not have evidence that transferring credit balances (eg for credit meter consumers) will operate in consumers best interests. This would also significantly increase the scope of the Switching Programme and delivery risk.	No further action.
13	**Feed in Tariffs (FITs)**	Several respondents said that holding a flag on the CRS to indicate a FIT installation associated with a MPAN would allow visibility of distributed generation and help network management. They said that it could also be valuable to the incoming supplier and allow better continuity of payments for the consumer after a switch.	Having reviewed the issue at COSEG we do not consider that a case has been made to include a FIT flag on the CRS. We note that there may be data protection issues in making this data available to the new supplier without the customer's prior consent.	No further action.
14	**Green Deal**	Several respondents said that the CRS should hold a flag to indicate which sites had a Green Deal in place. This would replicate the current role performed by Meter Point Administration Service (MPAS) and would prevent a site transferring to a new supplier that is not a Green Deal supplier. Suppliers also require this information to check if there is a Green Deal in place before performing a disconnection.	We agree that the CRS should hold a Green Deal flag and this is already referenced in the TOM (see 7.02, bullet 7). However, further work is required to assess the regulatory framework for Green Deal and make any changes necessary for the CRS perform the role currently undertaken by MPAS. We have noted the requirement to review the Direction in the TOM.	TOM amended, footnote 22.
15	**Micro-Gen Certification Scheme (MCS)**	The MCS is a quality assurance certificate that small scale renewable electricity/heat devices need in order to be eligible for government payments (among other things). One respondent said that microgeneration installers require access to MPAN data to complete the application form. Currently access is provided to Electricity Central Online Enquiry Service (ECOES), via the MRA.	We agree that MCS installers may require access to MPAN data from the CRS, depending on whether it provides enquiry services.	Tom amended, paragraph 7.09.
16	**Rota Load Disconnection Codes**	DNOs provide Rota Load Disconnection Codes to suppliers for each MPAN. In an emergency situation it can be used to indicate which sites would be temporarily disconnected to manage the network. One respondent said that this information should be held on the CRS.	Our initial view is that the CRS should facilitate access to Rota Load Disconnection Codes. We will review this during the Blueprint Phase.	TOM amended, paragraph 7.13, bullet 5.

17	**Priority Services Register (PSR)**	The PSR holds information on customers that require specific assistance and care in relation to their energy supply. Currently each supplier and electricity network operator keeps a list of customers with specific needs, as required by their licence obligations. On a change of supplier, this information is not necessarily communicated to the new supplier. One respondent said that the CRS should hold PSR data, which could improve the experience of these consumers.	Ofgem is undertaking a review of the PSR to improve take up of non-financial services, to ensure equal access for vulnerable consumers including measures to improve data recording and sharing across industry. The PSR review acknowledges the potential benefits of centrally-held information on PSR customer numbers and considers that there is merit in this longer term aspiration. We consider that the work developed by industry in response to our PSR review, on consistent recording of consumers in vulnerable situations and the sharing of this information across companies, is a further move towards this longer term aim. We will incorporate the outcomes of the review, which are expected to be published in 2016, with a view to implementation in the following years, within the requirements of the new switching arrangements.	TOM amended, paragraph 2.06, bullet 6 and paragraph 7.02, bullet 9.
18	**Meter removal**	One respondent said that the CRS should hold information about when a meter has been removed, and by whom. This would allow Meter Asset Providers (MAPs) to levy more accurate fees and reduce the unallocated costs.	We understand that there are mechanisms for MAPs to identify when a meter has been removed although this may not include who remove the asset. In the Blueprint Phase we will consider what data items the CRS should hold or otherwise facilitate access to. We will also review the timescales for parties (including MAPs) gaining access to this data. We have amended the TOM to reflect this requirement.	TOM amended, paragraph 8.31.

Roles and responsibilities

Ref	Title	Summary	Response	TOM amendment
19	**CRS service providers**	Several respondents asked if the DCC could procure services from more than one provider.	We agree that DCC could use a number of service providers to meet its CRS requirements. We have amended the TOM to reflect this.	TOM amended, paragraph 12.07 and Glossary.
20	**Gas settlement and network charging**	Several respondents requested clarity on the CRS role in gas settlement and network charging.	The CRS is not expected to take on any settlement or network charging requirements. These will remain with Xoserve. We have amended the TOM to make this clearer. Given that Xoserve will retain the settlement role, with the associated Meter Technical Detail (MTD) and consumption data requirements, we consider that it should also retain its role in processing opening and closing gas meter reads and generating estimated reads when required for traditional meters. We will review its role for smart meters in the light of current industry review of this area.[18] The CRS will provide the master record of which supplier and shipper is responsible for a site. We expect this information to be accessed by Xoserve and GTs for settlement and network charging purposes as well as more broadly to meet their business requirements. We also expect the CRS to facilitate access to specific data that can be accessed by suppliers and shippers to help them meet their settlement and contract tendering business requirements. We will ensure that our reform proposals are consistent with Xoserve's functions after Project Nexus has been implemented, which is expected to be in October 2016.	TOM updated, paragraph 7.02, bullet 5.

[18] See SPAA CP15/301 http://www.spaa.co.uk/change-proposal-register-new/spaa-detail?cpnodeid=224325

21	**Shipper impacts**	Shippers currently manage the gas switching process on behalf of suppliers. Several respondents noted that the implications of moving to a supplier-led switching process would need to be carefully considered.	We agree that the impacts on shippers will need to be carefully considered. We have made one change to the TOM to clarify that a supplier will be able to nominate a shipper to undertake switching activity on its behalf. This will preserve the current business model whereby a shipper can provide a gas purchase and switching management services to gas suppliers.	TOM amended, paragraph 4.10, paragraph 9.16 and paragraph 9.17, bullet 4.
22	**Maintaining data items held on the CRS**	The data items currently held in registration services come from a range of sources and are governed by different codes. One respondent asked if the SEC will govern the processes that update all of the data items held on the CRS. One respondent specifically asked if responsibility for maintaining electricity Market Domain Data (MDD) would move from Elexon to the CRS.	We will examine this issue further in the Blueprint phase. Our initial view is that existing codes will have a role to play in managing the integrity of the data items that are held on or otherwise accessed via CRS.	No amendment required to the TOM.
23	**Role of SEC in defining and maintaining data items**	One respondent said that it was not clear if the BSC would retain the rules for maintaining settlement data items that would be hosted on the CRS	Our initial view is that the BSC (and Uniform Network Code (UNC) and independent gas transporters' (iGT) UNC for the gas market) will continue to set out rules for the maintenance of data items such as those related to settlement, even where these are accessible via the CRS. We have clarified this in the TOM.	TOM amended, paragraph 9.18.

Clarification on process requirements

Ref	Title	Summary	Response	TOM amendment
24	**Central objections database**	Several respondents said that the feasibility of an objections database operated by the CRS should be assessed. It was suggested that this should consider how a supplier can keep it up to date given changing levels of debt, termination notice status and the dates for the end of non-domestic contracts. There were concerns that this could become a barrier for new suppliers.	The feasibility of an objections database will be assessed further during the Blueprint Phase, taking into account the conclusions of our separate project on supplier objections. At the end of the Blueprint phase we expect to consult on our proposal with a supporting IA. We will review the impact of suppliers responding to requests for objections data in near real-time during the Blueprint phase and have included this within the TOM.	TOM amended, paragraph 4.16.

		One supplier asked if, rather than maintaining an objections database held by the CRS, it could respond to requests from the CRS for this data in near real-time.		
25	**Data protection**	One respondent said that there would be data protection issues around access to information held on the objections database. If a supplier is able to see that a customer is in debt before they offer them terms and conditions then this may affect its offer to supply.	We agree with the concern raised and do not expect the objection status to be available to a new supplier prior to a switching request being submitted and accepted. We have amended the TOM to reflect this. The CRS will need to meet all of the relevant data protection legislation requirements.	TOM amended, paragraph 7.06 and paragraph 8.17.
26	**Change of tenancy**	Currently a change of tenancy indicator can be included in a switching request to indicate that the customer has newly moved into a premises and the current supplier should consider this before objecting (as the objection grounds might relate to the previous occupant). One respondent said that it would be difficult to validate change of tenancy flags in a next-day switch. The use of these flags would therefore require significant policing and assurance to ensure that the process was not abused.	We agree that the use of a change of tenancy indicator as a mechanism to prevent objections will need to be carefully considered and supported with robust compliance arrangements.	TOM amended, paragraph 8.20.
27	**Cooling off**	Respondents raised a wide range of questions on how the proposed cooling off arrangements would operate. These comments were passed to the Energy UK workgroup that has reviewed the cooling off arrangements. Several respondents noted an inconsistency in the TOM and requested clarity on whether a customer should be returned on their original tariff, or to the tariff they would have been on had they never switched.	Energy UK has developed a set of proposals for how the cooling off arrangements for next-day switching could operate. It will shortly provide a report to Ofgem on the options it has identified. This report will feed into and shape the work in the Blueprint Phase. In relation to the suggested inconsistency in the TOM, our view is that a customer should be returned to the tariff they would have been on had they never switched. We have updated the TOM to clarify this.	TOM amended, paragraph 8.22.
27	**Switching request cut-off times**	Version 1 of the TOM suggests that switch requests received after a cut-off point would be rejected by the CRS. Several respondents suggested that it would be a better customer experience for the switching request to be	We consider that this issue should be reviewed in the Blueprint Phase. We recognise that there may be some benefits in allowing suppliers and customers to choose whether the switching	TOM amended, paragraph 8.08 and paragraph 8.10.

		accepted and scheduled for the next available day without having to resubmit a request.	request should be rejected or rolled forward to the next available switching day.	
28	**Dual fuel switching rules**	One respondent asked what would happen if, as part of a dual fuel switch (ie a single request to switch both gas and electricity supply at a premises) there was an issue with one of the fuels that would lead to the switch for that fuel being rejected. They asked if the other fuel would be switched or would the whole dual fuel request be rejected.	We consider that this issue should be reviewed in the next phase of the Switching Programme. We recognise that there may be some benefits in allowing suppliers and customers to choose whether one fuel should switch or both are rejected.	TOM amended, paragraph 8.13.
29	**Working days**	One respondent requested clarification on whether "next-day" would include weekends and other non-standard days.	We consider that consumers will benefit most if they can access reliable and fast switching that is not delayed by weekends and public holidays. We will continue to test the feasibility of this approach in the Blueprint Phase of the Switching Programme. We note that there will be benefits in building CRS functionality to operate non-switch days in the future. For example, where this is part of the deployments of a large industry systems change. We have amended the TOM to incorporate this.	TOM amended, paragraph 7.02 bullet 13.
30	**Supplier of Last Resort (SoLR)**	One respondent asked why the SoLR process has been specifically identified as a functional requirement for the CRS.	When a supplier fails and a trade sale cannot be achieved in a short timescale (or the Energy Supply Company Administration[19] arrangements are not appropriate), Ofgem will typically assign the customer portfolio to a SoLR without using the switching process. This means that the SoLR will be responsible for the meter points which have the failed supplier's ID on the registration system. We want to ensure that this is still permissible as well as exploring additional functionality to use the switching process to allow the SoLR to take on the customers, as well as splitting the customers between more than one SoLR.	TOM amended, paragraph 7.02 bullet 10.

[19] Energy supply company administration is a special insolvency regime specifically created for the companies that supply gas and electricity in Great Britain. Its purpose is to ensure that if a large gas or electricity supply company is in financial difficulty, arrangements are in place to allow the company to continue operating until it is either rescued, sold, or its customers transferred to other suppliers. This will reduce the risk of financial failure spreading across the energy market, maintain market stability and therefore protect consumers.

31	**Requirement to have Meter Operator (MOP) in place**	One respondent noted that there is a health and safety and regulatory requirement to have a MOP in place for every meter. With next day switching a supplier could have very little time to appoint a MOP.	We agree that this will require careful consideration in the Blueprint Phase. Our initial view is that this is a contractual matter for suppliers and MOPs to agree between themselves. However, we will look to see how the new arrangements can best ensure that this continued requirement can be met.	TOM amended, paragraph 8.31.
32	**Meter agent flows**	One respondent said that the new arrangements must define meter agent exchanges and the Review of Gas Metering Arrangements (RGMA) and electricity Data Transfer Catalogue (DTC) flows linked to the switching process.	We agree that the metering arrangements will need to operate smoothly to promote fast and reliable switching and we have amended the TOM to reflect this.	TOM amended, paragraph 8.31.

Clarification: Data access and latency

Ref.	Title	Summary	Response	TOM amendment
33	**Data access and maintenance**	Several respondents said that the requirements for accessing and maintaining data on the CRS should be clarified in the TOM.	We agree that clear rules and requirements on data access and maintenance will be required. These will be developed during the Blueprint Phase and we expect that they will be primarily set out in the SEC with support from other industry codes.	TOM amended, paragraph 7.16.
34	**Meter type**	One supplier noted that, to facilitate fast switching, a supplier would need to know the type of physical metering installed at the premises. In particular, it would need to identify if there was a traditional PPM meter so that it could make appropriate arrangements, such as sending out a new top-up device. It suggested that the CRS should make this information available to a prospective new supplier so that it can identify how best to switch the customer.	We understand that suppliers typically request information on the meter type when entering into a contact with a consumer. This is so that it can provide an appropriate tariff and meet the specific requirements for customers with that meter type. A supplier can use information provided to it after a switching request is made to verify the meter type. It can also check data held on ECOES and the Data Enquiry Service (DES) (in electricity and gas respectively). We will analyse supplier requirements in more detail during the Blueprint phase.	TOM updated, paragraph 7.13, bullet 2.
35	**MAP access to data**	One MAP requested real-time access to data on the CRS so that it could use this to bill suppliers for meter provision.	We noted in version 1 of the TOM the intent to provide MAPs with access to data on the CRS in paragraph 7.02, bullet 9. Further detail on these access arrangements will be developed in the Blueprint Phase.	No amendment required to the TOM.

36	**Third Party Intermediary (TPI) data access**	Several parties questioned how the governance of TPI access to data on the CRS would be securely managed and what data they should be able to access.	We agree that it is important that parties are only able to access data in specified circumstances. Robust controls will be required here, including for TPIs. There are different types of TPIs in the market and data requirements will vary based on their specific business model. We think that, as a general principle, we should only consider providing TPI access to specified data items where it can be demonstrated to be in consumers' interests. During the Blueprint Phase we will consider what data TPIs should have access to and in what circumstances. We have amended the TOM to include this requirement.	TOM amended, paragraph 7.02, bullet 9.
37	**Timing of data access**	Several respondents commented that the timing of access to the data held on the CRS, including when the CRS sent data to industry parties, was critical and that this should be explicitly stated.	We agree that the speed of access and sending of data accessible via the CRS is critical and have amended the TOM to reflect this.	TOM amended, paragraph 7.03.
38	**Network access for safety requirements**	One respondent said that the CRS would need to provide access to data to allow DNOs and GTs to meet their safety requirements. For example, it is important for a network to be able to access an accurate address so that a gas engineer can attend a property following a reported smell of gas.	The TOM set out a requirement for networks to be able to access address data held on the CRS. We agree that it is important that this allows DNOs and GTs to meet their safety obligations and have amended the TOM to make this more explicit.	TOM amended, paragraph 7.02 bullet 9 and paragraph 7.10.
39	**Data transfer speed**	One respondent said that near real-time data transfer may not be required for all data flows to meet the ambition for fast switching.	We think that the time criticality of access to data should be assessed so that we have the most cost-efficient arrangement in place. We have amended the TOM to reflect that different processes may require different data access latency.	TOM amended, paragraph 7.24.

Clarification: Commercial & Procurement

Ref.	Title	Summary	Response	TOM amendment
40	**Price control approach**	One respondent said that DCC's price control should be ex-post and did not agree with the ex ante approach proposed in TOMv1. The Commercial Workstream should assess whether an ex post price control would be better.	Our initial view is that an ex ante approach would provide an appropriate framework for the DCC. However, we agree that other approaches should be considered at this early stage.	TOM amended, paragraph 11.03.

41	**Stakeholder role in procurement**	Two respondents said that stakeholders should be able to provide input into the specifications for the CRS. They said that this will help avoid unsuccessful procurement. They said that the lessons from previous procurement exercises should also be considered.	We expect that the Switching Programme will identify the requirements and document the end-to-end design. We have designed the Switching Programme to provide opportunities for stakeholder input into these steps. The DCC will be required to establish a technical specification to procure the CRS based on the agreed requirements and design. We agree that there should be opportunities for stakeholders to assess the technical specification for CRS procurement to ensure that it is fit for purpose. For example, that it has correctly transposed the agreed requirements. We have clarified this in the TOM.	TOM amended, paragraph 12.06.
42	**Charging methodology**	One respondent asked if new entrants that joined the market after implementation would be asked to contribute to the CRS development costs. One respondent asked how the enduring CRS charges would be recovered across industry parties. One respondent questioned how metering agents, MAPs and TPIs would be charged for using the CRS.	The charging methodology for DCC costs incurred after it has contracted with CRS will be developed by the Commercial Workstream in the Blueprint Phase. This will relate to the Design, Build and Test Phase of the Switching Programme and live operation after implementation.	TOM amended, paragraph 10.06.
43	**CRS liabilities**	One respondent said that the CRS should be financially liable for processing data flows correctly. It noted that failure to do so, eg not operating the objections process correctly for the non-domestic market could have significant financial consequences.	We will develop governance and performance assurance arrangements during the Blueprint Phase. This is already referenced in the TOM.	No amendment to the TOM required.
44	**CRS capacity**	**One respondent said that the Switching Programme should define the capacity requirements of the CRS. If it was too small it would cause problems, too big and it will be too expensive.**	We agree that the CRS will need to have appropriate capacity. We will consider how best to ensure this during the Blueprint Phase, including whether this should be a feature of the DCC's price control funding and incentives. We have amended the TOM to reflect this view.	TOM amended, paragraph 7.03.

Delivery Strategy

Ref.	Title	Summary	Response	TOM amendment
45	**Development assurance**	One respondent said that appropriate monitoring and assurance would be required to ensure that all suppliers and service providers are progressing through the Design, Build and Test Phase so that they will hit the go live date.	We agree and have amended the TOM to explicitly state this.	TOM amended, paragraph 12.32.
46	**Testing**	One respondent said that the new arrangements must not be rolled out to consumers until they have been tested and proven to work.	We agree that it would damage consumer confidence to roll out new switching arrangements that were not sufficiently robust and tested. We have amended the TOM to reflect this.	TOM amended, paragraph 12.14.
47	**Capacity testing**	One respondent said that it was important to use high volume testing to ensure systems can cope with the numbers of switches that are envisaged.	We agree and have amended the TOM to reflect this. The specific testing requirements will be developed as part of the Switching Programme.	TOM amended, paragraph 12.31.
48	**Data cleansing**	Several respondents said that data should be cleansed before the new arrangements go live. They noted that the quality of data on the new system is vital to ensure a reliable and efficient switching process. They also questioned how data cleansing would be undertaken in practice and funded	We expect that these important questions will be addressed in the Blueprint Phase. In particular, this is a role for the Delivery Strategy Workstream which will start in early 2016. We have amended the TOM to ensure that these requirements are captured.	TOM amended, paragraph 12.35.