

External Design Advisory Group

Meeting 2

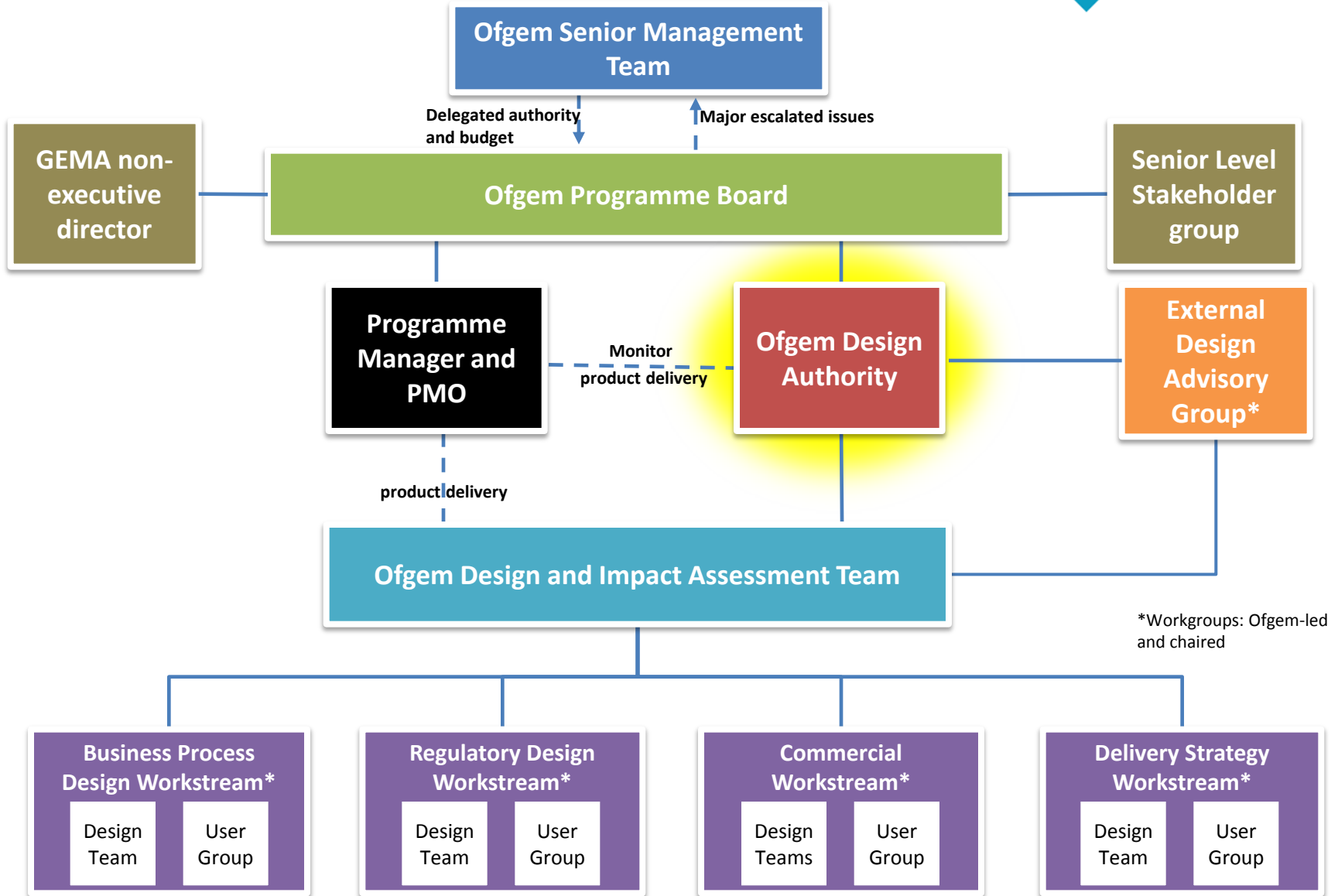
11 February 2016

ofgem

Welcome and introductions	11:30 to 11:40
Minutes and actions	11:40 to 12:00
Finalise EDAG ToR	12:00 to 12:10
LUNCH	
Updated programme plan and highlight report	12:40 to 13:10
Policy issues for EDAG review	
<ul style="list-style-type: none"> Scenario 1 switching case (Level 1 to 3) – Business Process Design Workstream 	13:10 to 13:55
<ul style="list-style-type: none"> Dual fuel switching policy paper – Business Process Design Workstream 	13:55 to 14:40
<ul style="list-style-type: none"> Long list of delivery transition options - Delivery Strategy Workstream 	14:40 to 15:20
Any other business	15:20 to 15:30

ACTION FROM EDAG 1 – ROLE OF DESIGN AUTHORITY

How Design Authority fits in to programme governance structure



The Design Authority owns the design baseline for the Programme

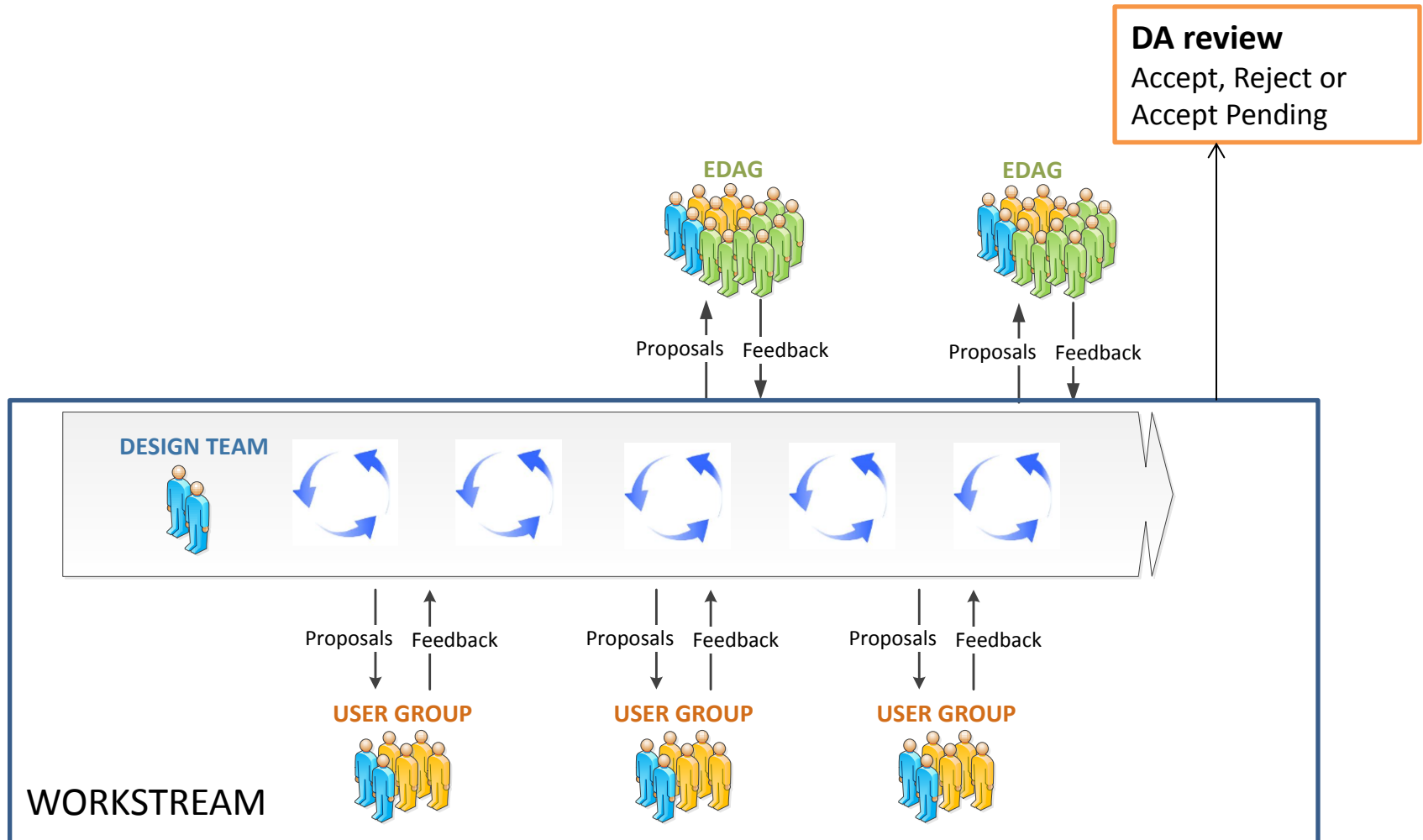
The DA is responsible for:

- Assessing policy issues and products from the workstreams;
- Approving components of the design and impact assessment as the Blueprint phase of the Programme progresses; and
- Agreeing design baselines during the Blueprint Phase
- Members responsible for managing interdependences with their work areas

When reviewing a proposal the DA:

- Will seek to reach consensus (Accept, Reject or Reject Pending)
- When consensus cannot be reached DA will either
 - commission further work and defer decision or
 - escalate issues to Programme Board
- Can provide comments to workstream leads to help further development
- Will escalate decisions to the Programme Board when outside of set tolerances of authority
- Will identify and flag any risks, issues and dependencies that should be addressed by the Blueprint Workstreams or the Programme Board, as appropriate

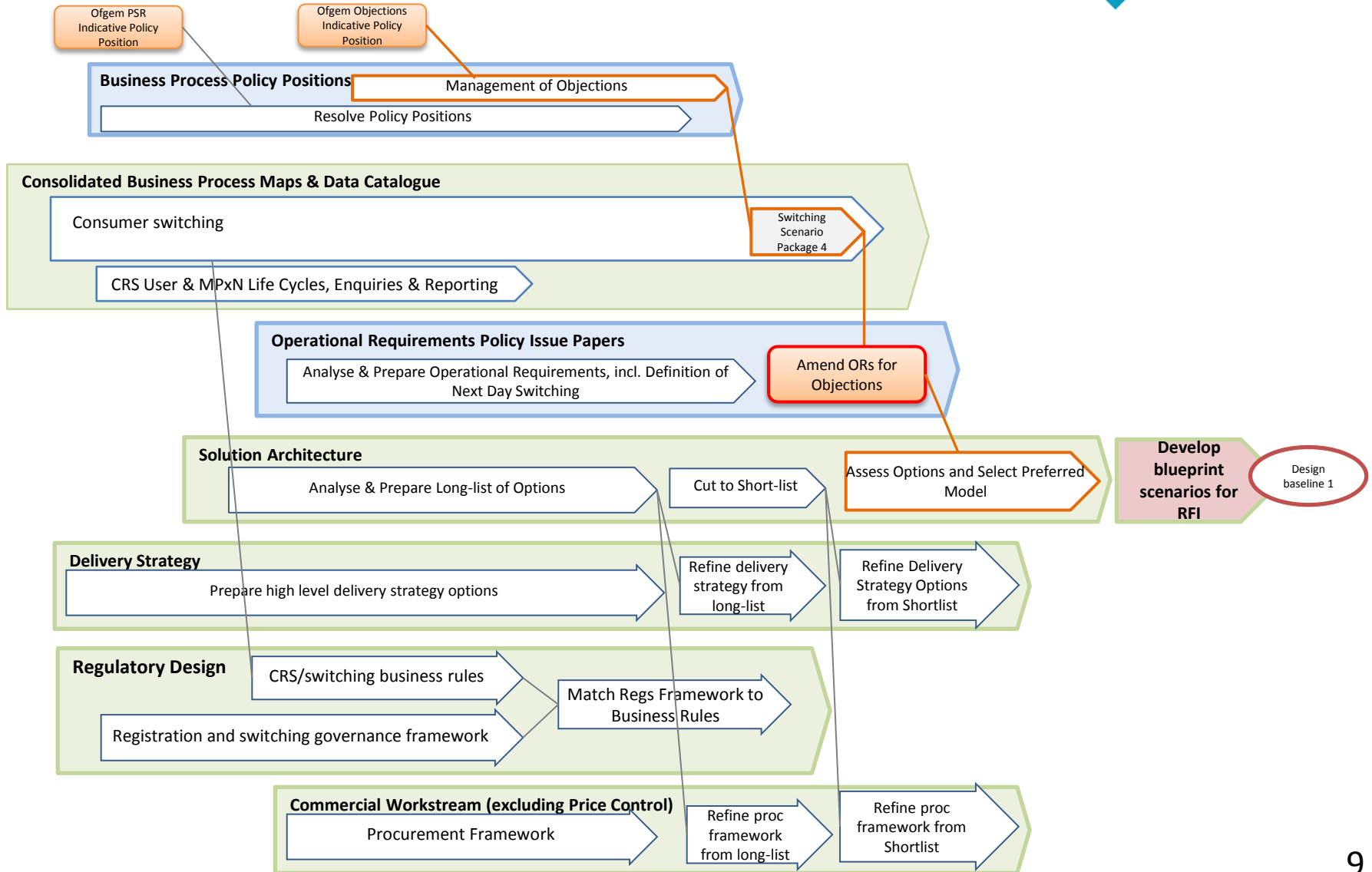
Flow of products and policy papers to DA



- Ofgem membership
- Chaired by Nigel Nash
- Published membership
- Meet monthly
- One DA meeting approval cycle
- Workstream leads will introduce papers and request decision from DA
- Where consensus cannot be reached, the DA Chair will decide whether to escalate the issue to the Programme Board or send back for further work
- DA will assess proposals against the Design Principles and in the context of the programme objective, the TOM, the product descriptions and Ofgem's wider duties
- An unattributed record of decisions will be published on the Ofgem website within 10 working days of the meeting

UPDATED PROGRAMME PLAN AND HIGHLIGHT REPORT

Draft high-level plan to RFI



POLICY ISSUES FOR EDAG REVIEW

Customer Switching - Scenario 1

Introduction to Business Processes Diagrams

- The objective is to build a single set of process models covering all scenarios
- Level 1 depicts the high level processes that relate to a customer switch. These activities should not change irrespective of the switching scenario being modelled.
- Level 2 depicts the next level of detail. At present this only includes processes that are covered by Scenario 1.
- Level 3 sets out further detail of the process steps and interactions between 'actors' that are involved in Scenario 1.
- Scenario 1 is described in the 'Key Scenarios' section of the Level 1 model: it covers a domestic dual fuel consumer, with SMETS 2 metering, in credit mode

User Group Views

- Content with the level of detail and the format of the diagrams.
- A small number of comments / suggestions have been received and are being reviewed

EDAG Requirements

- Consideration and agreement of the level of detail required going forward

Issue:

For a dual fuel switch, should one switch should be abandoned if the other is rejected by the Central Registration Service (CRS) and returned to the supplier for correction.

Considerations:

- No reliable or universal means to link gas and electricity metering points
- Consequently suppliers have to submit two requests to the Registration service.
- These requests may:
 - Both pass validation
 - Both fail validation
 - One pass / one fail

Dual fuel switching – Management Options

Option	Description	Commentary
Option 1	Automatically 'one fail/all fail'	<ul style="list-style-type: none"> Requires the Registration Agent to monitor the progress of linked requests, identify failed requests and reject both requests if one fails Additional functionality in registration system required
Option2	Automatically 'proceed where possible'	<ul style="list-style-type: none"> Registration Agent processes each request independently of each other(as happens now) No additional functionality in registration system required
Option 3	Supplier chooses approach: 3A – Supplier selects 'one fail / all fail' or 'progress where possible' 3B – Supplier offers choice of approach to customer	<ul style="list-style-type: none"> Optionality on how dual fuel requests are treated Additional functionality in registration system required

Assessment of Dual Fuel Options

Design Principle	Option 1: Automatic 'one fail/all fail'	Option 2: Automatic 'proceed where possible'	Option 3: Supplier chooses between 'one fail/all fail' and 'proceed where possible'
Impact on Consumers			
1 Reliability for consumers	Customer wanting dual fuel switch can be confident they won't be left with one fuel switched and the other still with Supplier A.	Generally issues are rectified within a few days and supplier can demonstrate progress on one fuel to build customer confidence in the switching process	Customer could be confused by the complexity of the two options (if the choice is passed on to them)
2 Speed for consumers	Places greatest pressure on supplier to correct errors and resubmit	Suppliers could relax on the basis that one fuel has switched but in practice staff are under internal pressure to clear issues promptly	Impact on speed depends on option chosen by supplier and/or customer
3 Consumer coverage	No differential impact		
4 Consumer experience	Customer could be frustrated if one switch is being held up by an 'admin problem' with the other'	Delays generally limited to a few days and suppliers can reassure customers that they will not be disadvantaged by such 'admin problems'	Being presented with a choice implies that something might go wrong which is not a message to build confidence
Impact on Market Participants			
5 Competition	Customer frustration could lead to disengagement from the market	Unless delay is significant then unlikely to affect customer engagement in the retail market	Customer could be confused by options or could worry that existence of options implies that switch might fail. Either could cause customer to withdraw from the market
6 Design – robustness	More complex to build as requests have to be held until 'all clear'	Simplest to build	More complex to build as requests have to be held until 'all clear'
7 Design – flexibility	Suppliers required to conform to single approach	Suppliers required to conform to single approach	Offers suppliers flexibility on how they want linked requests to be handled
Impact on Delivery, Costs and Risks			
8 Solution cost/benefit	Small level of additional complexity	Simplest to build/test	Small level of additional complexity
9 Implementation	Small level of additional complexity	Simplest to build/test	Small level of additional complexity

User Group View:

- Suppliers' priority is to complete transactions first time wherever possible and to minimise the number of registration rejections.
- The 'proceed where possible' approach allows suppliers to demonstrate to the customer that progress has been achieved in one 'leg' of a dual fuel switch and to highlight specific reasons why the other fuel was being delayed.
- Could not see a justification to include a 'one fail / all fail' functionality in the CRS

Preferred position:

Option 2 - Automatically 'proceed where possible'

Long list of delivery transition options

Purpose of discussion:

- Outline our view of the transition options and our recommendation for those we should rule out and not consider further
- Get your views on whether we've captured the high-level transition options
- Seek views on whether we're ruling out the right options so as to focus our analysis going forward

	Big bang	Phased transition
What this means	All new switching arrangements go-live at appointed time.	New switching arrangements have a phased introduction. For example, by functionality, consumer type or geography.
Pros	<ul style="list-style-type: none"> • Equitable for all consumers. • No temporary processes required for transition period. • Operational advantages. 	<ul style="list-style-type: none"> • Could enable earlier go-live date. • Risk management based on phasing strategy. • Controlled data migration.
Cons	<ul style="list-style-type: none"> • Potentially higher risk with all systems going live simultaneously. • Based on experience, a long transition time might be necessary before go-live and there may be 'down-time' between systems to ensure all data is migrated. • Risk of being held back by the 'rate of the slowest'. 	<ul style="list-style-type: none"> • Development of temporary processes for transition period. • Might need to run old and new systems concurrently. • Impact on procurement. • Complicates testing arrangements. • Complicates front-line implementation. • Some consumers will see benefits later than others.

- **What are the high level thoughts on big bang vs. phased transition?**

Phasing option	Sub-categories	What this means
1) Functionality / Consumer	a) Building from core-registration	Initially operate core (registration-only) CRS model, and over time move towards consolidated model.
	b) Domestic / Non-domestic	Either domestic or non-domestic consumers phased first and CRS populated.
	c) Fuel type	Either electricity or gas consumers first, and then the other fuel type mapped against this.
	d) Meter type	Next-day switching arrangements would first be operational for smart meter consumers (already in DCC), and then move through different meters (credit, PPM, DTS).
2) Geography	a) Region	Transition phased by regions.
	b) Postcode	Transition phased by scattered postcodes.
3) Supplier / Participant		Phased by individual suppliers or market participants based on their readiness.
4) Volume		Controlled volume increase, based on volume caps on the number of consumers who can switch under new arrangements.
5) Progressive migration		Initially implemented for those requesting change of supply and then sweep up of all other consumers.

- **Do we agree that this is the full list of transition options?**



Pros

- Transition to an initial core CRS could be used to enable earlier go-live date.
- Controlled data migration.
- Adds increased flexibility to BPD and systems architecture.
- Reduced need for temporary processes and system building.
- May help achieve “early wins”.

Cons

- Need to run existing systems during the transition period, minus change of supply functions.
- Possible difficulties considering the operation of settlement data.
- Affects procurement.
- Risk of losing momentum.
- Complicates testing arrangements.

Proposal:

- a) Built from core-registration – Keep**
- b) Domestic / Non-domestic – Keep**
- c) Fuel type – Rule out**
- d) Meter type – Keep**

Pros

- Controlled roll-out, which allows risk management and adds flexibility.
- Could link to assurance framework.
- Consumer familiarity, as previous (eg tv systems changes have phased by geography).

Cons

- Need to run existing systems during the transition period.
- Operational difficulties directing information in different directions according to regions or postcodes.
- Isolating regional data and determining boundaries potentially difficult within systems.
- Regional boundaries do not match across electricity and gas systems.
- Disadvantages some consumers, especially dual fuel and large non-domestic consumers.
- Supplier competition issues.

Proposal:

- a) Region – Rule out
- b) Postcode – Keep (as testing approach)



Pros

- Mitigates risk of being held hostage by the rate of the slowest.
- Provides flexibility for parties to determine their own pace.

Cons

- Difficult to plan transition and implementation based upon suppliers' future readiness.
- Disadvantages some consumers.
- Need to keep running existing systems during the transition period.

Proposal:
Supplier / Participant - Rule out

Pros

- Controlled phasing, enabling regular checks on progress and problems.
- Mitigates risk of being held hostage by the rate of the slowest.

Cons

- Difficulties with front-line implementation and consumer messaging.
- Need to run existing systems during the transition period.
- Disadvantages some consumers.

Proposal:

Volume - Rule out

Pros

- Aids data migration.
- Reasonable “sample” first wave of consumers.
- Aids pilot and testing.

Cons

- Fully operational CRS still required for day-one.
- Need to keep running existing systems during the transition period.
- Difficult to achieve timescales for next-day switching if only transfer data to CRS when change of supplier requested.
- Difficulties locating repetitive switchers.
- Complications to predict consumer demand to use new switching arrangements.
- Complicates testing.

Proposal:

Progressive migration - Keep

- Early indication of preference amongst Design Team and User Group towards big bang.
- Agreement on long-list of transition options.
- After Design Team, we opted to keep options analysis at a higher level.
- Reflected views of Design Team and User Group to keep / rule out various options.

Phasing option	Sub-categories	Proposal
1) Functionality / Consumer	a) Building from core-registration	Keep
	b) Domestic / Non-domestic	Keep
	c) Fuel type	Rule out
	d) Meter type	Keep
2) Geography	a) Region	Rule out
	b) Postcode	Keep (as testing approach)
3) Supplier / Participant		Rule out
4) Volume		Rule out
5) Progressive migration		Keep

- Do we agree with proposal to rule out some of these phasing options?

AOB

- Next EDAG meeting – 15 March (**12:00 to 17:00**)
- Draft agenda
 - Updated plan
 - Highlight report
 - EDAG work shedule
 - Query log
 - Policy issues (tbc)
- Further EDAG meeting scheduled for 18 April (**13:00 to 17:00**)