

DRAFT Minutes of the External Design Advisory Group (EDAG) meeting

Meeting 4 –18 April 2016

Introduction

1. Angelita Bradney (AB) introduced the meeting and welcomed EDAG members. A list of attendees is available at the end of this document.

Minutes and Actions

2. Members approved the minutes to EDAG 3 without amendment.
3. AB reviewed the actions from the previous meeting and a summary is provided in the table at the end of these minutes.

Overview of key aspects of new switching arrangements - Business Process Design

4. Colin Sawyer (CS) provided an overview of the steps involved in processing a switch from Supplier A to Supplier B based on the Switching Target Operating Model (TOM). The overview was designed to highlight interactions between four interlinked issues; cooling off, lock-out, objections and advance registration. These issues were being presented to EDAG for early feedback and will be the subject of individual policy papers at future meetings.
5. BPD User Group had supported having a 'gate closure' (a point of no return after which the switch will proceed) as it provides certainty to the customer that the request has been confirmed and the switch will go ahead. This also provides certainty to suppliers that they can set up accounts and payment processes.
6. CS proposed that Supplier A can load an objection onto the CRS at any time after it had a switching request accepted. When Supplier B submits the switching request, it would be validated against the objection flag. The registration request would fail if there was a valid objection loaded on the CRS.
7. CS stated that the work on objections was based on an assumption of preloaded objections as stated in the TOM. This would be reviewed further in an individual policy paper. He confirmed that this approach was intended for all sectors of the market and that CRS would maintain a record of preloaded objections regardless of whether a thick or thin CRS solution was chosen. A gaining supplier trying to switch a customer would find out whether there was an objection at the time of submitting a request.
8. In response to a comment by Tabish Khan (TK) on objections for business consumers, CS said that the possibility of having an expiry date associated with objection flags was also being considered. He said that the intention was for suppliers not to be able to access objection data

before sending a switching request. They will only find out if there is an objection at the time of submitting the registration request.

9. CS noted that the policy framework for objections is being addressed by Ofgem separately from the Switching Programme.
10. One attendee asked if the data exchange between Supplier A and B would be ad-hoc or choreographed by the CRS and recommended that it should be choreographed by CRS in the interest of time and speed. CS stated that this issue will be discussed in the User Group meeting.
11. On lock-out, CS explained that this would require the customer to stay with the new supplier for a minimum defined period before being permitted to switch again. The BPD User Group had recommended having a parameterized lock-out period of between one to ten days and to allow for this value to be adjusted. A policy paper on this will be presented in the next BPD User Group meeting.
12. CS said that next day switching provided a limited time to appoint agents and for them to exchange data in advance of the switch. Having a lock-out period would provide time for any required processes to complete.
13. CS noted the two main arguments discussed at BPD User Group for having a lock-out period. Firstly, a post-switch lock-out period could help in mitigating data integrity risks – i.e. by providing a set period during which data exchanges between participants can be completed and checked prior to another switch being started. This argument had strong support at BPD User Group.
14. Secondly, without a lock-out period, suppliers could be exposed to high frequency repeat switching (eg every couple of days) which may have negative implications for debt collection and market stability. A post-switch lock-out period could assist in maintaining market stability. As an alternative, suppliers may require security deposits or prepayment arrangements to counter the risk of rapid switching and debt being too small to be collected economically.
15. CS stated that an option of ten calendar days was being considered however a final decision on whether durations should be expressed in calendar or working days had yet to be made. Martin Edwards (ME) said that ten days noted appeared to be an arbitrary number. CS said that the parameters did not need to be finalized yet and could be decided closer to the CRS implementation.
16. AT asked if this parameter would be same for traditional and smart meters. CS replied that this is a general parameter that would be same across all types of meters for simplicity and consistency. Having different parameters would add complexity.
17. HW asked whether shortening the lock-out period would allow time for meter readings and agent appointments. CS stated that this will be discussed in detail in next BPD User Group meeting.

18. Mike Harding (MH) said that the initial switching arrangements could differ from arrangements that are in place one to two years after the CRS is operational. He agreed that systems should have flexibility to adjust the lock-out period in future.
19. Daniel Walker-Nolan (DWN) said that the longer lock-out period is would restrict customer choice and would have other effects when a customer cooled off or was erroneously transferred. CS stated that the idea behind lockout and gate closure was to ensure that the all of the required exchanges of data happen that, were another switch to take place, could otherwise lead to problems with reliability.
20. There was a discussion on the issues with erroneous transfers and smart metering. CS clarified once a smart meter had been reconfigured by the new supplier, it is difficult for the old supplier to know how to interpret these registers for billing once the erroneously transferred customer has been returned.
21. DWN stated that it should be clearly communicated to consumers that, if they signed up to a contract which was more than a couple of weeks before the requested switching date, they would not be able to cool off in light of their experience of being supplied by that supplier.
22. CS said that Ofgem had commissioned consumer research to understand consumer expectations when they cancelled their contracts during the cooling off period.

Advanced Registration - Business Process Design

23. Jenny Boothe (JB) gave a brief overview of the advanced registration summary paper. She stated that the registration process needs to be simple, consistent and harmonized across gas and electricity. The BPD User Group recommended a starting point of 28 days advance registration period, a parameter that could be adjusted later when the CRS is operationalized.
24. JB invited EDAG to comment on whether: a 28 day parameter was a reasonable starting point, if registration windows for domestic and non-domestic sectors should be decoupled, whether registration timescales across gas and electricity should be harmonised and if the CRS should reject further registration requests once a switch request was accepted and pending on the system.
25. There were a range of views expressed on the length of the advanced registration period. ME said that it would be preferable to have a whole month instead of 28 days. GJ asked questioned if not having advanced registration would make things simpler. AW noted that some customers would value the certainty of registering in advance, especially non-domestic customers with large sites and complex portfolios. HW agreed that the system should have flexibility that gives customers the choice of registering in advance or switching the next day.
26. MH agreed that for large customers a longer registration horizon may be less risky. He added that the registration period did not prevent a customer from signing a contract beforehand.

27. Some members felt that the advance registration window should be allowed to vary between domestic and non-domestic consumers to reflect the contracting arrangements and that this functionality should be built into the CRS. In the non-domestic market, contracts are negotiated and may be agreed upon months before the contract takes effect. Being able to submit the registration request for a longer period could provide comfort that the switch is 'locked-in'.
28. DD said that the new system should have the flexibility that allows for different advance registration windows for domestic and non-domestic customers and that this issue should remain open for further deliberation.
29. AW noted that having a longer registration period would increase the risk that the switching was erroneous if the customer moved premises or changed their mind.
30. EDAG concluded that a 28 calendar day period was a reasonable starting point and that it should be parameterised i.e. have the ability to be adjusted in light of any issues arising during live operations.
31. EDAG also agreed with the proposal to have one registration request live on the system, so that other requests received in advance of the switch would be rejected. JB said that the alternative of allowing a new request to take precedence could become difficult to manage and may be confusing for the customers. This may undermine the design principle of 'simplicity'.

Scope of Information Requirements-Business Process Design

32. CS presented slides on emerging thinking regarding the scope and nature of the CRS. He noted the requirements for a registration service but also for market intelligence (ie access to data to support the switch and the other activities linked to registration). Ofgem will be working with the solutions architect to examine options for how these requirements could be delivered. A short list will be presented as part of RFI.

DCC Price control for Transitional period-Commercial

33. AW gave an overview of the approach for DCC's price control over the transitional period, ie up to the point that it enters into a contract for the CRS. Ofgem had consulted in December on using an ex-post approach with ex-ante for procurement if that was practical. Having reviewed responses and considered the issue further an ex-ante approach was not thought to be practical because of the uncertainty on the procurement requirements – i.e. what the DCC is going to be required to purchase and the potential impact on programme timescales and delivery.
34. Ofgem will examine the potential for an ex-ante approach for design, build and test and the enduring phase as part of the Commercial Workstream.
35. AW said that Ofgem will adopt an "ex-post plus" price control approach. This requires DCC to develop a Business Case on activities and costs, which will be consulted on with stakeholders and reported on after it has been baselined. This new approach provides greater transparency than the ex-post approach. This approach has been agreed by GEMA, the DCC Board and will be

described in more detail in Ofgem's decision document to amend DCC's licence to be published in May. This approach is built on the arrangement that was successfully used for NGT when it supported the development of the EMR arrangements.

36. AW said that the DCC will develop a Business Case setting out all of the activities it expects to undertake together with the costs of those activities. This will include scenarios around certain areas that have the greatest level of uncertainty so that the expected cost impacts can be understood. Ofgem will scrutinise the Business Case with the chance for DCC to update it before Ofgem consults on it towards the end of the year. Ofgem will summarise comments and its views and DCC will be invited to update the Business Case in early 2017.
37. AW said that the DCC will provide regular updates against the baseline e.g. at EDAG/SPDG and through quarterly finance seminars. Alongside the Business Case consultation to be published towards the end of the year, Ofgem will consult on the margin that DCC should receive and any incentives. DCC will incorporate views on costs, margin and incentives in its charges to users from April 2017.

AOB

38. Next EDAG meeting will be on 24 May. The draft agenda includes lock-out and mapping of legacy systems.
39. AB stated that the EDAG meeting on 25 July has a large agenda with ten items. EDAG members agreed to split the agenda over two different meetings in July. Given the volume of papers, EDAG asked that they were sent with sufficient time for review prior to the meetings.

End

Attendees

Gavin Jones – Tech UK
Dee Drew – EDF Energy
Eric Graham – TMA
Tom Chevalier – AMO
David Crossman – Haven Power
Alex Travell – E.ON
Richard Sweet – Scottish Power
Audrey Gallacher – Energy UK
Daniel Walker-Nolan – Citizen’s Advice
Mike Harding – Brookfield Utilities
Tabish Khan – British Gas
Peter Seymour – Laurasia
Adam Boorman – Cornwall Energy
Gan Fitzgerald – Ovo Energy
Jeremy Guard – First Utility
Hazel Ward – Npower
Martin Edwards – SSE
Justin Andrews – Elexon
Mathew Roderick – DCC
Richard Sweet – Scottish Power
Hazel Cotman – UKPN
Andy Knowles – Utilita
Patrick Whitehead – DECC
Nick Taylor – DECC
Angelita Bradney – Ofgem (Chair)
Nigel Nash – Ofgem
Andrew Wallace – Ofgem
Jason Brogden – Ofgem programme assurance consultant
Colin Sawyer – Ofgem
Andrew Amato – Ofgem
Fatima Zaidi – Ofgem
Joanne Thrower – Ofgem
Suchitra Hammond – Ofgem

EDAG action log

No.	EDAG meeting	Action	Responsible party	Update	Status
18	EDAG 3, 15 th March 2016	Ofgem to include triggers for key activities in process maps	Ofgem	Triggers included in process maps of lock-out paper	Closed
19	EDAG 3, 15 th March 2016	Ofgem to publish Query Management Log and reporting template prior to EDAG 4	Ofgem	In development, Query Reporting Template, Query Log and manual to be published on Ofgem website prior to EDAG 5	Open
20	EDAG 3, 15 th March 2016	Ofgem to share a forward look for meetings beyond June	Ofgem	The Forward Look has been published on the website	Closed