

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

### **Meeting 9 –18 August 2016**

#### **Introduction**

1. Andrew Wallace (AW) 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 8 without amendment.
3. AW reviewed the actions from the previous meeting and a summary is provided in the table at the end of these minutes.
4. AW informed EDAG members that the Design Authority (DA) had approved Switching Programme's policy proposals on Business Process Design (BPD) Work Package 1, Agents Appointments and Cooling off. The DA noted that further work was required on how to codify the customer facing requirements within the regulatory framework.

#### **Erroneous Transfers – Business Process Design (BPD)**

5. Barry Coughlan (BC) gave an overview of Erroneous Transfers policy paper. BC stated that policy issues on data cleansing, standstill, data modelling and debt assignment are related to erroneous transfers. He informed EDAG that one proposal is to include a flag on registration requests that would act to override any standstill period in case of an erroneously transferred customer being returned to Supplier A and any subsequent switch to another supplier.
6. BC added that data cleansing is important as data quality issues are one of the leading causes behind erroneous transfers. At present, steps to validate consumer data may be largely reactive, undertaken when there are obvious or known data gaps or errors.
7. Gavin Jones (GJ) stated that erroneous transfers in domestic electricity sector form around 1 percent of all switches.
8. Adam Carden (AC) pointed out that some issues are also caused by customers as they can provide incorrect address information or provide their neighbour's address to a PCW just to get a quote.
9. BC agreed that there are a range of factors that could lead to erroneous transfers and some of them could be attributable to the customers, but there are very few that are due to mis-selling, fraud or forgery. A vast majority of erroneous transfers are due to incorrect MPxN.
10. BC said that one of the paper's recommendations was that consumers should have the facility to manually provide their MPxN information where it has not been possible to reliably obtain this based on the address or other basic information they have provided. This was widely supported.

11. Hazel Ward (HW) added that there should also be a validation step for this. Andy Miller (AM) stated that currently only two price comparison websites (PCWs) allow the customers to give their MPxN information.
12. BC stated that another risk mitigation step was that a CIN test should be used to confirm the correct smart meter(s) are switched as a validation in 'high risk' cases, such as prepayment switches, or for areas with unusual property naming conventions.
13. David Crossman (DC) and Mike Harding (MH) said more work needs to be done on preventing erroneous transfers. Reliable next-day switching may not be possible if the data is inaccurate.
14. HW questioned whether it is the processes that do not work or the interactions, **both supplier to supplier and supplier to customer**. The CRS would improve the processes but ways to improve the interactions need to be considered as well.
15. MH emphasized that it is important to define what erroneous transfers are and clarify the detailed rules for specific processes for handling them that are set out in the Erroneous Transfer Customer Charter.
16. On consumer billing, BC stated that the recommendation is to introduce a new principles-based requirement for the erroneous supplier to support the erroneous transfer reversal process where this helps to ensure a smooth return and accurate re-billing of the consumer by the original supplier, and where this helps to reduce the burden of effort on the original supplier. There were doubts expressed by the EDAG about the value of introducing such a requirement. Much of the effort involved in reversing an ET inevitably sits with the original supplier, and as each supplier will have instances where they are responsible for ETs the overall burden is spread anyway.
17. In response to a comment by HW, BC stated that the Switching Programme's Regulatory Design workstream is working with Ofgem's Future Retail Regulation team on how to set out the Switching Programme regulatory requirements.

#### **Solution Architecture Options for RFI – BPD**

18. Gavin Critchley (GC) informed EDAG that the long list of options had been shortlisted to four options, which will be part of the RFI. Having few shortlisted options in the RFI will make it easier for industry parties to respond. The four options include a "do nothing" and "do minimum approach" in line with HM Treasury's guidance on options appraisal. GC stated that the options had been assessed against Ofgem's Design Principles. The four options for RFI will include:
  - Switching database with middleware
  - Switching database and MIS database with middleware
  - Do minimum
  - Do nothing (counterfactual)
19. GC stated that market participants said that they were already using middleware to facilitate communication between existing systems. They see middleware as an investment to deal with existing issues and future developments in the market.

20. GJ stated it would be useful to have a precise definition of “middleware solution” in the solution architecture documentation as it could have various meanings and interpretations.
21. GC said that market participants were also supportive of a centralized solution but emphasized that its scope needs to be clear. Smaller and medium suppliers stressed that if a centralized solution is chosen, then it should have enough data elements that allow for reliable switching. GC stated that if the CRS solution holds few data items such as MPxNs and supplier IDs only then it would be easier to manage it. The more data items the central solution will have, the more data ownership and stewardship issues there will be.
22. Tabish Khan (TK) highlighted that there could be concerns about reliability with the “do minimum” option. He said that if there is a negative impact on reliability then the ‘do minimum’ option should not be taken forward to the RFI stage. GC agreed that this option might not fulfil the aims of the programme and that market participants were also more interested about increased reliability not just increased speed of switching in the new switching arrangements.
23. Natash Hobday (NH) stated that some industry members might not implement a do minimum option. MH stated that if there is a phased transition towards the new arrangements, it might include a “do minimum” option regardless.
24. In response to a comment by TK on implementation planning, GC stated that transition strategy was being looked at by the Delivery Strategy workstream.
25. MH emphasized that it is important to ensure data quality regardless of which solution option and implementation plan is chosen. GC said that if there are fewer data items held centrally, it will be easier to manage and there will be fewer issues with data cleansing and migration.
26. MH queried what a data steward was and how this differed, if at all from a data owner. Colin Sawyer (CS) clarified that a data steward is not the data owner but the individual/party that manages data and validates or monitors its quality and accuracy.
27. GJ highlighted that higher costs and time associated with developing the MIS service should also be taken into account and should be part of the criteria being used to assess options.
28. In response to a question on the next steps, GC said that the shortlist will be taken to the Design Authority for decision at the end of August. These options will also be part of the RFI, which will provide another chance for stakeholders to scrutinize them.

#### **DCC Business Case – Commercial Workstream**

29. Natasha Sheel (NS) provided an update to EDAG on DCC’s approach for and progress on the DCC Business Case. She informed EDAG that DCC is developing its Business Case with input from stakeholders. Ofgem will review the DCC Business Case and then consult on it towards the end of 2016.
30. NS summarised the feedback from Commercial User Group to date which had been generally positive and that User Group had shown particular interest in the cost, governance and incentives sections. NH clarified as a Commercial User Group member that there were concerns raised about DCC’s cost management and cost controls based on Industry’s experience of DCC’s Smart Meter Implementation Programme. These had been taken on board and the User Group would have chance again to review.

31. Andrew Amato (AA) gave an overview of the roles and responsibilities that will be shared between DCC and Ofgem over the course of the programme. He said that Ofgem will retain SRO accountability and sponsorship of the programme through all the phases. Currently, in the Blueprint Phase, Ofgem is leading on the solution design and it will continue to do so in the Detailed Level Specification (DLS) phase. However it may decide to delegate responsibility for delivery to industry parties particularly DCC in the later phases. DCC will be responsible for CRS technical specification. **AA said Ofgem envisage that** in the Design, Build and Test (DBT) phase, DCC will also lead the programme management.
32. **TK commented that there is concern that if DCC provides its own assurance then there is a conflict of interest.** AA stated that current thinking is that DCC will lead on delivery assurance but Ofgem will also be involved but more scoping work will be done in this area. NH suggested that industry's legal and commercial experts could also get involved in procuring independent assurance during the Transition Phase. She also emphasized that it is important to learn lessons from Project Nexus.
33. MH queried the scope of DCC's programme management in DBT phase. **Anthony Lewis (AL) stated that DCC had not agreed to lead the end to end Switching Programme during DBT, pending clarification of the regulatory framework that would support such a broadening of responsibility.** AA stated that DCC would be responsible for planning and stakeholder management related activities.
34. In response to a question on change management, AW stated that there is a need to maintain alignment between code drafting and procurement. These will be addressed in the governance structure for the DLS phase.
35. Bryn Coles (BCo) gave an overview of DCC's Business Case. He stated that the DCC Business Case will set out its activities and the associated financials for the transition phase up to the point of contract signature with the CRS solution providers.
36. In response to a comment by Alex Belsham Harris (ABh), BCo stated that the Business Case does make assumptions about the DLS and Enactment phases but it will be updated at key milestones within the Transition Phase with the initial baseline in April 2017 when there is greater clarity about the future phases.
37. One attendee commented that DCC might have an incentive to opt for an expensive commercial architecture. AW stated that there will be controls, checks and balances in place to ensure that DCC considers the full costs of the procurement decision in accordance with an agreed evaluation framework. This process is being developed in the procurement framework which will be shared with EDAG in a future meeting.
38. On monitoring, BCo said DCC will report on its costs to Ofgem on a monthly basis at a granular level against the financial controls. Regular updates on delivery will be provided to Ofgem against the Business Case in addition to the financial reporting. This will ensure transparency and allow Ofgem to challenge DCC on the costs incurred.
39. In response to a comment by Paul Saker (PS), BCo stated the Business Case will be shared with the Commercial User Group and EDAG for input after it is submitted to Ofgem for scrutiny.

40. In response to a comment by Adam Carden (AC) on cost recovery, AW stated that costs will be recovered through ex-post plus mechanism. It does not include a mechanism for returning money to stakeholders as they are not paying any money upfront. If there is a change in scope for DCC's role, increasing or decreasing **beyond the defined materiality threshold**, then the Business Case can be re-baselined to account for this. The option for DCC's costs decreasing is covered within the Opportunity section of RAIDO within the Business Case.
41. In response to a comment by AC on the magnitude of costs, AW stated that they will be clear when DCC submits the Business Case to Ofgem in September and these will be shared with EDAG. There will be a consultation on the Business Case in parallel with margin & incentives towards the end of 2016.
42. On the next steps for the DCC Business Case, NS stated that a summary will be provided to Programme Board on 30<sup>th</sup> August. Ofgem will review DCC Business Case and Margin and Incentives once these are submitted in September and share any updates with EDAG.

#### **AOB**

43. Next EDAG meeting is on 15 September. Policy issues on BPD work package 2, service availability and helpdesk, supplier of last resort, assurance and testing strategies, governance and post implementation strategies will be shared for review.

**End**

#### **Attendees**

Gavin Jones – Tech Uk  
Jonathan Ainley – BEIS  
Dan Alchin – Energy UK  
Paul Saker – EDF Energy  
David Crossman – Haven Power  
Martin J Hewitt – UK Power Networks  
Natasha Hobday – First Utility  
Tabish Khan – British Gas  
Justin Andrews – Elexon  
Alex Belsham-Harris – Citizen's Advice  
Anthony Lewis – DCC  
Mike Harding – BUUK  
Andy Miller – Xoserve  
Martin Evans – Utiligroup  
Colin Blair – Scottish Power  
Hazel ward – Npower  
Andy Knowles – Utilita  
Joanna Ferguson – NGN  
Bryn Coles – DCC  
Gavin Critchley – PwC  
Andrew Wallace – Ofgem  
Barry Coughlan – Ofgem  
Natasha Sheel – Ofgem  
Andrew Amato – Ofgem  
Nigel Nash – Ofgem

Colin Sawyer – Ofgem  
 Tom Fish – Ofgem  
 Fatima Zaidi – Ofgem  
 Theodora Bayanovah – Ofgem

### EDAG Action Log

No.	EDAG meeting	Action	Responsible party	Update	Status
22	EDAG 6, 16 <sup>th</sup> June 2016	EDAG to provide any further comments on switching scenarios by 1 July 2016	EDAG	EDAG and UG to provide any further comments on the updated Casewise models by 5 <sup>th</sup> August	Closed  Comments received and are being incorporated
23	EDAG 6, 16 <sup>th</sup> June 2016	Ofgem to develop a more detailed consumer journey map in relation to objections (including the role of TPIs)	Ofgem	In development	Open
24	EDAG 6, 16 <sup>th</sup> June 2016	Ofgem to give further consideration to having a different approach for domestic and non-domestic objections	Ofgem	Discussed in the BPD User Group meeting on 11 <sup>th</sup> July. Ofgem will seek views on objections as part of the RFI.	Closed
26.	EDAG 7, 18 July 2016	Ofgem to consider how having a single flow of information in the CRS that includes agent selection information would affect the functionality of the CRS	Ofgem	Supporting materials to the business processes propose that the registration request will include agent IDs.	Closed
28.	EDAG 7, 18 July 2016	Ofgem to consider having discussions with security experts on scrutiny of security requirements for the new switching	Ofgem	We propose to set up this group in the DLS phase when IRA will be revised	Closed

		arrangements			
29.	EDAG 7, 18 July 2016	EDAG to be provided with a view on order of magnitude of DCC's costs in Transitional phase	Ofgem	In development	Closed
30.	EDAG 7, 18 July 2016	Provide clarity to EDAG on timetable for developing DCC's charging methodology for Design, Build and Test and Operation Phases	Ofgem	Underway	Closed
31.	EDAG 7, 18 July 2016	Provide a summary paper to EDAG on key issues when Procurement Framework and DCC Business Case document presented to EDAG for review	Ofgem	Slides to be provided at 18 Aug EDAG	Closed
32.	EDAG 7, 18 July 2016	Commercial Design Team to consider renaming the DCC Business Case document	Ofgem	The Design Team discussed this and decided against changing the name	Closed
33.	EDAG 7, 18 July 2016	Ofgem to consider developing a paper on the role of PCWs and TPIs in the new switching arrangements	Ofgem	Underway	Open
34.	EDAG 8, 25 July 2016	Ofgem to consider the cost and complexity that continuous billing might add to cooling off in the new switching arrangements	Ofgem	Internal discussions within Ofgem confirmed that this would add unnecessary layers of complexity to the process	Closed

