

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

### **Meeting 12 – 21 November 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 11 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.

#### **Governance and Assurance Strategy – Delivery Strategy**

4. James Crump (JC) gave an overview of the Governance and Assurance Strategy paper, which considers arrangements for governance, assurance and Programme Management in the Design, Build and Test (DBT) phase of the Switching Programme. The paper reflects decisions taken by the Programme Board about overall programme governance. Design of the procurement process for DBT phase will be undertaken during the Detailed Level Specification (DLS) and the Enactment phases of the Switching Programme.
5. JC said that the current intention of the Programme Board was that responsibility for procurement of the programme management (PMO) function for DBT phase will lie with DCC. He also added that the Delivery Strategy User Group had emphasized the need for independent assurance in programme governance and management.
6. Anthony Lewis (AL) commented that the party responsible for programme management needs to have powers to ensure that other participants work with it. JC responded that there will be regulatory changes to ensure that all industry parties have appropriate requirements to drive the programme and to ensure that programme is delivered on time. There will be regulatory tools in place to create obligations that direct the behaviour of participants in the programme. The role of the System Integration function will also be key in ensuring that all parts of the end-to-end solution are on course for delivery.
7. Alex Travell (AT) commented that it is not clear where ultimate accountability would lie for delivery of the DBT phase. JC stated that Ofgem would ultimately be accountable for decisions made by the programme, but that it does not have the resources with skills to programme manage complex IT systems implementation. So DCC will be responsible for procuring the resources required and to ensure that it is delivered.

8. AT also commented that the assurance role needs to be independent; it should be independent of DCC and the system integrator function even if it is procured or funded by DCC. He also said that there should be consistency in the programme management role throughout the programme. Transferring the programme management role from Ofgem to DCC between the Enactment phase and the DBT phase could be risky, and there should be a period where, if there is to be a handover, the two PMO functions operate concurrently and collaboratively.
9. Another attendee stated that it is important to ensure that the right skills are in place from the start for the programme to be delivered. Change in programme management between different stages of the programme should be minimised. JC replied that, in the Blueprint phase, the programme's focus was on developing policies and regulatory framework. Later stages of the programme will be focused on developing and implementing IT systems. So the skills required will be completely different.
10. Justin Andrews (JA) also emphasised that there should be a continuity in programme management structure from the beginning. EDAG members discussed the need to ensure programme management is a continuous workstream and is adequately resourced.
11. Martin Hewitt (MH) suggested that a tendering process could be used to procure resources for the assurance roles with the required skills that are also independent. EDAG members suggested various organisations which could provide independent assurance to the programme.
12. Gavin Jones (GJ) highlighted that it is important to have a good risk register to understand where key risks lie and where assurance effort should focus.

#### **Procurement Framework – Commercial Workstream**

13. Andrew Wallace (AW) gave a brief overview of the Procurement Framework. He stated that the framework is high level at this stage in the programme. This will be developed into further detail early next year and finalised at the end of the DLS phase. As part of this exercise Ofgem has identified and agreed the products through to contract signature with DCC. These include:
  - Developing product descriptions and acceptance criteria for each of the procurement products
  - Identifying the opportunities for stakeholder to feed into these
14. Following EDAG, the Procurement Framework would be submitted for agreement to the DCC Programme Board on 24 November and for final approval by the Ofgem Programme Board on 8 December. It would then be published later in the month.
15. AT commented that there is a need for greater transparency on the role of stakeholders. He queried whether stakeholders will have a say on the acceptance criteria and whether Ofgem will consult on this. RC replied that the acceptance criteria has not been finalised yet but it will be shared with the industry for input. EDAG members agreed that there should be engagement on this.
16. In response to a comment by AT on formal stakeholder engagement, AW responded that stakeholders will be involved in the review of the products. They will have a review function rather than an approval role.

#### **Registration and Switching Governance Framework – Regulatory Design**

17. Jonathan Dixon (JD) gave an overview of the paper. He stated that this document sets out the high level assessment the Regulatory Design Team made of each of the governance framework options. Each of the three leading options involved the development of a Retail Energy Code (REC), either to be complementary to the SEC and governing only those switching arrangements that would be out-of-scope of the CRS, or to capture both the CRS and wider switching arrangements. He invited EDAG to comment on the proposal to continue the work of the Regulatory Design Team on the basis that it is likely a new REC will form part of the regulatory and governance framework.
18. An attendee commented that some of the legal drafting for the proposals will be dependent upon the system design. He stated that drafting should not be started without sufficient clarity on CRS design. JD agreed that some of the drafting would be contingent upon the chosen systems design and could be back-loaded, with early focus on the drafting that is not dependent upon system design.
19. In response to a further comment regarding proportionality, JD stated that one of the benefits of having a new code is that it would simplify arrangements for new entrants and incumbents in the market, and create scope for efficiencies by allowing for future consolidation.
20. JD informed EDAG code governance is not envisaged to be within the scope of the RFI, but will be consulted upon later in 2017.

#### **DLS Governance and Industry Engagement**

21. Andrew Amato (AA) informed EDAG that the Switching Programme is in the process of devising decision making and stakeholder engagement arrangements for the Detail Level Specification (DLS) phase of the programme. He said that the decision making and industry engagement structures currently in place for the Blueprint phase will not be fully appropriate for the forthcoming DLS phase of the programme as this phase will require more streamlined review and decision making processes. The proposal is for the Design Authority to be replaced by a Technical Design Authority (TDA) composed of Ofgem, DCC and industry experts. It will be chaired by Ofgem. TDA along with DIAT will ensure that there is alignment in system design. There will be no formal role for EDAG in reviewing DLS products, but the EDAG would continue to review Blueprint outputs.
22. Four core areas of development activity have been identified in DLS:
  - Detailed Switching Arrangements (DSA)
  - Switching Regulation
  - CRS Design
  - Switching Delivery Design
23. There are proposed to be four specialist groups looking at each of these areas. AA invited EDAG to comment on the current thinking which will be presented for agreement at the December Programme Board meeting.

24. One attendee commented that a separate gas and electricity industry expert will be needed for networks as there is not a lot of overlap between gas and electricity.
25. In response to a comment, RC stated that Ofgem welcomes views of EDAG members on who should be in industry expert role in TDA. This role requires significant technical expertise and the ability to communicate with participants from the area they are representing.
26. In response to a comment, AA clarified that Ofgem will seek input from EDAG on Design Baseline 2 and 3. But the final decision will be made by SRO and Programme Board rather than the DA.
27. AL stated that if TDA will be a technical team responsible for design, it should not make decisions on costs and quality which are programme management functions.
28. One attendee stated that there are a large number of small suppliers with very different business models. It would be difficult for a single small supplier industry expert to represent all the small suppliers in meetings and communicate with all of them.
29. GJ stated that it is important to set out the roles and responsibilities clearly of industry experts and TDA. AA said that that the Terms of reference for TDA were being developed as was a role profile to describe the skills and experience of industry experts.
30. Jeremy Guard (JG) suggested that in addition to the industry experts in the TDA, Ofgem could also consult industry stakeholders, having short consultation periods.
31. In response to a comment by AT, RC said that the programme understands the need to be transparent and there will be user groups for providing input on products in DLS phase.
32. Alex Belsham-Harris (ABH) queried whether TDA will have representatives from consumer bodies. RC stated that the decisions made by TDA are expected to be technical in nature with key consumer impacts being decided in the Blueprint phase. Colin Sawyer (CS) added that TDA will not be developing policies but will be it will be looking at technical practicalities and mechanics of system design.
33. A role profile summarising the skills and experience anticipated from TDA members has since been circulated to members with a request for feedback.

#### **Update on RFI Approach**

34. Tom Fish (TF) provided an update on the approach to RFI and shared the feedback received in the Switching Seminar. He highlighted that the programme had received mixed feedback on dividing the different elements of the switching process into seven activity areas. So a more tailored approach is being developed to suit different stakeholder groups. This approach will be tested with a few stakeholders over the coming weeks. Ofgem will start to send out draft RFI questions to different stakeholders from 9<sup>th</sup> December. He also added that there was a lot of feedback on the proposed length of RFI, that 4 weeks might not be sufficient for the industry to develop detailed responses.
35. TF reminded the industry members to nominate RFI leads from within their organisation. He said that otherwise the Switching Programme would consider the seminar attendees as the point of contact in the absence of any better information.

**Action: EDAG**

36. AT commented that it is regulatory best practice to have 6-8 weeks for a consultation. RC replied that there is a trade-off as allocating more time towards getting responses from the industry would reduce the time available to Ofgem to conduct detailed analysis on the information received. Ofgem will draft RFI questions first and then consider the ideal time required by the industry to respond to these questions.
37. Lynne Hargrave (LH) suggested that the Switching Programme should provide a plan with the timelines of when draft RFI questions will be shared with stakeholders.

**Action: Ofgem****Updated Reform Packages**

38. CS gave a brief overview of the Reform Packages presented at the switching seminar on 7 November. The three reform packages were: a Minimal Reform Package (improved switching delivered using existing systems), a Major Reform Package (introducing a new switching service) and a Full Reform Package (includes a new switching service and a Market Intelligence Service (MIS))
39. CS stated that an 'Optimise Existing' option had been developed as an alternative to the Minimal Reform package. CS invited EDAG to comment on whether 'Optimise Existing' should be tested in the RFI instead of 'Minimal Reform'.
40. An attendee asked whether any elements of Optimise Existing option could involve transitional changes. He said that any transitional steps should be avoided to minimise cost and effort.
41. MH commented that it would be a challenge to match electricity and gas meter points to a GB address list. Another attendee stated that all suppliers will be DCC users so they could use DCC inventory to get MPANs and MPRNs that share a comms hub for address matching.
42. GJ highlighted that there needs to be clarity on benefits to consumers for each reform package. Cost benefit analysis for each package is necessary to justify any incremental change over minimal reforms.
43. AW requested EDAG members to send their feedback on the Optimise Existing option by Thursday 24<sup>th</sup> November. The reaction of EDAG members at the meeting was that they preferred the 'Optimise Existing' option over the Minimal Reform option.

**Action: EDAG**

44. In response to a comment by ABH, TF stated that the Treasury's Green Book has no clear prescription on what Minimal Reform option should include.
45. In response to a comment, RC stated that the purpose of the RFI is to understand costs and benefits of each option. The aim is to analyse which option delivers programme benefits at minimal cost. There is political support for next-day switching but there is no absolute commitment to it.

**AOB**

46. AW informed EDAG that the Commercial workstream will be publishing two consultations on 24 November on DCC Business Case and DCC's margin and incentives.
47. AW said that the next EDAG meeting will be schedule in 2017. EDAG will be required to review Blueprint Phase products in the run up to Design Baseline 2 and 3 and.
48. In response to a comment, RC stated that EDAG will continue to be provided with a monthly Highlight Report.

**Action: Ofgem**

**End**

**Attendee list**

Alex Belsham-Harris – Citizens Advice  
 Justin Andrews – Elexon  
 Alex Travell – E.ON  
 Anthony Lewis – DCC  
 Colin Blair – Scottish Power  
 Lynne Hargrave – CMAP  
 Paul Saker – EDF Energy  
 Paul Youngman – Npower  
 Martyn Edwards – SSE  
 Andy Knowles – Utilita  
 Jeremy Guard – First Utility  
 David Crossman – Haven Power  
 Martin Hewitt – UK Power Networks  
 Hillary Chapman – ENA  
 Karen Lee – Utiligroup  
 Nick Salter – Xoserve  
 Gavin Jones – Tech UK  
 Vicki Spiers – BUUK

**EDAG Action Log**

No.	EDAG meeting	Action	Responsible party	Update	Status
35	EDAG 11, 13 October	EDAG members to nominate a lead contact from their organisation for Ofgem to communicate with on the RFI.	EDAG members	Some nominations have been received. The Switching Programme would consider the seminar attendees as the point of contact in the absence of any	Open

				better information.	
36	EDAG 11, 13 October	EDAG members to send their feedback on the RFI document to Ofgem by Wednesday, 19th October.	EDAG	Detailed comments received in EDAG and the Switching Seminar	Closed
37	EDAG 12, 30 Nov	EDAG members to provide feedback on Optimise existing Option by 24 <sup>th</sup> November	EDAG		Open
38	EDAG 11, 30 Nov	Ofgem to share a plan with RFI timelines with EDAG	Ofgem		Open