

# Design Authority

**Updated reform packages**

30 November 2016

ofgem

- DA approved three reform packages and a counterfactual at its meeting on 27 October
- As noted at the last meeting, we have continued to develop and refine the reform packages with stakeholders:
  - Industry seminar with breakout sessions on 7 November
  - Tested our revised proposals at EDAG on 21 November
- Having an agreed and stable set of reform packages is essential if we are to meet our timetable to develop the RFI, SOC and DB1 and publish in mid January

## Purpose of meeting and next steps

- We are now requesting that DA agree the updated reform packages and counterfactual presented in the accompanying spreadsheet
- The main change we have made is to reshape Reform Package 1 so that we get the best outcome possible for consumers using existing systems. Previously, Reform Package 1 made three targeted changes to existing systems and was badged as “Minimal Reform”
- We have received strong support from stakeholders on the proposed revisions to the reform packages
- We expect that, as we continue to develop the RFI with stakeholders, minor refinements may be needed to the reform packages. We propose to package these up and send these to you for approval by email towards the end of December

- We first describe the reform packages that were approved at the DA meeting on 27 October
- We then describe the changes that we have made to Reform Package 1

## Reform packages as agreed by DA on 27 October

Minimal Reform	Major Reform	Full Reform
<ul style="list-style-type: none"> <li>• Objections window reduced to 1WD</li> <li>• Gas confirmation window reduced to 1WD – this applies to all packages</li> <li>• No nominations for LSPs – data to be published by GTs – this applies to all packages</li> <li>• Suppliers support ‘equivalent terms’ for cooling off returns – this applies to all packages</li> </ul>	<ul style="list-style-type: none"> <li>• New Centralised Switching Service (CSS)</li> <li>• MPRS and S&amp;M modified to accept changes from CSS and to remove switching functionality</li> <li>• MPRS modified to handle: related MPANs; exports</li> <li>• ECOES, DES and Smart accept updates from CSS</li> <li>• Losing suppliers respond instantly to objection requests</li> <li>• MPxNs linked via GB address register</li> <li>• Shipper and agent IDs recorded in CSS (MOP, DA, DC, MAM, MCP)</li> <li>• Dom / non-dom recorded in CSS</li> <li>• Smart meters updated before switch becomes effective</li> <li>• CSS, supplier objections and ECOES &amp; DES available 24x7</li> <li>• Central M-number helpdesk with 2<sup>nd</sup> line support from networks</li> </ul>	<ul style="list-style-type: none"> <li>• As for Major Reform, plus....</li> <li>• New Market Intelligence Service (MIS) – all switching, meter point, settlement and meter asset data (incl. smart) accessed via MIS</li> <li>• ECOES and most of DES are withdrawn</li> <li>• MPRS modified to handle MTDs</li> <li>• Data ‘scraped’ from transactions (e.g. MAP) available via MIS</li> <li>• All relevant transactions carried over single network</li> <li>• MIS available 24x7</li> </ul>

## Variations on policy positions to be tested in the RFI

Minimal Reform	Major Reform	Full reform
<ul style="list-style-type: none"> <li>• Cooling off:               <ul style="list-style-type: none"> <li>• (Central case) Equivalent terms on return to A</li> <li>• No obligation to offer equivalent terms</li> </ul> </li> <li>• Definition of 'day':               <ul style="list-style-type: none"> <li>• (Central Case) All time periods expressed in working days</li> <li>• All time periods expressed in calendar days (and systems operate 24x7)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Objections:               <ul style="list-style-type: none"> <li>• (Central case) Instant reactive (&lt;2 secs)</li> <li>• Instant with pre-loaded objections database</li> <li>• Compressed window (assume 5 working hours)</li> <li>• Mixed: dom = instant and non-dom = comp. window</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• MIS:               <ul style="list-style-type: none"> <li>• (Central case) DCC procured and operated MIS</li> <li>• MIS procured and operated by industry</li> </ul> </li> </ul>

- The existing arrangements could be ‘tuned’ to allow faster switching (as described in the Minimal Reform package)
- A number of steps could be taken to improve reliability under the existing arrangements, for example:
  - Coding Related MPANs in MPRS
  - Adding MAP ID to MPRS and UKLink
  - Adding Import/Export and Dom/Non-dom indicators to MPRS
  - Matching addresses in UKLink and MPRS to a GB Address List
- These steps could be pursued under industry governance but we are considering whether they should be incorporated into the Minimal Reform package

# Proposed changes to Reform Package 1 'Optimise Existing' to take the place of 'Minimal Reform'

Minimal Reform	Optimise Existing	Major Reform
<ul style="list-style-type: none"> <li>• Objections window reduced to 1WD</li> <li>• Gas confirmation window reduced to 1WD – this applies to all packages</li> <li>• No nominations for LSPs – data to be published by GTs – this applies to all packages</li> <li>• Suppliers support 'equivalent terms' for cooling off returns – this applies to all packages</li> </ul>	<ul style="list-style-type: none"> <li>• Objections window reduced to 1WD</li> <li>• Gas confirmation window reduced to 1WD – this applies to all packages</li> <li>• No nominations for LSPs – data to be published by GTs – this applies to all packages</li> <li>• Suppliers support 'equivalent terms' for cooling off returns – this applies to all packages</li> <li>• MPxNs matched to GB address list</li> <li>• MPRS modified to handle: Related MPANs; import/export; dom/non-dom</li> <li>• MAP ID maintained in UKLink and MPRS (and MAPs notified at switch)</li> <li>• API links to ECOES &amp; DES</li> <li>• MAM unbundled to MOP and MAP</li> <li>• Harmonisation of advance registration and standstill periods</li> </ul>	<ul style="list-style-type: none"> <li>• <b>New Centralised Switching Service (CSS)</b></li> <li>• <b>MPRS and UKLink modified to accept changes from CSS and to remove switching functionality</b></li> <li>• MPRS modified to handle: related MPANs; exports</li> <li>• ECOES, DES and Smart accept updates from CSS</li> <li>• <b>Losing suppliers respond instantly to objection requests</b></li> <li>• MPxNs <b>linked</b> via GB address register</li> <li>• Shipper and agent IDs recorded in CSS (MOP, DA, DC, MAM, MCP)</li> <li>• Dom / non-dom recorded in CSS</li> <li>• <b>Smart meters updated before switch becomes effective</b></li> <li>• CSS, supplier objections and ECOES &amp; DES available 24x7</li> <li>• Central M-number helpdesk with 2<sup>nd</sup> line support from networks</li> </ul>

Note: The 'Full Reform' package would be retained – it has been left off this slide for ease of presentation  
 Entries in red represent features that are only delivered by the 'Major' and 'Full' reform packages



## Impact of ‘Optimise Existing’ on delivery strategy

Delivery Aspect	Previous Delivery Approach	(Proposed) revised delivery approach
<b>Transition Strategy</b>	New arrangements delivered in one phase (‘big bang’) with possibility of some aspects delivered ahead of programme delivery	Co-ordination will be required to implement changes to gas and electricity systems so that transition can be implemented as a single event (‘big bang’). Some aspects (objections, cooling off etc) may still be delivered ahead of implementation.
<b>Data Migration</b>	No migration necessary	<i>Gas:</i> MAM IDs will need to be converted to MOP ID and MAP ID will need to be captured in UKLink. <i>Electricity:</i> Various data items will need to be migrated to MPRS, including Meter Serial Number, installation data and MAP ID (from ECOES), Import/export and dom/non-dom indicators. Related MPANs will need to be identified and recorded in MPRS.
<b>Data Improvement</b>	Some remedies (without procured address database) may be carried forward subject to testing as part of RfI	Addresses currently recorded in MPRS and UKLink will be reconciled with a new central GB Address List stewarded by code bodies, which may be procured externally. May include non-CSS/MIS specific data cleanse remedies, including plot to postal improvements, meter technical data reconciliation - to be tested as part of the RFI.
<b>Systems Integrator</b>	No Systems Integrator required	Systems Integration function may be required subject to assessment of complexity of new arrangements.
<b>Testing Strategy</b>	No bespoke approach to testing required	Procurement of new systems is likely to required some end-to-end testing, although this will be less onerous than that under RP2 and RP3.
<b>Post-Imp Strategy</b>	No bespoke approach to post-implementation required	Some post-implementation support may be required due to complexity of the new arrangements

# ANNEX

### DO NOTHING

No system or process changes

No improvement to reliable switching

21 day switch

### OPTIMISE EXISTING

Use existing systems

Address matching to improve reliability

Key process changes to deliver 3 to 7 day switch

### MAJOR REFORM

New central switching service (core data)

Enduring reliability improvement to MPxN/address data

Harmonised and simplified next day switching process

### FULL REFORM

New central switching and market intelligence services

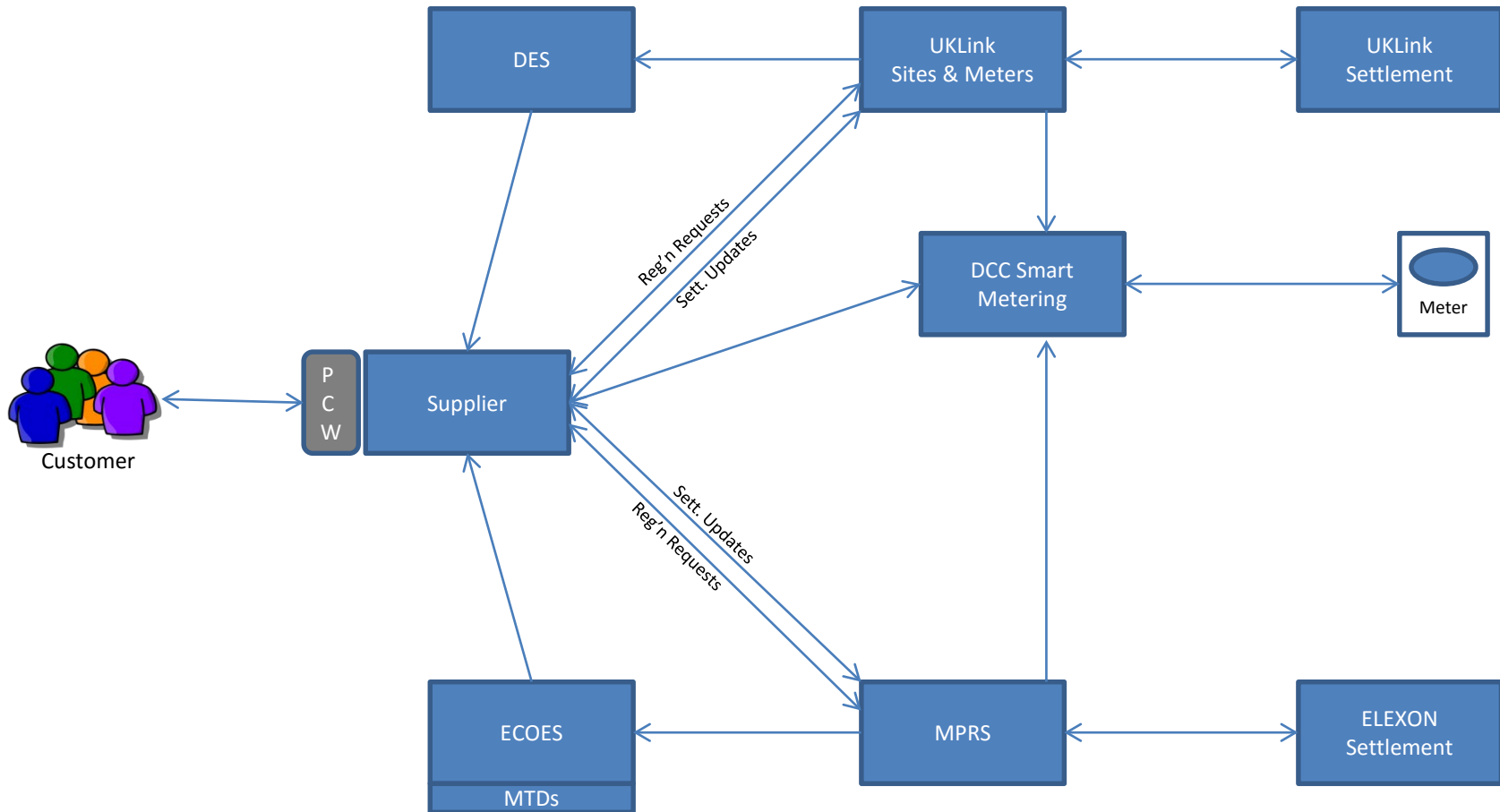
Enduring reliability improvements, and improved access to broader range of switching data

Harmonised and simplified next day switching process

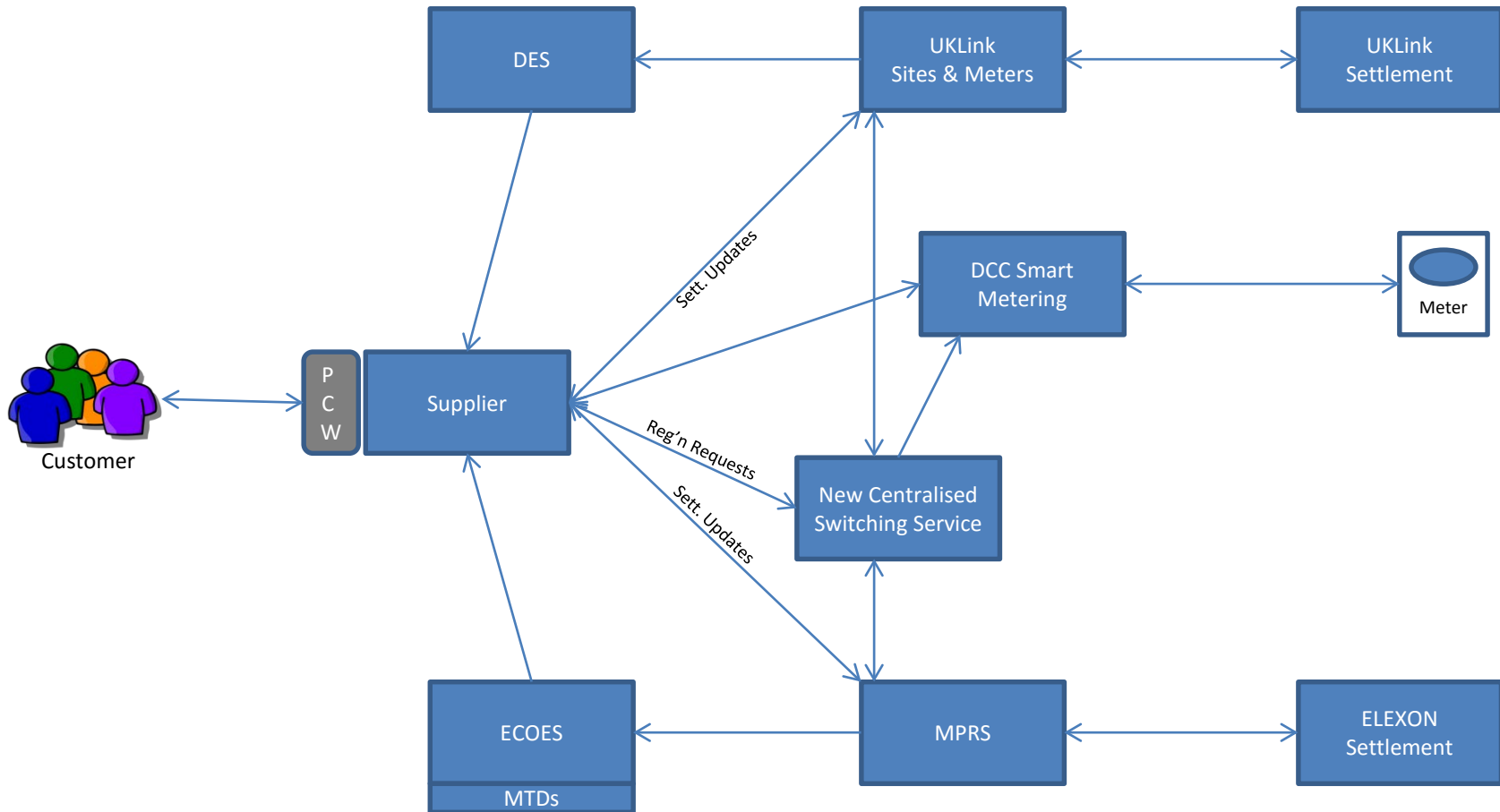
Potential consumer benefits

Scale of challenge

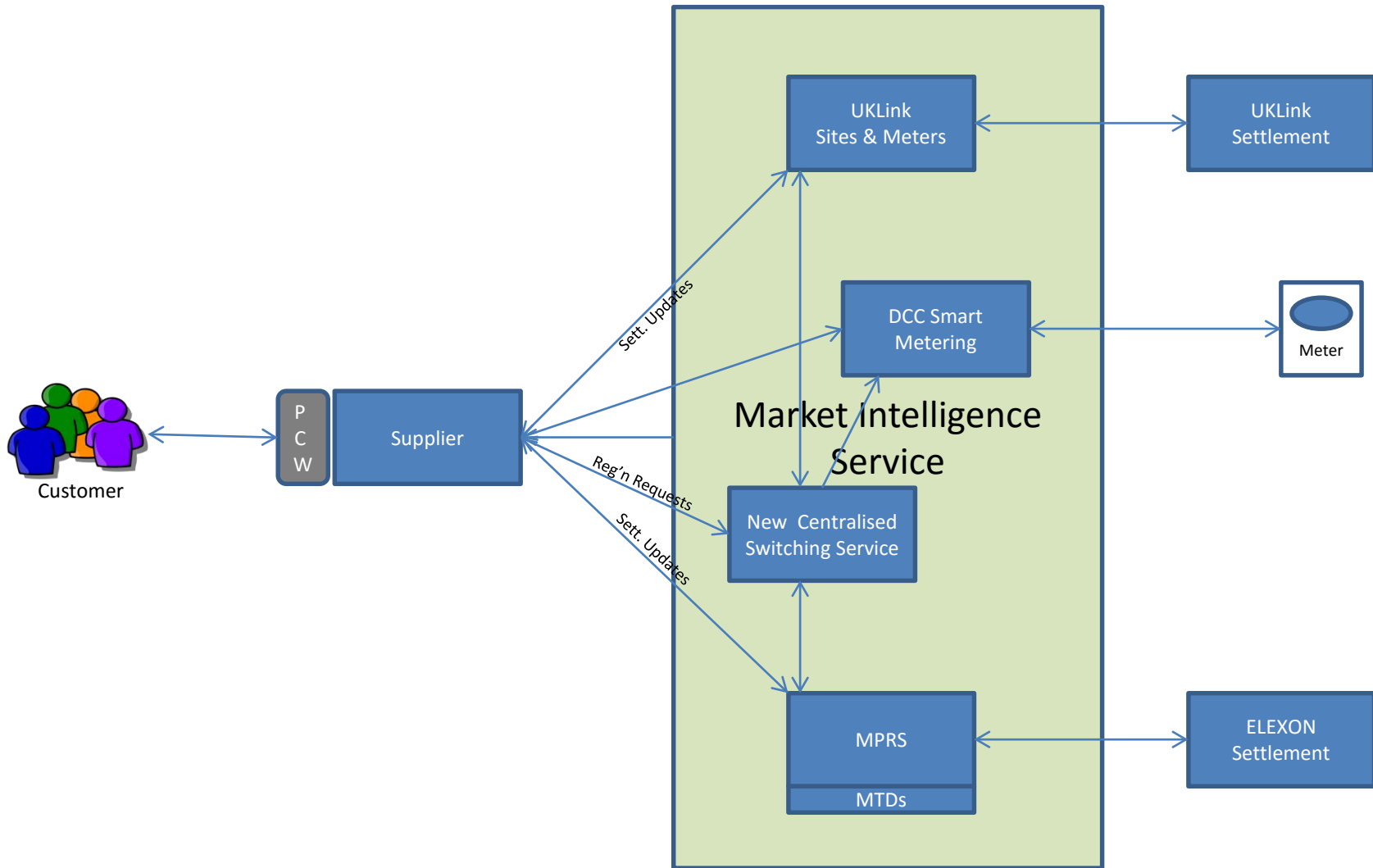
# Reform package 1: Minimal Reform (as presented at the Switching Seminar)



# Reform package 2: Major Reform (as presented at the Switching Seminar)



# Reform package 3: Full Reform (as presented at the Switching Seminar)



**Ofgem is the Office of Gas and Electricity Markets.**

**Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.**

**We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.**