Appendix to Data Improvement Strategy: Comments on remedies following October EDAG

1. At the October EDAG we gave a brief overview of the Data Improvement Strategy. This paper highlights some of the reaction to the remedy proposals as given at that meeting.

2. Our stakeholder engagement has indicated that that poor address data is one of the main reasons that switches fail or are delayed. Data provided by the six largest suppliers indicated that up to 144,000 switches per annum could be adversely affected by poor quality address data, or 80% of delayed or failed switches caused by data problems. A further 14% of switches which are delayed or fail due to data problems result from inconsistencies in meter technical data held by suppliers, data providers such as Xoserve and Gemserv, and meter operators and meter asset managers.

Remedy 1: Procured address database within CRS and initial cleanse of industry address data

3. Our proposal for the CRS includes a database of premises addresses within the Switching Service, which will form the main registry of address data for switching (replacing the address databases in DES and ECOES) and will form a de facto link between MPAN and MPRN data. This database will need to be populated as part of the construction of the CRS.

4. As a result, some sort of data cleanse will be necessary as part of the population of this database (essentially, if no external address database is procured, this will be a reconciliation of all existing industry address data held against MPANs and MPRNs (such as supplier meter point data and address data held in ECOES and DES), with the aim of populating as comprehensive a database as possible). A procured address data set will therefore improve the quality of the data cleanse exercise, by giving a target address list to which other address data can be reconciled and MPANs and MPRNs matched, and will reduce the amount of time taken (by allowing algorithmic matching of all existing datasets to the procured dataset).

Why will a centrally-held database improve address data quality?

5. Our stakeholder engagement has consistently indicated that there are deep-seated problems with industry address data. A centrally-held and managed resource will both allow industry standard address data to become widespread amongst users of the CRS and will provide a consistent and robust link between high-quality address data and both MPANs and MPRNs. This should significantly reduce the volume of failed and delayed switches encountered by consumers, and create an aligned register of gas and electricity meter points.

6. Existing industry data is drawn from diverse sources and using an industry standard data set for reference will improve the quality of address data held in these datasets. This means that there will be fewer incomplete or inaccurate addresses, and new-build addresses will be updated regularly. Externally held datasets such as Addressbase and PAF are comprehensive and are regularly updated with the most correct address data, including revisions of plot addresses and new-build properties. This will reduce the number of plot addresses, ambiguous and incomplete addresses, and unusually named properties in industry data sets.

7. An attendee at October's EDAG asked how we will ensure that the procured address data would be validated to ensure that it is of a higher quality than the existing multiple address data sets

used across the industry. We have been unable to assess the quality of existing address datasets such as ECOES and DES, but believe that believe that procuring industry standard address data will mean that the highest available quality of address data is used within the switching programme going forward. We are conducting a further analysis of existing industry good practice to identify how these datasets are used at present and therefore attempt to assess the likely benefits from using such a measure.

8. We recognise that a procured address database will not correspond exactly to MPANs and MPRNs – for example, some large buildings can have multiple meter points and not all MPANs or MPRNs are located at a property that has a postal address. The address database will not be totally comprehensive but should significantly reduce failed switches caused by data error.

<u>Why will a centrally-held database improve consistency of address data?</u>

9. The intention of the remedy is to give all market participants access to the same high-quality data sets. Market participants will be able to acquire an MPAN and MPRN by matching an address provided by the customer to this reference address. This will reduce the risk of switches being delayed because of mismatches in the postal address logged against the MPAN and MPRN in different data sets. Instead, a search on the CRS using the address provided by the customer will return an MPAN and MPRN.

10. Currently there are a number of address data sets, with differing ownership, distributed across the industry. These address data sets have different functions – for example meter point addresses and billing addresses. The proposed new CRS will create a new address dataset (the 'premises address') with a primary use of switching customers. It will correspond to the address for which the customer wishes to switch supply. In addition to enhancing the quality of address data, the benefit that this dataset will bring will be twofold; firstly, it will in effect act as a proxy for the switching meter point which is well understood by customers and easily located when customers interface with opportunities to switch; secondly, it will ensure that customers can switch gas and electricity with a single address reference, and will reduce the likelihood of a switch failing or being delayed due to a mismatch between gas and electricity addresses. This address dataset will be owned by DCC as part of the CRS. For the majority of premises, the premises, billing and meter point addresses will be the same, but this is not guaranteed. The other datasets may still be relevant and suppliers, GTs and DNOs, amongst other parties, will still maintain datasets for billing, identifying meter points, etc.

11. Depending on the construction of the original address database, there may also be the opportunity to match MPANs and MPRNs to 'alias' addresses – known variations of addresses in the centrally procured database. This will further reduce delays and make matching MPANs and MPRNs to address data provided by the customer.

12. An attendee at October's EDAG observed that creating a further data set would not necessarily improve address data by itself, and that adding a further address type to existing multiple address data sets (for instance meter addresses and billing addresses) could add further complexity. Mismatches between different address data sets is one of the central issues that the remedy is intended to address, and that a centrally held, externally procured data set could improve both consistency and accuracy of address data.

How much will a centrally-held database cost?

13. Whilst similar proposals have been considered (and rejected) previously, most recently by the Address Data Working Group (ADWG), the potential creation of a new Switching System within the CRS creates an opportunity for a single resource, increasing the effectiveness of the data cleansing resource and reducing cost.

14. Our engagement with suppliers of address datasets has indicated that it may be possible to procure an address database with a single or group licence, which would allow suppliers and other market participants to match their own data with that held in the central database. This would be essential to ensuring that costs of the remedy remain proportionate when compared to those considered by the ADWG, under which all market participants would have been required to purchase a license for any address solution implemented.

15. Attendees at October's EDAG indicated that the high-level cost estimates contained within the Data Improvement Strategy paper were lower than reflected in their experience. These cost estimates came from our high-level engagement with suppliers and we will seek the opportunity to assess them further in the Request for Information (RfI).

How will this affect stakeholders who are already carrying out their own work? Will it incentivise stakeholders not to undertake data cleansing until the introduction of the CRS?

16. EDAG attendees noted that many industry parties hold address data, and DNOs already perform cleansing on their own address data, and that imposing a separate requirement could result in duplication of effort.

17. The RFI will present an opportunity to gauge current good practice and assess the extent of the benefit arising from the remedy. We are also conducting stakeholder engagement to further identify existing good practice in data management.

18. Ongoing data cleanse activity by firms will reduce the extent and cost of the data cleanse activity undertaken as part of the construction of the CRS. Even without a procured address database, construction of a CRS as envisaged under Reform Packages 2 and 3 will create a database of premises addresses which will need to be cleansed as it is populated. Procurement of an address database will make this process quicker and easier. Suppliers, DNOs and GTs will still have cause to maintain address data quality until the CRS is constructed on their existing meter point and billing address sets, in order to carry out billing and meter maintenance.

Remedy 2: Reconciliation of meter technical data held by meter operators and meter asset managers with other industry data.

1. The intention of the remedy is to ensure consistency across industry-held data, with the aim of reducing the number of delayed or failed switches due to a customer having the 'wrong' type of meter for a particular contract, by creating an obligation for market participants to cleanse and reconcile meter technical data between industry data sets.

Who will be impacted by this remedy?

2. Parties holding meter technical data will be obliged to carry out a reconciliation of these data and identify the true meter type. To achieve this we will examine existing obligations (for example SPAA in Gas), and assess how effective these obligations are in preventing meter type mismatches. Ownership of meters sits with different parties, and any new obligation must therefore identify the right party in order to ensure that the right meter is at the address with right meter technical details. Governance and compliance for this remedy proposal as well as costs and benefits, will be given further consideration through the RFI.

Remedy 3: Cleanse and reporting of plot addresses.

3. As proposed in the Data Improvement Strategy, this remedy will introduce a requirement for DNOs and GTs to perform a one-off cleanse of historic plot addresses held within their address data, and to communicate lists of plot addresses by date incurred going forward. The purpose of the remedy is to reduce the stock of plot addresses and limit unnecessary growth of a population of plot addresses in future.

<u>Will this affect existing attempts to cleanse plot data?</u>

4. An EDAG attendee expressed concern that implementation of this remedy could result in market participants with ongoing programmes to resolve plot addresses held in industry data to stop those programmes. The remedy is intended not to penalise existing good practice and has been designed accordingly. Remedies 2, 3 and 4 are not dependent on creation of a central switching service, and for this reason are not tied to any one reform package. We aim that these remedies are in place ahead of 'go-live' of the new arrangements.

Remedy 4: Manual verification of a residual meter population

5. The intention of this remedy is to use visits by Smart Meter installers to premises for physical verification of postal addresses to be carried out on a residual of premises where data could not be cleansed by other means.

<u>When will this remedy be carried out?</u>

6. Remedy 4 is intended to resolve residual issues after the exhaustion of algorithmic and manual remote data cleanse activity which will form the population of the Premises Database in the CRS. The intention of the remedy is to capitalise on existing site visits rather than commission a separate visit to a site. This means that it will not be possible to manually check address data at MPANs or MPRNs where site visits are carried out before the data cleanse activity is completed and a residual population identified. However, where smart meter installation has not occurred, the opportunity will still exist for physical verification. It is not our intention that this method of verifying addresses should be used for all premises.

<u>Who will bear the cost of this remedy?</u>

7. It is our intention that the costs of physical verification would be borne by suppliers carrying our site visits. We intend to use the RfI to assess the costs of achieving this verification, and this would be weighed against the benefits (which would be likely to only become apparent once a residual population of hard-to-verify addresses was identified). It should be noted that

procurement of an external address database is likely to make remote verification of addresses easier and would therefore reduce the pool of addresses suitable for manual verification.

8. An attendee at October's EDAG noted that it would be expensive to change systems which are already in place for Smart Meter installation. We will consider evidence of this type which is included in the RfI when deciding whether to proceed with this remedy.

How would manual verification work in practice?

9. We envisage that for a population of MPANs or MPRNs that was identified as being difficult to cleansed remotely, smart meter installers' personal devices would be loaded with a prompt asking them to identify or verify a postal address and confirm that this address reflected the premises being served. This would be confirmed by checking the meter serial number against ECOES or UK Link data and confirming with the customer that this was the physical location of the premises served. This would require some investment in installation software for installers' devices.