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SUMMARY POLICY ISSUES PAPER – FOR DA Decison

Title of Paper	**WP2 - Standstill, Cooling off, Objections, Agent Appointments**		
Issue Ref	Standstill Cooling off Agent Appointments Objections		Date: 13 December 2016
Issue Owner / Author	Jenny Boothe / Harshini Samarakoon		
Discussed at User Group	Standstill policy: 25 April 2016 Cooling Off policy: 11 July 2016 Agent Appointments policy: 20 June 2016 Objections policy: 23 May 2016	Discussion at EDAG Group	Standstill policy: 16 May 2016 Cooling Off policy: 25 July 2016 Agent Appointments policy: 18 July 2016 Objections policy: 16 June 2016
Issued to DA	Stand still policy: 27 June 2016 Cooling-off/ Agent Appointments policies: 4 August Objections policy: 27 June 2016	Discussion at DA	Standstill policy: 4 July 2016 Cooling off policy: 11 August Agent Appointments policy: 11 August Objections policy: 4 July 2016
Work Package 2			
Discussed at User Group	19 September 2016	Discussed at EDAG	15 September 2016
Issued to DA	21 September 2016	Discussed at DA	28 September 2016

This paper references the decisions already made in relation to cooling off, objections, standstill and agent appointments. These decisions are now reflected in the business processes in Casewise.

Summary and recommendations

Standstill

- The CRS will include the functionality for a configurable standstill period covering all meter points in the gas and electricity market.

- The design should allow for different standstill periods for smart or traditional meters.
- A working assumption of 5 calendar days was appropriate for the purpose of the RFI.

Cooling Off

- The customer has the choice to switch to Supplier A (their previous supplier) or a Supplier C (a new supplier) if they cancel within the cooling off period.
- Customer can be billed by Supplier B for the time they are with them.
- Supplier A should offer to take the customer back on "equivalent terms" to the contract that they would have been on had they not left.
- Supplier B will provide a grace period to the customer after they have cancelled where the same tariff would be offered for a set period of time.
- The DA agreed that further assessment was needed on the extent to which explicit rules on the face of the licence were needed to give effect to the proposal for a period of grace to be offered by Supplier B and 'equivalent terms' to be offered by Supplier A. In particular, this should be assessed against the policy of principle based regulation.

Agent appointments

- The CRS should include a central repository of agent identities for a defined set of agents (shipper, MOP, MAP, DC, DA and the new role of Meter Communications Provider).
- The role of MAM should be unbundled to allow the separate identification of the MOP and MAP functions (i.e. to harmonise gas and electricity).
- The agent appointment process should continue to be managed by suppliers. They will have a choice on whether to use existing solutions or utilise notifications generated by the CRS.

Objections

- The following three options will be included in the RFI:
    a. Instant objections, using a new database of pre-loaded objections
    b. Instant objections, where suppliers are required to provide an instant response to a request for information from the CRS
    c. "Compressed window" objections, where a supplier has 5 hours to respond to a loss notification from the CRS
- A change of occupancy flag should override an objection relating to a previous tenant. Regulatory measures have the potential to ensure correct use of this flag.

Analysis

Standstill

- This policy decision has been integrated into Casewise and is shown as a validation check at 1.3.1.11. The registration request will need to have a supply start date that is later than the end date of the standstill period before it can be accepted.

Cooling Off

- The cooling off arrangements are depicted as a separate model from the main Casewise switching model for ease of reference.
- The diagram depicts the processes where a customer cools off, before and after the switch date.

Agent appointment

- The CRS will issue a notification to the losing and gaining supplier agents at the point where the registration request is confirmed and at gate closure.
- The CRS will need to have a repository of active and verified agents to ensure it is notifying the appropriate agents.
- This policy decision has been integrated into Casewise and is shown via the data flow step at 1.4.1.30 (drill down box) and 1.4.4.2 where the meter communications provider is notified.

Objections

- This policy decision has been integrated into Casewise. Steps 1.3.2.2 to 1.3.2.4 show the losing supplier's decision making process.
- Steps 1.3.2.5 to 1.3.2.9 show the process steps for when a losing supplier decides to object.
- The function of the CRS in objections, as shown in Casewise, is to notify the losing supplier of the option to object to pending registration request (step 1.3.2.2). It is also to decline the registration request and notify the gaining and losing suppliers of objection, where the losing supplier has decided to object to registration request (step 1.3.2.5).

Other policy issues

The erroneous transfer process is currently being integrated into Casewise and will be subject to a separate paper. The Design Authority has not made a decision on linking meter points yet. These policies will be integrated into Casewise and included in the next work package.

Stakeholder feedback

The User Group and EDAG members were invited to comment on the latest version of the Casewise models (Version 1.2), with responses required by 5 September 2016. No responses were received. However, the BPD User Group will have another opportunity to comment on these processes when it meets on Monday 19 September. At the User Group there were a few minor commenst which will be taken no board but these do not change the processes as set out. EDAG did not offer any additional comments.

Recommendation

We are asking the DA to agree that the business processes be approved to be included into Baseline 1.

Justification

The Business process diagrams have been subject to detail scrutiny by the industry. No stakeholder has raised any issue in relation to how the policies have been reflected in these diagrams. It is useful to note that as these processes are being updated to include the data items necessary for each step. This may raise further comments in relation to how the policies are reflected. Should any significant changes arise the DA and the relevant stakeholder groups will be notified of the changes and these will be resubmitted for DA approval.

DA Decision Log

Date of DA Meeting	28 September 2016
Decisions (from Ofgem website)	Approved as baseline.The Design Authority agreed that the previously approved policy decisions on cooling off, objections, standstill and agent appointments had been accurately reflected in the updated Switching Scenario 1-7 process maps.
Notes	•

Appendix 1 - Agent appointments decision against design principles

Design Principle	Agent ID stored centrally	No change: use existing arrangements to appoint / de-appoint agents and exchange information
Impact on Consumers		
1 Reliability for customers	All suppliers would have ready access to the repository so the agent ID can be retrieved easily. The agent may still delay the provision of required information	These back office functions should not have an impact on the reliability of customer switching
2 Speed for customers	All suppliers would have ready access to the repository so the agent ID can be retrieved easily. The agent may still delay the provision of required information	These back office functions should not have an impact on the speed of customer switching
3 Customer Coverage	All suppliers would have ready access to the repository so the agent ID can be retrieved easily. The agent may still delay the provision of required information	There should be no distinction in the service provided to different groups of customer
4 Customer Switching Experience	Supplier should be able to retrieve information from losing agents thereby avoiding the need to request additional information from the customer	There should be no distinction in the service provided to different groups of customer
Impact on Market Participants		
5 Competition	Gaining supplier is still dependent on provision of information by agents but identification of agents cannot be frustrated by losing supplier	All suppliers are currently supporting these arrangements
6 Design - simplicity	Suppliers can retrieve all agent IDs from a single source and would have a single point to send updates to	No additional complexity to be included in CRS design
7 Design – robustness	Centralised solution provides single point of failure but business continuity actions can be focused on this operator	The existing arrangements have worked successfully for many years
8 Design – flexibility	Single repository with standard access and update interfaces should provide high level of flexibility	Existing arrangements require suppliers to programme the workflow choreography into their systems which can be a constraint on future development
Impact on Delivery, Costs and Risks		
9 Solution cost/benefit	Suppliers will need to maintain their own records of agents so a streamlined access arrangement might avoid duplication of a central system but a centralised solution might offer economies of a hub and spoke access arrangement	No incremental cost
10 Implementation	No clear differences in implementation cost or risk	No incremental complexity / risk

Appendix 2 – Cooling off

Design Principle	Switch to Supplier C but A is obliged to offer 'equivalent' terms
Impact on Consumers	
1 Reliability for consumers	As reliable as all other switches
2 Speed for consumers	Customer decides how fast to proceed
3 Consumer coverage	All customers covered
4 Consumer experience	Simple process – customer makes one call to cool off. Customer then has to review the market to select a new supplier and enter a contract with them but has the option of returning to A if they wish
Impact on Market Participants	
5 Competition	Option of returning to A may attract hesitant customers to enter the market
6 Design Simplicity	Suppliers need to be able to re-activate accounts
7 Design – robustness	Spells with each supplier are treated as separate accounts so no complications from re-activating accounts
8 Design – flexibility	All cooling off events treated in the same manner
Impact on Delivery, Costs and Risks	
9 Solution cost/benefit	Some additional cost from having to re-activate contracts
10 Implementation	Additional effort to develop licence condition to oblige A to re-activate on equivalent terms

Appendix 3 - Standstill

Design Principle	Short standstill period (0-10 days)
Impact on Consumers	
1 Reliability for consumers	Existence of a standstill period should provide significant mitigation of data integrity risks
2 Speed for consumers	Short standstill period should have no impact for almost all switching customers
3 Consumer coverage	Applies to all customer segments
4 Consumer experience	Will not be visible to the vast majority of customers who switch
Impact on Market Participants	
5 Competition	Some risk that suppliers might introduce unwelcome practices to manage credit risk or might decline business with customers who they judge will switch away again quickly. User Group members' initial reaction is that these risks are not significant
6 Design Simplicity	All options are simple to design and the length of the standstill period can be parameterised
7 Design – robustness	No differential impact identified
8 Design – flexibility	Use of parameterisation to set standstill duration will provide flexibility
Impact on Delivery, Costs and Risks	
9 Solution cost/benefit	Inclusion of a standstill facility will add minor cost to CRS but no significant additional cost identified for participants
10 Implementation	No differential impact identified

Appendix 4 - Objections

Design Principle	Option 1: The 'instant' approach is adopted for all meter points	Option 2: All meter points operate a 'compressed window' for objections	Option 3: Domestic meter points operate 'instant' objections and non-domestic ones use 'compressed window'	Option4: Supplier A specifies the objection approach for each meter point
Impact on Consumers				
1 Reliability for customers	Reliant on supplier systems to apply the criteria and either pre-load objections or respond in real time to a loss notice	Reliant on supplier systems & processes to respond correctly	As for 1 for dom and 2 for non-dom	Could be confusing (especially for portfolios) as Supplier B cannot provide predictability to customer
2 Speed for customers	Registration will be confirmed instantly (unless objected)	Confirmation will be delayed for several working hours pending response from incumbent	As for 1 for dom and 2 for non-dom	Mixed – depending on the choice of approach adopted by the incumbent for the specified meter point
3 Customer Coverage	Consistent approach across all customers		Separate approaches for dom and non-dom but consistent within class	Applies to all meter points but Supplier B cannot predict approach without enquiry
4 Switching Experience	Smooth (unless objected) and in c.95% of cases switch can be confirmed at point of sale	Smooth (unless objected) – but cannot be completed in a single engagement	As for 1 for dom and 2 for non-dom	Could be confusing
Impact on Market Participants				

Design Principle	Option 1: The 'instant' approach is adopted for all meter points	Option 2: All meter points operate a 'compressed window' for objections	Option 3: Domestic meter points operate 'instant' objections and non-domestic ones use 'compressed window'	Option4: Supplier A specifies the objection approach for each meter point
5 Competition	Could offer opportunities to incumbents to set criteria in a cautious manner that leads to more objections being raised	Incumbent should have no excuse for raising objections inappropriately	As for 1 for dom and 2 for non-dom	Lack of predictability may deter some customer from engaging in the market
6 Design – simplicity	Simple to design – one process applied to all meter points		More complex as CRS and supplier systems must provide functionality to support both approaches	More complex than 3 in that functionality is required that specifies which approach applies to each meter point
7 Design – robustness	Robustness of the design is reliant on the systems developed by suppliers to automate the identification of objections			
8 Design – flexibility	A modification to include 'compressed window' objections would require new functionality to be developed	A modification to include 'instant' objections would require new functionality to be developed. A benefit would be that a parameterised objections window could be modified in the relatively short-term	Both sets of functionality would be included and could be extended to other customer classes	High level of flexibility to select the objections approach suitable to a customer class and supplier policy

Design Principle	Option 1: The 'instant' approach is adopted for all meter points	Option 2: All meter points operate a 'compressed window' for objections	Option 3: Domestic meter points operate 'instant' objections and non-domestic ones use 'compressed window'	Option4: Supplier A specifies the objection approach for each meter point
Impact on Delivery, Costs and Risks				
9 Solution cost/benefit*	These design principles will be assessed when responses to the RFI have been analysed			
10 Implementation				

* Although the analysis of costs has been deferred until responses are received to the RFI it should be noted that – depending on the choice of solution – the 'instant' approach could require suppliers to monitor all their customer accounts and determine any changes in the objections status each time a transaction is posted. With the 'compressed window' suppliers will only need to test the objections criteria as and when a 'loss' notice is received. This means that the volume of processing by suppliers may be lower with 'compressed window' objections.