

Switching Programme Delivery Group – Meeting 4

1. Welcome and introductions

- RC welcomed all attendees to the fourth meeting of the Switching Programme Delivery Group (SPDG).

Action log				
Ref :-	Subject		Action due	Action owner
Actions - Ongoing & Carried Forwards				
SPDG 2 - 04	RFI	Ofgem to circulate the timetable for testing the RFI with industry at the end of 2016. Closed - see Agenda Item 4	SPDG 4	Ofgem
SPDG 2 - 05	RFI	SPDG members to inform the programme team the names of the primary contacts in their organisations for discussing the RFI.	SPDG 5 (7 Dec)	SPDG Members
SPDG 3 – 01	Design Authority	Ofgem to consider how to provide further information on Design Authority Decision making. Closed - papers for DA consideration contain all material details & risks etc. for the decision. If further points are raised at the meeting that are not covered in the papers they are included in the published DA log.	SPDG 4	Ofgem
SPDG 3 - 02	Erroneous Transfers	Ofgem to provide an update on the position of ETs in relation to information that will be requested in the RFI and status of a working group on the issue.	SPDG 6 (20 Dec)	Ofgem
SPDG 3 – 03	SPDG Agenda	Members to suggest future agenda items as required.	Ongoing	SPDG Members
Actions - New				
SPDG 4 - 01	Helpdesk	Ofgem to report back at next meeting on Helpdesk proposals	SPDG 6 (20 Dec)	Ofgem
SPDG 4 - 02	DCC Business Case	Members to provide comparator examples for margin to assist the margin determination process through responses to the margin and incentive consultation.	12 Jan 17	SPDG Members
SPDG 4 - 03	DCC Business Case	Ofgem to schedule an additional SPDG meeting after the publication of the consultations to allow for further discussion around business case and margin to inform member responses. Closed – Additional meeting (SPDG 5 7 December) scheduled, members to provide questions to DCC by 2 December).	Dec 16	Ofgem
SPDG 4 - 04	DCC Business Case	Ofgem to ensure that consultation provides clarity on core DCC activities that are licensed and those that are optional. Closed – included in consultation document.	24 Nov 16	Ofgem
SPDG 4 - 05	DCC Business Case	Ofgem to consider intellectual property rights of transitional phase programme outputs. Closed – Addressed in DCC Business Case consultation document (page 5)	SPDG 6 (20 Dec)	Ofgem
SPDG4 - 06	RFI	RC to pick up with colleagues in C&C colleagues and BEIS in relation to the timing of RFIs that could be issued at the same time as the Switching one.	SPDG 6 (20 Dec)	Ofgem
SPDG4 - 07	Customer Journeys	Members to advise if they wish to discuss the Customer Journeys slides at the next meeting (SPDG 6 - 20 December 2016)	SPDG 5 (7 Dec)	SPDG Members

2. Programme Update

- AA provided an update on the programme summarising key highlights and forthcoming activities from each of the programme work streams. It was stated that the programme has made good progress on delivery of critical path products and is running to plan with the focus of activity now on Delivery Strategy products and Regulatory Design.

- AA talked through the [Design Authority Decision Log](#) which is available together with relevant meeting papers on the Ofgem website.
- There was a discussion around Erroneous Transfers, the difficulties these raised for suppliers and customers and role of resolving them in the programme. RC confirmed that amending the underlying industry ET process is beyond the scope of the programme but that Ofgem would be closely involved in the recently convened (by MRA/SPAA) industry working group on the issue and any recommendations arising from that would be considered.
- There was a discussion around the role of helpdesk to support central registration and where the role of engaging with customers should sit. Members noted that obligations were already in place to provide this service. AW stated that further information on the provision of helpdesk functions would be sought in the RFI (costs, call volumes and call types) to inform a further decision. Ofgem would bring back further thinking on this aspect once the information from the RFI had been received and analysed.

Action: *Ofgem to report back at a later meeting on detail of helpdesk proposals.*

3. DCC Business Case

- NS introduced the work and next steps on commercial activity in the development of the DCC business case and margin and incentives stating that a consultation on these would be issued at the end of November.
- AL provided a summary of the DCC Business Case and Margin, the underlying planning, activities and other assumptions used. Furthermore, he summarised the proposed approach for reporting of progress and expenditure and means for cost control via design proving and robust change control.
- There was a discussion around the margin, during which AL said that the margin should act as reward against the risk involved and that a significant reduction in scope would lead to a reduction in risk that would reduce the level of margin expected by DCC. RC noted that Ofgem did not support DCC's proposed level of margin at 15%. Supplier SPDG members noted that they did not support it either. NS confirmed that the final margin value to be applied would be set through a direction from Ofgem following the imminent consultation.
- Discussion continued around the role of DCC and their appointment and linkages to Smart Metering. RC confirmed that there was an expectation that DCC would undertake this role as part of the initial Smart Metering tendering process. This had been noted in the Smart Metering impact assessment and was included in DCC's initial licence obligations. Ofgem had consulted industry on DCC's role and described this in the Target Operating Model. A further modification had been consulted upon and made to DCC's licence to clarify its role in developing the CRS.

Action: *Members to provide comparator examples for margin to assist the margin determination process through responses to the margin and incentive consultation.*

Action: *Ofgem to schedule an additional SPDG meeting after the publication of the consultations to allow for further discussion around business case and margin to inform member responses.*

Action: *Ofgem to ensure that consultation provides clarity on core DCC activities that are licensed and those that are optional.*

Action: *Ofgem to consider intellectual property rights of transitional phase programme outputs.*

4. Design Baseline 1 & RFI

- AW thanked members for their organisations' input and support in the development of the component products that form Design Baseline 1 (DB1). He provided a summary of the proposed reform packages to be included in DB1 and the approach to be taken for the RFI.
- In summary, Ofgem have developed three reform packages which will be contained in DB1 together with a "do nothing" option.
 - Reform package 0 – "do nothing": no system or process changes. No change in reliability – delivers a 21-day switch.
 - Reform package 1 – "do minimum": use existing systems and move to calendar day operation with a one off data cleanse to improve reliability – delivers a 3 to 7 calendar day switch with new processes.
 - Reform package 2 – "major reform": new central switching service (limited data), enduring improvement to MPxN/address data – harmonised and simplified next day switching process.
 - Reform package 3 – "full reform": new central switching and market intelligence service, improvement to a broader range of switching data – harmonised and simplified next day switching process.
- The purpose of DB1 is to provide sufficient detail to enable industry to provide cost and benefit information to enable a blueprint design decision during 2017.
- A number of Members expressed surprise about the concept of the Market Intelligence Service (MIS) and asked if this was new and where it had been discussed. AW stated that this was consistent with the Target Operating Model (TOM) published last year and that the MIS concept had evolved further through the Business Process Design work stream and had been subject to extensive engagement with stakeholder through the range of industry groups (BPD User Group & EDAG). He confirmed that it would be a meter point level resource and restrictions on data access similar to those in place for ECOES would be needed.
- There was a question about the RFI and whether it was seeking data or opinions and also how it would address the issue in relation to speed vs reliability in terms of RFI responses. TF confirmed the RFI was seeking data and qualitative impacts. There would also be the opportunity for members to provide further opinions and views on the Reform Packages in the Blueprint consultation once the RFI process and analysis has been completed. RC stated that the Reform Package 1 only allows for a 3-day switch, packages 2 and 3 allow for a faster switch but that the overriding factor would be the customer benefit, so that would inform the final decision. There was a request from suppliers to manage RFIs coming from Ofgem.
- Members also raised the importance of considering the customer journey and the consumer benefits. TF stated that work was ongoing to develop approaches to consider this. The

need to tailor the RFI for different respondents based on their size and sector was also raised which was acknowledged by the programme team.

- Members also expressed major concerns with the number of other RFIs that could be forthcoming during the period that is planned for the Switching RFI and the impact that this would have on ability to respond.

Action: RC to pick up with colleagues in C&C and BEIS in relation to the timing of RFIs that could be issued at the same time as the Switching one.

5. Customer Journeys

- There was insufficient time to cover this agenda item. RC summarised the purpose and high level content of the slides that had been produced by PwC. Members were asked if they would like to discuss further at the next meeting on 20 December.

Attendees

Rachel Clark – Ofgem (Chair)
Andrew Wallace – Ofgem
Andrew Amato – Ofgem
Natasha Sheel - Ofgem (agenda item 3 only)
Tom Fish – Ofgem (agenda item 4 only)
Graham Line - EON
Alison Russell - Utilita
Daniel O’Hara - SSE
Robert Larkins – Utility Warehouse
John Mason - EDF
Natasha Hobday – First Utility
Matthew Cole - Npower
Sharon Johnson – British Gas
Douglas McLaren – Scottish Power
Anthony Lewis - DCC
Audrey Gallagher – Energy UK
Gareth Evans – IcoSS
Victoria MacGregor - Citizens’ Advice