

Switching Programme Delivery Group – Meeting 7

1. Welcome and introductions

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

Action log				
Ref :-	Subject		Action due	Action owner
Actions - Ongoing & Carried Forwards				
SPDG 2 - 05	RFI	SPDG members to inform the programme team the names of the primary contacts in their organisations for discussing the RFI. Closed – RFI published 19 January 2017	SPDG 5 (7 Dec)	SPDG Members
SPDG 3 – 03	SPDG Agenda	Members to suggest future agenda items as required.	Ongoing	SPDG Members
SPDG6 - 01	DLS Decision Making	Ofgem to further consider representation and numbers required for the TDA. Closed – TDA taking longer to convene due to it's complexity. Ofgem has now contacted a number of people and organisations. Appropriate representation clarified – will be a technical expert group rather than a Forum.	End Jan 17	Ofgem
SPDG6 - 02	DLS Decision Making	Industry to provide Ofgem with details of their TDA representatives Closed - Ofgem is still keen for industry to identify representatives who may wish to be on the TDA. Post meeting note – the initial meeting has been convened for 27 March.	End Jan 17	Industry
SPDG6 - 03	RFI Update	Industry to respond to RFI as fully as possible Closed – Main comments - a request for simpler guidance, particularly regarding which sections should be completed (voluntary/ mandatory), concern about the sheer level of detail needed and a request that the answers provided by industry are viewed with caution as it has only been possible to provide estimates.	02 March 17	Industry
Actions - New				
SPDG7- 01	Design Approach	Ofgem to follow up with industry on sequencing and what a desirable sequencing outcome might look like	03 May 17	Ofgem
SPDG7- 02	Design Approach	Ofgem to review industry concerns about parallel planning and resource constraint	03 May 17	Ofgem
SPDG7- 03	Programme Update	SPDG to advise Ofgem on any additional information required in the Highlight Report	03 May 17	SPDG Members

2. Design Approach

The stated aims of this item were:

- To understand what level of detail and certainty industry needs and when on various aspects of the design in order to manage its own change processes.
- To understand what level of detail industry thinks it is sensible, useful and productive for the Programme to go into at this point before procurement, and where the balance of certainty between doing the design work in advance sits in relation to the procured organisation bringing its own innovation.
- Acquire a sense from industry of the type of information that would be required, not just regarding design certainty, or what stage the Programme needs to have reached, for industry to be able to make decisions on pressing ahead with changes and what lead times are to make changes to industry systems. This will help to confirm the timetable to 'go live' from an industry and Programme perspective.

- To understand how Ofgem should best engage with industry as this activity develops to help industry get the most out of this process.

The Design Workstream, led by JB, will deliver the level of detail required through the solution design, using a specific case tool, Abacus, to capture all the relevant information. JB led the SPDG discussion and presented the Design Approach slides which had been circulated before the meeting.

Concern was expressed that industry has just gone through the RFI to cost out different options but in the absence of looking at the responses Ofgem appears to be proceeding with a decision on Reform Package 2 (RP2). RC confirmed that Ofgem is not pre-empting this decision. The approach is predicated on the 'no regrets' planning assumption of RP2 and a central switching service. It is simply an attempt to ensure that Ofgem are as well positioned as possible to deliver whatever the outcome of the decision making process is as quickly as possible.

Detailed design for RP2 (also included in RP3) will be run in parallel with the decision making process based on the analysis of the RFI information so there is no wasted time. If early signals indicate an RP1 decision, work will stop while the planning assumption is revisited. RP1 would require less work than RP2 or RP3, which explains the need to start work now for RP2.

Concerns were expressed about the risk of money being wasted by adopting this approach. Other companies have not used this parallel working approach. There is difficulty, particularly for smaller suppliers, to manage business experts to focus on different reform packages, particularly when also already working on the RFI and other current programmes like Smart and Nexus.

There was discussion around the level at which the CSS specification (which, with other design products, sets out all the information needed for the DCC led Procurement) should be pitched at. Concern was expressed about the specification needed for each of the Reform Packages and the need to understand the technology options and making the processes fit the technology rather than the other way round. RC confirmed that these processes are in relation to RP2 and RP3, not RP1. RP1 does not involve a Procurement exercise as this involves change to existing systems only.

Whilst the high level processes and solution architecture within each RP have been defined, the detail has not yet been elaborated. This is part of the work that needs to be captured over the next 20 weeks, using the Case tool. The detailed design process will specify the outcomes to be delivered by a new switching service. This needs to be done at the appropriate level of granularity to provide clarity to industry parties who will need to connect to the new service, whilst leaving as much room as possible for innovation on the part of the service provider.

There was discussion about striking the balance between achieving enough detail, in order to design a set of end to end processes requiring industry to make changes to their own systems, and the risk of going into too much detail and losing innovation and impacting on timelines.

Discussion followed around what information industry needs and when in order to mobilise. In terms of timescales, industry wants to know the expected 'delivery date.' RC confirmed that there is not a 'right to left' plan, nor a confirmed end date for the Programme. Whilst the current published delivery date is 2019, Ofgem's ambitious plan aims to deliver the work as early as possible consistent with developing the right solution and implementing it effectively. The August consultation will put forward a single proposed option based on the information acquired on the three options narrowed down through benefits analysis to one option.

Board members said that they need to know what single option is being taken forward and when in order to prepare. Small suppliers confirmed that they cannot consider anything to do with mobilisation until a concrete decision has been made on the option. There were different views on the level of detail required in order to start work, with one member noting that they would need detailed information to model the changes and assess the impact on systems by mid-2017, whilst others felt that detail should be left open to allow for innovation.

Board members, from both large and smaller suppliers, expressed concern at their ability to mobilise resources for this work at the present time as they are struggling with parallel working on large projects. Sequencing was suggested as an alternative approach, considering a week by week review of what is happening across all large programmes to be able to direct resources accordingly. Following on from AB's engagement with industry on sequencing RC requested further guidance from industry in terms of what sort of sequencing would help. AD would welcome further feedback from SPDG members on this.

RC noted that the recent MPA review had raised a question as to whether it would be better to move straight to a decision on the desired reform package following evaluation of the RfI inputs without a formal consultation on the preferred solution. Again, responses were mixed, with most feeling that it was important that a formal public consultation should take place. It was noted that the political landscape had changed since the last consultation and that it had been widely acknowledged that there was a need to put a high priority on reliability of switching rather than the speed of a switch alone.

RC confirmed that following on from the RFI, Ofgem would develop an Outline Business Case, which is in line with the treasury model which will support the decision on the reform package to be taken forward. Essentially a broader Impact Assessment, this will look at the economic case and other aspects of the deliverability of the Programme. It would use existing data on costs and benefits to distinguish between the virtues of the three options and make the case as to whether action is warranted. Board members their desire for something which can demonstrate for customers that what is being proposed shows reliability over speed and value for money. SPDG recognised if the ongoing Business Case work was shared with industry until August it will provide reassurance and possibly reduce the need for a consultation.

RC summarised next steps. Due to delivery pressures there will be no option to avoid parallel running. Ofgem will engage with industry through User Groups. Attendees at User Groups are at industry's discretion, however they must be the most appropriate SME resource, especially in relation to systems and processes. Design Workstream User Groups (now Design Forum) will start in April and details will be issued in advance.

Ofgem will review industry's concerns about parallel planning and resource constraints. Ofgem will follow up with First Utility and other interested parties regarding sequencing and work out what a desirable sequencing outcome might look like. Ofgem is currently working through detailed planning for DLS which will feed into the setting up of working groups.

3. Programme Update

AA updated SPDG on the key aspects of the Highlight Report. DLS Planning has continued since the last meeting and the intention is to share aligned plans at the point of publishing the DCC Business Case. It was noted that the SOC and RFI were published on 19 January and the Gateway Review was held 20-24 February. AA thanked those SPDG members who participated in the review.

Preparations have continued for the launch of the Technical Design Authority (TDA) and a new lead for the Regulatory Design work stream has now started. AA confirmed that an agreement in principle had been reached for funding of code drafting work through MRA and SPAA for legal drafting.

In relation to reporting, expenditure data on the Highlight Report is still evolving. Formal reporting from DCC will start from April and Ofgem are seeking enhanced data from the code bodies going forward. Industry indicated they would be keen to understand the cost of working at risk on DLS work. There will be a decision log developed for TDA. SPDG members are invited to advise Ofgem whether they want any additional information in the highlight report.

4. AOB

RC summarised the eleven recommendations made by the IPA Gateway Review, which focussed on the need for a clear compelling business case and clear and effective governance and working relationships across the programme. The final report, as with all IPA review reports, is confidential and will not be published.

Date for next SPDG will be 03 May 2017. Date for next SPSG to be confirmed.

Attendees

Rachel Clark – Ofgem (Chair)
Andrew Amato – Ofgem
Jenny Boothe – Ofgem
Arik Dondi - Ofgem
Andrew Wallace – Ofgem
Heather Bignell – Ofgem
Phil Bryan - DCC
Colin Blair – Scottish Power
Allan Clark - Scottish Power
Jonathan Ainley - BEIS
John Eaton – Npower
Peter Davies – SEC Panel
Gareth Evans – ICoSS
Liz Furmedge – SSE
Audrey Gallacher – Energy UK
Natasha Hobday – First Utility
Stew Horne – Citizens’ Advice
Rob Jeffery - Ovo
Graham Line – EON
Sharon Johnson – British Gas
Paul Saker – EDF Energy
John Spurgeon – Energy Networks Association
Simon Brooke – Electricity Northwest
Rob Larkin – Utility Warehouse
Alison Russell - Utilita