

Modification proposals:	Supply Point Administration Agreement (SPAA) Change Proposal (CP16/370/370A/370B): 'Refining Needs Code Information'		
Decision:	The Authority ¹ has decided to approve ² modification CP16/370A ³		
Target audience:	SPAA Parties, SPAA Panel and other interested parties		
Date of publication:	23 November 2017	Implementation date:	June 2018

Background

On 1 January 2017, modifications to the gas and electricity supply, electricity distribution network operator and gas distribution network operator licence conditions came into effect. These modifications required companies operating under these licences to record and share customer vulnerability data in line with reformed industry arrangements. We left it to industry to develop and codify these new arrangements. The relevant supply, electricity distribution network operator and gas distribution network operator licence condition changes were set out in our Decision published on 25 October 2016⁴.

In June 2017, the Master Registration Agreement (MRA) was amended to introduce reformed customer vulnerability data recording and sharing arrangements in the electricity sector. Corresponding changes to the SPAA for Gas Suppliers and Gas Distribution Networks (GDNs) have been delayed. This is primarily due to delays with the rollout of Project Nexus and to differing views among industry participants about the most appropriate set of implementation arrangements.

The modification proposals

One Change Proposal and two alternatives for codifying reformed customer vulnerability data recording and sharing arrangements in the SPAA were developed by the gas industry and presented to the SPAA Change Board for approval. CP16/370 was the original proposal, with two alternative proposals (CP16/370A and CP16/370B) subsequently developed.

E.ON Energy proposed CP16/370 with a proposed implementation date of February 2018. This Change Proposal would replace the existing gas vulnerability descriptions with new vulnerability descriptions matching those implemented for electricity via the MRA. However, rather than simultaneously replacing the existing gas vulnerability codes accompanying the vulnerability descriptions with the new vulnerability codes implemented for electricity, it instead proposes a data transformation of existing codes with changes only being made where deemed necessary. In practice, this could mean that dual-fuel suppliers' systems would need to handle two different sets of coding protocol alongside a single set of descriptions. It was intended that this would entail minimum change to gas central registration systems. This Change Proposal would not introduce any governance new requirements alongside the description/coding changes.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ 'Change' and 'modification' are used interchangeably in this document.

⁴ "Decision to modify gas and electricity supply, electricity distribution and gas transporter licences for PSR arrangements", published 25 October 2016 <https://www.ofgem.gov.uk/publications-and-updates/decision-modify-gas-and-electricity-supply-electricity-distribution-and-gas-transporter-licences-psr-arrangements>

The proposer considers that Relevant Objectives (c) and (d) would be better facilitated by CP16/370, as this proposal seeks to ensure a single set of descriptions being used by suppliers across gas and electricity.

SSE proposed CP16/370A with a proposed implementation date of June 2018. Unlike CP16/370, this alternative seeks to amend both the gas descriptions and codes, so that they both align with the new electricity descriptions and codes implemented in June 2017 via the MRA. The proposer believes that this will aid simplicity and minimise dual-fuel supplier system change. The proposer believes that this will have longer-term benefits to the industry to manage changes in the market and to ensure consumer outcomes are the same irrespective of fuel.

An extended set of data covering informed consent and additional information including foreign language and alternative contact details would also be captured through new data fields, seeking to ensure that data is captured in the most accessible manner. An 'expiry date' field is also proposed under this change, which according to the proposer will be particularly beneficial for updating data related to transient vulnerability where a customer's circumstances and vulnerability change over time.

This Change Proposal also seeks to introduce new governance arrangements, proposing rules for gas suppliers and GDN's when sharing data.

The proposer believes that the Relevant SPAA Objectives (c), (d) and (e) would be better facilitated by this proposal. They believe that the governance arrangements provide a more robust way of sharing data and therefore support the licensee's obligations in regard to management of the Priority Services Register.

CP16/370B was proposed by Wales and West Utilities with a proposed implementation date of February 2018. This Change Proposal is the same as CP16/370 as it proposes replacing the existing gas vulnerability descriptions with the new vulnerability descriptions implemented for electricity in the MRA, but retaining the existing gas vulnerability coding where possible. As with CP16/370 this could mean that dual-fuel supplier systems would need to handle two different sets of coding protocol alongside a single set of descriptions, which some stakeholders have stated could cause more room for ambiguity and error. The proposer suggests that a mapping exercise for the data transformation of existing codes would be conducted by Xoserve as Central Data Services Provider (CDSP), which they believe would entail minimal changes to gas central registration systems.

Per CP16/360A, an extended set of data covering additional information including foreign language and alternative contact details would be recorded; however under this proposal through free text fields. Some stakeholders have raised concerns about this impacting efficiency if the data requires any level of prioritisation when used. In addition, per CP16/370, this Change Proposal would not introduce governance arrangements for the sharing of data.

The proposer believes that CP16/370B will better facilitate Relevant SPAA Objective (c), as it proposes to use existing codes, where possible to minimise changes required to gas systems. The proposer believes that the role of Xoserve in conducting this data transformation of existing codes to new codes directly in UK Link would help to minimise the number of file flows and therefore improve the efficiency of the process.

Change Board⁵ recommendation

⁵ The Change Board is established and constituted pursuant and in accordance with the SPAA.

At the SPAA Change Board meeting on 8 August 2017, the Change Board voted on the three Change Proposals. The outcome of the weighted votes is set out in the table below:

CP 16/370	WEIGHTED VOTING (%)					
	Domestic Supplier		I&C ⁶ Supplier		Gas Transporter	
	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	16.7%	83.3%	20%	80%	0	100%
IMPLEMENTATION DATE	16.7%	83.3%	20%	80%	0	100%
IMPLEMENTATION TECHNIQUE	16.7%	83.3%	20%	80%	0	100%

CP 16/370A	WEIGHTED VOTING (%)					
	Domestic Supplier		I&C ⁷ Supplier		Gas Transporter	
	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	83.3%	16.7%	75%	25%	0	100%
IMPLEMENTATION DATE	83.3%	16.7%	100%	0	0	100%
IMPLEMENTATION TECHNIQUE	83.3%	16.7%	75%	25%	0	100%

CP 16/370B	WEIGHTED VOTING (%)					
	Domestic Supplier		I&C ⁸ Supplier		Gas Transporter	
	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	16.7%	83.3%	25%	75%	100%	0
IMPLEMENTATION DATE	16.7%	83.3%	25%	75%	100%	0
IMPLEMENTATION TECHNIQUE	83.3%	16.7%	25%	75%	100%	0

In accordance with the weighted vote procedure,⁹ the Change Board considered that none of the Change Proposals would better facilitate the relevant objectives of the SPAA, as the sum of the weighted votes of the parties which voted to accept the Change Proposals was less than 65% for one or more constituency. The Change Board therefore rejected all three proposals.

Our Decision

Having considered the views of the Change Board and the Final Change Reports for CP16/370, CP16/370A and CP16/370B submitted to us in September 2017, we have concluded that:

- implementation of modification proposal **CP16/370A** will best facilitate the achievement of the relevant objectives of the SPAA;¹⁰ and

⁶ Industrial and commercial.

⁷ Industrial and commercial.

⁸ Industrial and commercial.

⁹ The threshold for a Change Proposal being accepted by relevant SPAA parties is 65%, as set out in clause 9 of the SPAA.

¹⁰ As set out in Standard Licence Condition (SLC) 30.5 of the Gas Supplier Licence.

- consenting to the modification being made is consistent with our principal objective and statutory duties.¹¹

Reasons for our decision

We consider modification proposal CP16/370A will best facilitate SPAA objectives (c) and (d), and have a neutral impact on the other relevant objectives. We consider that this Change Proposal better facilitates the relevant SPAA Objectives compared to CP16/370 and CP16/370B for the reasons set out below:

(c) the promotion of efficiency in the implementation and administration of the supply point administration arrangements

We agree with the proposer's view that the introduction of governance arrangements for the sharing of vulnerability data through CP16/370A will enable companies to share this data in a more robust manner. This is particularly important to help mitigate data protection risks in this case given the sensitivity of the data in question. It will leave gas suppliers and GDNs better placed to help their customers with vulnerabilities, including where there is disruption to the gas network leading to a loss of supply. We therefore believe that the introduction of data governance is an important feature of CP 16/370A. The absence of this in both CP16/370 and CP16/370B make CP16/370A strongly more favourable.

The separation of additional data via individual fields in CP16/370A will allow for more efficient interrogation and filtering of data, and for a reduced risk of data being inadvertently overlooked, ensuring better outreach to consumers in vulnerable circumstances. This is not catered for in CP16/370 nor in CP16/370B (which proposes to use free text fields to capture this data).

Similarly, the introduction of an 'expiry date' field in CP370A is vital in ensuring that the interests of customers with transient vulnerabilities are effectively captured and updated as necessary. This is not proposed in CP16/370, nor in CP16/370B.

We agree with the proposer that CP16/370A better aligns with the changes already made in the electricity sector compared to CP16/370 and CP16/370B. Implementing it will maximise data consistency and uniformity across the gas and electricity sectors and minimise overall system change. It will also leave both sectors better positioned for any future cross-sector data sharing e.g. with water companies.

The proposed implementation date of June 2018 for CP370A will give industry participants ample time to implement the relevant system changes. Our analysis of industry consultation responses and stakeholder engagement leads us to believe that this implementation date is deliverable. Stakeholder feedback on CP16/370 and CP16/370B suggests that industry could not deliver the necessary changes, in particular the associated UK Link changes, in time for their proposed implementation dates of February 2018.

(d) so far as is consistent with sub-paragraphs (a), (b) and (c), the efficient discharge of the licensee's obligations under this licence

We consider CP16/370A best aligns with Ofgem's policy intent for regulated companies to effectively and robustly record and share data about customers in vulnerable circumstances, while safeguarding their personal sensitive information. This consequently better aligns with our intention to protect consumers in vulnerable

¹¹ The Authority's statutory duties are wider than matters which the Change Board must take into consideration and are detailed mainly in the Gas Act 1986.

circumstances as set out in our Consumer Vulnerability Strategy¹². The information that is recorded and shared between suppliers, electricity distribution network operators and gas distribution network operators is used to help the companies optimise their customer identification processes to provide services appropriate to the needs of customers. By facilitating better data recording and sharing, we believe that CP16/370A is more favourable than CP16/370 or CP16/370B.

We also believe that in better aligning with Ofgem's policy intent for regulated companies to more effectively record and share vulnerability data, CP16/370A would best align with recent changes to supplier, electricity distribution network operator and gas distribution network operator licence conditions for the gas and electricity industry¹³. We consider that the absence of governance arrangements and the approach towards code transformation in CP16/370 and CP16/370B would not provide the full scope of protections for consumers in vulnerable circumstances aimed for in our policy intent and, therefore, would not provide the same assurance to these customers.

Next steps

We are aware that the successful implementation of CP16/370A is dependent on a complementary change to UK Link. We have engaged with Xoserve and other stakeholders concerning this change. We are not aware of any known issues that will delay the implementation of this change in June 2018. We will continue to engage with Xoserve and other stakeholders to monitor delivery progress for this associated change.

We recognise the work that the industry as a whole has done to develop these proposals, and now expect the industry to progress with implementing our decision and the associated UK Link Change.

Decision notice

In accordance with Standard Licence Condition (SLC) 30 of the Gas Supplier licence, the Authority hereby approves modification proposal SPAA: (CP16/370A): 'Refining Needs Code Information'.

Anthony Pygram

Partner, Consumers and Competition

Signed on behalf of the Authority and authorised for that purpose

¹² "Consumer Vulnerability Strategy", published on 04 July 2013. Available at: <https://www.ofgem.gov.uk/about-us/how-we-work/working-consumers/protecting-and-empowering-consumers-vulnerable-situations/consumer-vulnerability-strategy>

¹³ "Decision to modify gas and electricity supply, electricity distribution and gas transporter licences for PSR arrangements", published on 25 October 2016 (see footnote 4). Our licence changes required all companies to record and share relevant vulnerable customer data, with the appropriate data protection provisions, using reformed vulnerability codes and descriptions: <https://www.ofgem.gov.uk/publications-and-updates/decision-modify-gas-and-electricity-supply-electricity-distribution-and-gas-transporter-licences-psr-arrangements>