Feedback Form

Once completed, please send this form to
HalfHourlySettlement@ofgem.gov.uk by 1 September 2017.

Organisation: Centrica

Contact: Tabish Khan (Tabish.khan@centrica.com)

Is your feedback confidential?　　**YES** [　]　**NO** [X]

Q1.

Do you agree with our proposal to opt for *SCR Option 3: Ofgem leads an end-to-end SCR process*, as outlined on pages 5-6 of the Launch Statement?

Yes. We consider option 3 with Ofgem leading an end-to-end SCR process to be the preferable approach.

The difficulty with relying on the modification process is that it is not designed to handle complex multi-faceted programmes that require co-ordination of several changes. Given the complexity of the SCR it is important that Ofgem retains overall stewardship of any consequent changes to ensure they are delivered to time, and therefore options 1 and 2 are likely to be ineffective.

Q2.

Do you agree with our proposed governance model for the Target Operating Model, outlined on pages 6-8 of the Launch Statement and detailed in Appendix 2A? This includes the Terms of Reference for the DWG and DAB in Appendices 2C and 2D.

We agree with the proposed governance model and as it resembles the switching reform governance model there are some lessons learned from the faster and more reliable switching (FMRS) programme that we should ensure are addressed in this SCR:

- It is important that the membership of the advisory board and working group remain distinct to avoid the re-treading of discussions at the two groups. Within FMRS there has been a lot of duplication between the two groups. The advisory board should not be questioning the findings of the user group, rather seeing its impacts in the wider energy industry.
- Sufficient time should be allowed for attendees to review papers before the meeting and to consult internal stakeholders as necessary. In FMRS there were instances of papers being received one week before the meeting and with no time built in to allow feedback from a user group to be processed and returned to at a future user group. Ideally papers should be issued 3-4 weeks before the meeting.
- There are no groups looking at how any potential reform will be implemented. Is it Ofgem's intention to introduce these groups at a later stage of the SCR?

Q3.

Do you agree with the Target Operating Model Design Principles, set out in Appendix 2B?

Yes in that the Design Principles and Measures of success are all sensible. However, we have some comments and suggested amendments, set out below.

- It's unclear how the project objectives and the strategic objectives fit into one another. Does one sit above the other? There is currently some duplication between the two, should this be the case? Could the two be merged? We would appreciate some clarity on this before the project proceeds.
- The project objectives don't include any reference to timeliness, and we think this should be included as it's important that any settlement reform is implemented in line with the most cost-efficient timescales.
- Neither the project or the strategic objectives refer to aligning this project with wider industry change programmes. This is essential to ensure that any wider dependencies or calls on industry resources are factored into deciding when settlement reform should take place.

The measures of success should additionally and explicitly draw out that any settlement reform should result in an overall benefit to customers based on the business case. While the benefit to customers is implicit in referencing the business case, it is important that this remains an important measure throughout the SCR.