Making a positive difference
for energy consumers

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Dear colleagues,

Request for near term industry-led data improvements to support the implementation of the Switching Programme

Ofgem is committed to making the energy market work better for consumers by improving their experience of switching, leading to greater engagement in the retail energy market.

However, there are currently too many unreliable switches. In 2016, 46% of customers felt switching was a hassle and 41% worried that something would go wrong.[1] Unreliable switching causes considerable consumer inconvenience, and can cause significant consumer detriment. We frequently see evidence of the real distress and cost to consumers as a result.[2] The prevalence of unreliable switching therefore undermines customers' perception of the switching process and the retail market as a whole.

We are leading the Switching Programme, which aims to deliver reliable and fast switching for consumers. Within the programme, we will introduce a central address database within the Centralised Switching Service (CSS). This will incorporate a new address source into the CSS with a reconciliation of gas and electricity address data to create a new Retail Energy Location.[3] This will ensure there are enduring address data quality improvements after the implementation of the new switching arrangements.

Additional remedies to improve the quality of industry plot-to-postal data and meter technical details should, however, be developed and implemented now. This should not wait until the new switching arrangements are implemented as these data improvements will improve the reliability of switching now. These improvements will also contribute to data readiness ahead of the creation of the CSS and ensure that there are fewer potential delayed, failed and erroneous switches when we move to faster switching.

Via the programme's Near Term Improvements workstream, we have worked with industry representatives to develop improvements for plot-to-postal issues and meter technical details. On 7 December 2017, the Ofgem Switching Programme Board agreed to support

[1] Ofgem Consumer Engagement Survey, 2017; percentage agreeing with questions "switching is a hassle that I've not got time for" and "I worry that if I switch things will go wrong";
https://www.ofgem.gov.uk/system/files/docs/2017/10/consumer_engagement_survey_2017_report.pdf
[2] As evidenced within research on unreliable switching, conducted by Populus on behalf of Ofgem, 21 September 2017; https://www.ofgem.gov.uk/system/files/docs/2017/09/consumer_research_unreliable_switching.pdf
[3] See Address Data Improvement: Remedy 1 for further details on the Retail Energy Location;
https://www.ofgem.gov.uk/system/files/docs/2018/02/d-6.1_data_improvement_-_address_database_remedy_1.pdf

proposed industry-led activities to improve the quality of plot-to-postal data and meter technical details.

We also believe that our recent proposals to introduce automatic switching compensation for 'switches that go wrong' and publish supplier switching performance[4] ensures there is a strong incentive for all industry parties to support these near-term data improvements. Collective industry-led work to improve data quality will reduce incidents of unreliable switching ahead of the introduction of faster switching. This will make the energy retail market work better for consumers by improving their experience of switching, leading to greater engagement in the retail energy market and increased competition.

Meter Technical Details data cleansing

Inaccurate Meter Technical Details (MTDs) can affect a consumers' switching experience in many ways. This includes delays to a switch because of problems verifying MTDs, billing problems for consumers after a switch because a supplier is incorrectly interpreting meter readings and consumers switching to a tariff unsupported by their meter. Improving the quality of MTDs across the gas and electricity industries will reduce the incidence of these issues, and would therefore improve consumers' experience of switching.

Gas and electricity industry code experts have developed options to improve MTD data quality, namely via the use of data reconciliations. The Switching Programme Board welcomed recent initial work by Electralink and Xoserve taking this forward in gas, and by Gemserv and the Issue Resolution Expert Group (IREG) in electricity. They agreed to support the further development and implementation of these MTD data reconciliations.

Meanwhile teams in the Switching Programme will initially consider further work defining MTD data ownership and consider including MTD data quality within the scope of assurance arrangements of the future Retail Energy Code.

In providing their support for industry-led action reconciling MTDs, the Switching Programme Board were clear that they want this data cleanse implemented or under way by the end of 2018. The Switching Programme Board's preference is that such MTD data cleansing is not one off and asked that colleagues in the electricity industry give further consideration to the proportionality of undertaking annual MTD data reconciliations, as is currently proposed within gas.

Plot to postal data cleansing

Consumers also face many problems as a result of the prevalence of outdated plot addresses in industry address systems. We understand that many plot addresses remain in industry systems after they have been replaced by valid postal addresses.

In addition to problems this creates with regard to customer billing, the prevalence of plot addresses does lead to failed switch attempts by consumers, delayed switches or erroneous switches when the wrong consumer is switched. Therefore, it is clear that action needs to be taken to reduce the number of outdated plot addresses, in order reduce the number of 'unreliable switches' before faster switching is introduced.

The Switching Programme Board discussed options to take forward plot address cleansing. They welcomed and expressed thanks to colleagues in the gas and electricity industry for convening recent discussions, including Xoserve, Association of Independent Gas Transporters (AIGT), Competitive Networks Association (CNA) and IREG. They also welcomed initial progress some parties have made cleansing plot address numbers. The Switching Programme Board expressed their support for taking this activity forward as an industry-led initiative.

[4] 'Open letter: creating incentives for suppliers to improve switching performance' Ofgem, 6 December 2017; https://www.ofgem.gov.uk/publications-and-updates/open-letter-creating-incentives-suppliers-improve-switching-performance

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However, the Switching Programme Board encouraged all industry parties to continue to build upon recent momentum within these discussions. The Switching Programme Board asked for ongoing reporting to Ofgem of distribution company level information in both gas and electricity regarding plot address numbers together with ongoing updates with progress on reducing outdated plot addresses. This would help us to identify those who are doing well and those who need further help to cleanse outdated plot addresses. They also asked that we work with industry parties to set targets against which progress can be monitored.

As RIIO-2 is also being developed, Ofgem's Networks team will also consider whether there are additional incentives that can be introduced to ensure network companies fulfil their responsibilities to maintain accurate addresses and update outdated plot addresses.

Next steps

We ask that industry develops and implements these meter technical detail and plot-to-postal data improvements before the end of 2018.

We encourage industry code bodies to consider the benefits of cross-code working and coordinating some of these activities across the gas and electricity industries, where practical. This is also expected by the cross-code working principle in Code Administrators Code of Practice (CACoP)[5]. This could help to minimise any duplication of efforts and could make it easier for parties operating in both industries to participate in the data improvement activities. Additionally, coordinated industry data improvements will help to ensure that parties are well placed to support the Switching Programme's plans to reconcile gas and electricity address data to create a new Retail Energy Location within the CSS.

To provide the Switching Programme Board with confidence that the MTD and plot address data improvements will be taken forward before the end of 2018 and there will be continued good progress, we would like sight of forward workplans on the activities and ask that progress updates be provided on a quarterly basis to our Switching Programme Board.

Regarding MTD data improvements, we ask that the Supply Point Administration Agreement Executive Committee (SPAA EC) provide updates on progress made within the gas industry, and the Master Registration Agreement Executive Committee (MEC) provide updates on progress made within the electricity industry.

Regarding plot address data improvements, we ask all gas and electricity distribution companies for ongoing reporting of plot address numbers together with progress updates on actions reducing outdated plot addresses. However, we are happy to receive centralised updates on behalf of gas and electricity industries, and, for example, note that Xoserve may be well placed to provide centralised updates on behalf of the Gas Transporters (GTs) and Shippers; AIGT and CNA may be well placed to provide updates on behalf of independent Gas Transporters (iGTs) and independent Distribution Network Operators (iDNOs); and MEC may be well placed to provide this on behalf of the rest of the electricity industry using extracts from ECOES.

Initially, these progress updates should be provided to the Switching Programme Near Term Improvements workstream lead, Graeme Barton (graeme.barton@ofgem.gov.uk), who will relay the updates to the Switching Programme Board. Once governance for the Enactment and Design, Build, Test phase of the Switching Programme is confirmed, we may seek to revisit and formalise the reporting as part of wider reporting on industry's readiness for the implementation of faster switching.

[5] 'Principle 13: Code Administrators will ensure Code coordination to progress changes efficiently where modifications impact multiple Codes', Code Administrators Code of Practice (CACoP); https://www.ofgem.gov.uk/sites/default/files/docs/2015/08/proposed_cacop_v.4.0_clean_version_0.pdf

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We look forward to working with industry to contribute further to the development of these data improvements. However, if you would like to discuss this letter further, please contact Graeme Barton (graeme.barton@ofgem.gov.uk).

Yours faithfully

Rachel Clark
Switching Programme Director

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