

Switching Programme Delivery Group – Meeting 11

1. Welcome and Introductions

RC welcomed all attendees to the eleventh meeting of the Switching Programme Delivery Group (SPDG) and confirmed that SPDG ten had been cancelled in response to a lack of demand. SPDG should only be convened when there are items which are useful and important to discuss.

Action log				
Ref :-	Subject		Action due	Action owner
Actions - Ongoing & Carried Forwards				
SPDG 3 – 03	SPDG Agenda	Members to suggest future agenda items as required.	Ongoing	SPDG Members
SPDG7-01	Design Approach	Ofgem to follow up with industry on sequencing and what a desirable sequencing outcome might look like. AD advised that there has not been substantive follow up. The main sequencing work is through Code Governance Reform although AD is still happy to work with stakeholders	Ongoing	Ofgem
SPDG8-02	TDA	Industry to engage with Ofgem through AD with suggestions for external expertise for the TDA. RC advised that TDA now has technical expertise from EUK. Ofgem are Still interested in technical expertise more grounded in the smaller or 'challenger' supplier end of the market	05 Sep 17	SPDG members
SPDG8-03	TDA	Ofgem PMO to direct industry towards particular areas of interest	Ongoing	Ofgem
SPDG8-05	Industry Meetings	Ofgem to circulate forthcoming meeting dates and topics to be covered. RC handed hard copies of Workstream User Forums to members at the meeting. They will be circulated by email and published on the website .	Ongoing	Ofgem
SPDG8-06	Industry Change Progs	Ofgem to review the existing map of all the industry change programmes and keep it up to date	04 July and then Ongoing	Ofgem
Actions – Closed				
SPDG8-01	Risks & Issues	Closed risks and issues to remain in the Highlight Report for reference Closed	04 July 17	Ofgem
SPDG8-04	Transition Plan	SPDG to contact Andrew Amato with any further questions. Closed	04 July 17	SPDG members
SPDG9-01	RP2A Costs	To double check RP2A Implementation and run costs quoted in Reform Package Analysis presentation and advise SPDG. Closed	05 Sep 17	Ofgem
Actions - New				
SPDG11-01	Plan Assurance	Top level recommendations from the Plan Assurance to be shared with SPDG at the next meeting.	Dec 2017	Ofgem/ DCC
SPDG11-02	Design Proving Work	DCC to provide briefing on this work to SPDG	Dec 2017	DCC
SPDG11-03	ABACUS Process Maps	To ensure changes are clearly marked when these documents are issued to industry	Dec 2017	Ofgem
SPDG11-04	Regulatory Design Forums	To clarify future Forum dates on the Switching Programme website as these become available	Ongoing	Ofgem

2. Programme Update

Highlight Report

AA updated SPDG on the highlight report and invited comments and feedback on the new format. The programme continues to track Amber. Key successes since SPDG in July have been the publication of the Blueprint Consultation and supporting Impact Assessment on 21 September and the completion of independent Assurance with DCC on the programme plan. Key findings were that it confirmed that our published plan remains unchanged and is achievable but challenging. The milestone dates for the DCC have not changed. Collective actions for Ofgem and DCC were identified. Top level recommendations will be shared at the next SPDG meeting.

In terms of Workstream progress, following publication of the Blueprint Consultation and Impact Assessment, further detailed DIAT planning is underway for the OBC and decision in January 2018. End-to-End Design, involving the most substantial area of DLS work, is near conclusion, with work on track on all products. The first and second waves have been baselined. Everything should be completed, signed off and baselined, including Wave Three whose TDA approval has been slightly delayed, by 23 October 2017. There have been a number of Design Forums engaging stakeholders on this activity, with TDAs keeping in step virtually immediately afterwards. Once this End-to-End work is completed this will feed into the start of the DCC work on the detailed design for the CSS.

In terms of the Delivery workstream, the Transition Approach went to the September Programme Board, where a staged Transition was agreed. Some of the Delivery Timelines have been extended to the end of October to permit input from the work and resources on End-to-End Design. Regulatory Design has undergone significant re-planning and will commence the detailed regulatory requirements gathering work at the beginning of November. Resource has been increased from across the code bodies to support this work until May.

Commercial workstream progress has been slower. A new Deputy Director is taking forward DCC's new approach to the delivery of its Commercial workstream up to Christmas, recruiting a new skill mix of a technology expert, a strategic commercial consultant and two specialist commercial contract resources until the recruitment of the permanent Procurement Lead. Legal support will also be increased. Market engagement will commence in the Autumn and SPDG are encouraged to attend the next Commercial Forum on 18 October 2017 which will be focusing on what differential procurement outcomes might have differential costs on other participants in the programme. This will help construct the evaluation framework. Near Term Improvements, focusing on non-CSS related activity, is an evolving workstream which will be taking options papers forward to the October Programme Board. The Ofgem PMO has created new TDA and Design Forums pages on the Switching website. New resource has joined the team from Nexus to focus on Central Assurance and Co-ordination. We are also seeking to increase Regulatory Design resourcing. The change in the forecast for the DCC Finance cost has been adjusted due to re-baselining and may change further. SPDG did not raise any questions about the top delivery risks and issues. DCC provided a brief update on their Design proving work which is seeking to prove the End-to-End Design and are happy to provide further briefings to SPDG members.

RC confirmed that the UK Link consultation closed on 29 September 2017. There have been around thirty four responses. The messages appear to be fairly consistent but detailed analysis of the responses will be conducted over the next few weeks to reach a view on how to take this forward.

With reference to process maps in ABACUS, SPDG requested that when these documents are issued any changes made are clearly marked to assist industry in turning them round. This is already being addressed by Ofgem but will be taken as an urgent action to clarify for SPDG.

TDA Update

SPDG were provided with updates on TDA by AA and AD. To date TDA has considered Design Model work up to Wave 2. It will focus on Wave 3 next week and the remainder of the Waves by the end of October. In addition to TDA members from Ofgem and DCC, Craig Handford from EUK and Alan Raper from Gas Networks are representing industry expertise. In terms of ways of working, SPDG were reassured that TDA is not just waiting to get output from Forums or Workstreams but now has an established process of warm-up and pre-brief sessions on these items before it is asked to baseline them. When items are baselined, assurance is also taken from the activity of the Design Team and the Ofgem Technical Architect outside of TDA.

3. Blueprint (Design Baseline 2) Consultation

AD hosted a walk through of the consultation document chapter by chapter, to give SPDG the opportunity to make sure they were clear on what the consultation is saying, ask any questions for clarification and raise any particular points they already know are of concern. The aim was to ensure that SPDG are able to provide the most informed possible response to the consultation document.

Executive Summary – There was no review conducted as this summarises the whole document.

Chapter One, the Introduction – SPDG did not have any comments.

Chapter Two – Impact Assessment Summary - SPDG asked what was driving the wide range (169 million to 1 billion) of net present values. RC said the estimates were mainly driven by the differential illustrative scenarios for increased customer switching. Although the costs also vary they do not vary as much as the illustrative benefits. RC confirmed that the IA was a draft and had been published for consultation. Given the level of cost information that had been provided by the industry, however, Ofgem had a high degree of confidence in the figures set out in the draft IA. Following the consultation the IA will be revised to reflect any comments which need to be taken into account. A final IA will be issued with the decision in January 2018.

Chapter Three – Preferred Reform Package Design – RP2A - AW summarised the key aspects of RP2A. RP2A is based on a centralised switching service for gas and electricity. AW circulated a handout to SPDG detailing the main features of RP2A – ‘Objections’, ‘Annulment’, ‘Agent Appointments’ and ‘Cooling Off’. There was discussion around the benefit of an annulment mechanism where switches happen next day and the need for a robust assurance regime. There was discussion of how the cooling off provisions would work, and in particular how the requirement for supplier A to take back a customer on equivalent terms would be framed. SPDG members discussed the merits of Meter Technical Data being mastered in MPRS.

Chapter Four – Communications Network - RC confirmed that harmonising all energy industry communications networks was out of scope of the programme.

Chapter Five – Switch Speed and Regulatory Requirements - RC summarised the proposal in the consultation to introduce a regulatory requirement to switch a customer within five days from the date on which a contract is entered into, subject to exceptions including where the customer has requested a later date. Next-day switching would be allowed from the start and Ofgem expected the industry to move towards next day Switching as standard. If that did not happen then Ofgem would review whether or not it was appropriate to change the regulatory regime to require next day switching (subject to exceptions as above). Ofgem noted that, whilst the new systems and processes would be thoroughly tested in advance of go-live, it would not be possible to fully understand the

impact of the data improvement remedies other than through using live data in live switches, since an erroneous transfer will generally only come to light when a customer becomes aware of a problem. Consequently, Ofgem was proposing a transitional period immediately after go-live of the systems during which suppliers would be expected to switch customers in five days in order to allow time to avoid any ETs identified. Any suppliers wanting to switch customers faster than 5 working days during this period might be subject to additional obligations to ensure that they deliver good customer outcomes. Further consideration would be needed to define those obligations. Ofgem would identify objective criteria for the end of the transitional period relating to the reliability of switches under the new arrangements. Once it was clear that the criteria were met, the expectation would be that most switches would happen next day and any additional obligations associated with switching customers in under 5 days would fall away.

SPDG members noted that customers should be able to choose when to switch. Ofgem confirmed that this would be the case. Particular concern was expressed about the risks of switching traditional pre-payment customers ahead of being able to get a top-up key to them.

Chapter Six – Reliability – SPDG did not have any comments.

Chapter Seven – Implementation – SPDG asked about the expected price control regime for DCC for DBT and initial live operations. RC confirmed that DCC currently have licence obligations and an agreed set of incentives that last to the end of the procurement process but Ofgem would need to consult on the detail of an extension of DCC's licence obligations and performance assurance regime on the Switching programme to go beyond contract signature. RC noted that the integration, co-ordination and assurance roles required during DBT are currently being scoped. This will then be brought to SPDG for discussion. Post go-live there would be a contract management operations role that DCC was expected to play. The extent of this will be further discussed through the Commercial Forum. In the light of concerns around DCC costs and capacity,

Chapter Eight – Regulation and Governance of the switching arrangements, including transition – SPDG did not have any comments.

General

AW referred SPDG to his handout with some examples of how the switching process would work in practice for customers choosing different switching timescales and is happy to take further queries. AD referred SPDG to the various appendices and associated documents discussed at the meeting, including the PIA, which sets out the way in which data protection requirements under the GDPR would be given effect in the end-to-end process for switching.

SPDG asked for advance notice of meetings of the Regulatory Forum so that they could engage with key regulatory issues as they are developed. RC confirmed that information on all workstream forums was now on the website and that further details on Regulatory Forum meetings would be added shortly.

RC confirmed that the consultation ends on 03 November and encouraged SPDG to respond by then and get in touch if they had further questions. The work of the Design Forums is still ongoing and Ofgem is very keen for industry to use this opportunity to understand what is being done in the detailed design work and to influence it now, while this can be done, to ensure we achieve the best possible job. At the next SPDG meeting RC highlighted that there will be a discussion about where we have got to on the evaluation of the consultation responses and what our emerging decision is looking like. SPDG may also meet again later in December.

4. Any Other Business

None

5. Next SPDG Meeting

Tuesday 05 December 2017, 14.00 – 16.00

Attendees

Rachel Clark – Ofgem (Chair)
Andrew Amato – Ofgem
Arik Dondi - Ofgem
Andrew Wallace – Ofgem
Heather Bignell – Ofgem
Jane Eccles – DCC
Norma Wood – Critical Friend
Sharon Johnson – British Gas
Paul Saker – EDF Energy
Douglas MacLaren – Scottish Power
Alison Russell – Utilita
Alan Raper – ENA (gas networks)
Chris Hill – ICoSS
Alex Belsham-Harris – Citizens Advice
Varsha Ratna – BEIS
Ardy Elansey – ENA
Peter Davies – SEC Panel
Alex Travell – EON
John Downing – Npower
Ed Hunter – Extra Energy
Mark Anderson – SSE
Neil Stokes - SSE