

DRAFT Minutes of the External Design Advisory Group (EDAG) meeting

Meeting 30 November 2017

Introduction

1. Arik Dondi (AD) introduced the meeting and welcomed EDAG members. A list of attendees is available at the end of this document.

RP2a Optimisation

2. Andrew Wallace (AW) thanked EDAG members for their responses to Ofgem's September consultation.
3. The presentation summarised industry responses to questions around RP2a and the potential improvements that could be made to optimise the reform package. AW noted that questions around the Impact Assessment would be discussed at the next EDAG meeting on 14th December.
4. AW noted that the rationale for an 18 year assessment period had been reviewed at a previous EDAG which reflected upon experience with UK Link and MPRS systems. Based on these experiences it was not unreasonable to assume that the new systems would not need to be replaced within the assessment period.
5. Alex Belsham-Harris (ABH) asked for an update on the potential impacts of the supplier hub review at the next EDAG.

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6. AW agreed to confirm how workstream leads are using consultation responses to inform their risks and issues logs.

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7. AW clarified that respondents who did not provide an answer to questions were categorised as a neutral responses in the presentation slides.
8. One attendee said that it would be useful for Ofgem to publish its views on the expected consumer journey for RP2a. RC stated that Ofgem have considered a full range of customer journeys in the interactive sequence diagrams but noted that these are for illustrative purposes only as Ofgem do not want suppliers to feel constrained.
9. AW said that respondents largely agreed that the CSS should include an annulment feature which losing suppliers can use to prevent erroneous switches. He said that Ofgem's initial view was that an annulment process should be included in the RP2a design and would require an effective performance assurance framework. He noted that this work was being progressed by the Regulatory Design workstream. EDAG acknowledged that there would be limited time to use

the process in a next day switch. The potential use of reason codes in the annulment process was discussed, however the general view was that this was not needed as there is only one permitted reason for annulment. AW agreed to review whether the losing supplier should be allowed to use the annulment process where there is miss-selling and the customer felt that they had not entered into a new contract.

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10. AW said that respondents generally agreed that the CSS should always invite the losing supplier to raise an objection, even where the Change of Occupancy (CoO) indicator had been set by a gaining supplier. He said Ofgem's view was that the CSS would retain ability of the losing supplier to object where the CoO flag was used and that this would be supported by appropriate performance assurance.
11. RC said that a losing supplier must retain evidence of why it objected. She said it was unlikely to be acceptable for a supplier to raise an objection because they did not have confirmation of a CoO rather than because they had valid reasons to believe that a CoO had not taken place despite the flag being raised. AW noted that guidance could be developed to support when the use of the CoO flag and when the losing supplier could object.
12. AW said that there was wide support for the use of the annulment and CoO features being backed by a strong performance assurance regime and lots of proposals for how it should operate.
13. AW said that Ofgem intend to progress with the Design Baseline 2 proposals on objection, cooling off, agent appointments and MCP ID.
14. There was a request for Ofgem to publish a list of Switching Programme defined terms to help ensure clarity.

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15. AW explained that Ofgem had met with gas and electricity networks on 22 November and clarified that they would not be required to replace their version of an address (the Meter Technical Location) with the Retail Energy Location (REL) but would have the option to if it added value, for example, in their customer communications.
16. EDAG held a general consensus that, for MTD updated from MOPs, the same level of validation systems should also be transferred from ECOES to MPRS to ensure that complete and sensible data flows are received. Ofgem agreed to consider this.

Action: Ofgem

17. To clarify on an additional comments made on RP2a, AW said that the process for LSP gas switches that require a concurrent change in capacity would be looked at within the scope of the MOD 0630R Review Group. This group will consider a range of consequential changes that will be required under the UNC. The Review Group's first meeting is on 15th December.

Communications Network

18. The presentation summarised industry responses the proposal to require DCC to competitively procure the communications network. RC noted that those that did not support this approach typically preferred using an existing industry network to reduce cost, complexity and risk. She said that Ofgem's initial view was that it should explore the potential to specify the CSS so that market

participants can communicate with it using either DTN or IX. She said that this would not impact costs for market participants, but would likely increase costs for design and testing processes which will be reflected in the revised impact assessment. EDAG agreed that using existing networks would be a valuable way to gain additional facilities in testing and reporting etc.

19. EDAG acknowledged that the new switching arrangements would allow for future developments and RC said that a secure internet environment might be an expected outcome of competitive procurement, but under the approach outlined above, could also be added, alongside DTN/IX at a later stage. RC said that the volume of data was expected to be well within the capacity of existing networks but this would be further explored.
20. EDAG provided broad support for the policy proposal.

Regulatory Framework

21. The presentation summarised industry responses on the regulatory framework. Caroline Ainslie (CA) explained that respondents were broadly supportive of proposals to create a dual fuel REC and for its initial scope to be developed as part of the Switching Programme. In addition, respondents generally supported the regulatory underpinning for transitional requirements but were split on whether these should be contained in the REC.
22. CA said that there was strong support for an Ofgem-led approach for the SCR process. Furthermore, most respondents viewed the indicative timetable for development of the new governance framework to be challenging but recognised the need for it to match the wider programme. CA said that there was not anything significant to suggest a fundamental change in the position that was outlined in the consultation, though suggestions by respondents would be considered.
23. CA said that a range of views were expressed by respondents on proposals to modify DCC's licence for management and support of the DBT and initial live operation stage. While many agreed with the proposal, several respondents raised some concerns. RC noted that the next EDAG would cover a breakdown of responses to this proposal as well as an explanation of the benefits should Ofgem progress with the licence modification.

Switch speed and transitional arrangements

24. The presentation summarised industry responses to questions on the proposals for the switch speed and the transitional arrangements. RC said that most respondents agreed with the proposal to change the regulatory backstop speed of switching to 5 working days and expressed qualified support for proposals to have a three-month transition window (the main issue being the length of the transition period).
25. RC stated that the purpose of the transitional period was to assess whether the data improvement remedies delivered the expected level of improvement to reliability and to identify whether a next day switching arrangement would significantly impact the volume of erroneous switches. To do this, Ofgem will be monitoring the number of erroneous switches that are stopped during the 5 day switching arrangement. The programme would only exit the transitional period once Ofgem are confident that doing so would not significantly impact the level of erroneous switches, which will require a period of live testing and an objective criteria.

26. RC noted that erroneous switches can be caused by a number of factors, including consumer error and supplier practices, and that Ofgem would conduct the relevant analysis to find any further causes of erroneous switches and ensure that appropriate action is taken to tackle these issues if methods to reduce the level erroneous switches before go-live were not effective. Testing during end-to-end testing was suggested, however RC clarified that this will test business processes and systems and that testing the accuracy of the data would require contact with end users, which was not currently envisaged during the testing process.

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27. Improvements to reliability by allowing consumers to input their address data was discussed. RC noted that mandating the use of address data only might not be helpful, as this may not be sufficient for suppliers to ensure that they have a valid contract with a customer. Ofgem is considering whether further insights can be gained into the impact on consumers of being invited to provide an MPxN when requesting a switch.

28. Ofgem's view that suppliers should be able to switch faster than five working days, and up to next working day, during the transitional period was discussed. RC noted that these suppliers may be subject to further data validation criteria and there would be further thought on this as the additional obligations are developed. In response to a question, RC clarified that all suppliers will need to be able to object within the first working day and should be ready to lose a customer next day even though generally the switch will not take place until the fifth working day. She noted that the CSS will also be notified if a supplier chooses to operate on a next day switching arrangement.

29. In response to a question, RC noted that a post implementation period will be in place to assess the stability of the system. She said that an appropriate criteria for exiting the transitional period would be drafted and shared regularly with industry. RC noted that this would largely be dependent on when there was a sufficient volume of data to give Ofgem a robust sense of whether the data improvement remedies are working.

30. RC said that Ofgem do not intend to slow the switching process due to poor supplier compliance with their licence obligations as suppliers should have resolved the triggers of erroneous switches before go-live. She said that Ofgem aim to reduce the rate of erroneous switches by targeting their causes, not by prolonging the switching speed. Ofgem are confident that their analysis so far has identified the key drivers of erroneous switches, but cannot be sure that the solutions will take effect until after go-live, hence the need for a transitional period.

31. RC assured EDAG members that suppliers will not have to switch faster than five working days during the transitional period at the request of a consumer. RC noted that suppliers that had opted to switch faster than 5 days during the transitional period, and were meeting any obligations that had been put in place in order to do so, would not be required to switch all customers at the faster speed, but could respond to customer demand.

32. RC noted that there were no current plans for a major awareness campaign at go-live. Individual suppliers would be able to promote faster switching where they saw a benefit in doing so. She said that it be advisable for any co-ordinated messaging to be delayed until after the transitional phase when industry are confident that the programme will deliver a positive experience for consumers. Once the programme has reached this stage, Ofgem would expect the message across industry to be along the lines of 'you can switch in five working days or quicker' because this would be consistent with the regulatory environment and systems that are being set up.

33. In response to a question on the rationale behind a five working day switch, RC stated that guidance by BEIS suggested that switching in all markets should be carried out between five and seven days. For the transitional period, Ofgem's analysis suggested that five days was an appropriate timeframe to obtain the relevant information on erroneous switches and therefore it felt appropriate to regulate for five working days going forward.
34. RC said that Ofgem felt stricter requirements than principle based requirements would be necessary to ensure similar switching experiences across suppliers and that more thought was needed around the additional complexity this may lead too. She noted that Ofgem would consult in due course on the wording of the requirement.

Consumer Enquiry Service

35. The presentation reflected upon the Consumer Enquiry Service (CES) and potential alternatives to delivery of the service. AW welcomed view on the assumption of RP2a that DCC would deliver the CES at the same time as the CSS. Of the estimated two million consumer enquiries it was assumed that the CES would handle the following:
- 80% through a website
 - 20% by phone, of which 90% were interactive voice response (IVR)
 - none via email
 - complex queries were handed over to gas transporters and distribution networks.
36. AW said that single service would improve reliability and engagement, generate a material cost saving and remove the need for existing network licence requirements.
37. AW noted that consumers being able to access information through their smart meters would be unlikely to generate a sufficient reduction in CES demand to constitute a replacement service. Further discussion also noted that the IHD could cause consumer confusion if it was branded by the supplier that installed it and consumers have since switched. It was generally agreed that Midata and PCW provided services were also not suitable alternatives. AW placed an action on industry to provide views on how GDPR might impact the provision of the CES to consumer.

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38. AW detailed the alternative service models which included a CES provided by networks, the MIS, PCW's and other agencies such as Citizen's Advice. EDAG members agreed that all proposed alternatives were viable, except for a PCW provided CES. EDAG said that it would not be easy to control PCW's nor would it be appropriate if Ofgem are targeting internet disengaged customers.
39. As general discussion points, EDAG noted that Ofgem need to consider any likely changes to consumer demand for the service, including data improvement remedies and a more attractive service. EDAG supported a suggestion that consumers should be directed to the Energy Switch Guarantee website when using the CES to promote the guarantee. Finally, it was suggested that it might be valuable for the switching programme to have a linked service to the water industry as there may be synergies.

AOB

There was no AOB.

The next EDAG meeting is on 14th December.

End

Attendee list

Ben Trasler – Opus Energy
Andy Miller - Xoserve
Alex Travell – E.ON
Jeremy Guard – First Utility
Martin Hewitt – UK Power Networks
Karen Lee – Utiligroup
Colin Brooks - Energy UK
Colin Blair – Scottish Power
Joanna Ferguson NGN (ENA)
Paul Saker – EDF Energy
Martyn Edwards – SSE
Gavin Jones – Tech UK
Alex Belsham-Harris – Citizens' Advice
Phil Broom – ENGIE
Adam Bough – npower
Jane Eccles - DCC
Justin Andrews – Elexon
Vicky Spears – AIGT
Alison Russell – Utilita
Graham Wood – Centrica
Colin Brookes – Energy UK
Claire Henderson – TMA
Charlotte Hooker – Ofgem
Joe Karmali – Ofgem
Caroline Ainslie – Ofgem
Arik Dondi (Chair) – Ofgem
Rachel Clark – Ofgem
Andrew Wallace – Ofgem