

## Switching Programme Delivery Group – Meeting 13

## 1. Welcome and Introductions

Rachel Clark (RC) welcomed all attendees to the thirteenth meeting of the Switching Programme Delivery Group (SPDG). She noted that Ofgem published the Switching Programme's Outline Business Case (OBC) and Blueprint phase decision document on 12<sup>th</sup> February 2018.

Action log				
Ref :-	Subject		Action due	Action owner
<b>Actions - Ongoing &amp; Carried Forwards</b>				
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. <b>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</b>	Ongoing	Ofgem
SPDG8-02	TDA	Industry to engage with Ofgem through AD with suggestions for external expertise for the TDA. <b>RC advised that TDA now have technical expertise from EUK. Ofgem are Still interested in technical expertise more grounded in the smaller or 'challenger' supplier end of the market</b>	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. <b>05/12 update: AA handed out an updated version of the meeting dates forward look, which will also be updated on the Switching website in due course</b>	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	Ongoing	Ofgem
SPDG11-02	Design Proving Work	DCC to provide briefing on this work to SPDG <i>(There was insufficient time to cover this at the meeting and this was carried forwards to April)</i>	Feb 2018	DCC
SPDG12-03	Procurement Deep Dive	In the New Year have a deep dive on some of the procurement products and how they fit together, and how things will be backed up in the REC.	Apr 2018	DCC
<b>Actions – Closed</b>				
SPDG11-04	Regulatory Design Forums	To clarify future Forum dates on the Switching Programme website as these become available	Ongoing	Ofgem
SPDG12-01	IPA Gateway review	SPDG members who want to be involved in the Gateway review to inform Ofgem.	Jan 2018	SPDG Members
SPDG12-02	Enactment plan	Ofgem to develop and share a more detailed version of the enactment plan – updated version published as part of the OBC in mid-February	Feb 2018	Ofgem
SPDG12-04	CSS Delivery Forums	DCC to send list of proposed CSS delivery forums to Ofgem to circulate to SPDG – SPDG Members invited to CSS design engagement sessions	Feb 2018	DCC
<b>Actions - New</b>				
SPDG13-01	Programme Governance	SPDG to inform Ofgem of views and advice on the proposed roles and responsibilities, governance and funding arrangements.	Feb 2018	Industry SPDG Members

## 2. Programme Update

### Highlight Report

Andrew Amato (AA) updated SPDG on the highlight report. The overall programme RAG has improved to amber which reflects that the board approved content of the OBC and IA. These are available on the [Ofgem website](#).

Workstream updates: PMO have commenced detailed planning of further aspects of the Enactment phase of the Programme. DIAT's IA was signed off by the IR and Chief Economist. Final TDA approval of the updated E2E design products was delayed to 15 February, with publication of the re-baselined versions now scheduled for 16 February [documents were published on 16/02]. The CSS User Requirements Specification work is on track for TDA review on 20 February. Design aim to schedule E2E design 'roadshows' with industry service providers in March. All E2E delivery products have been approved by TDA and are available on the [Ofgem website](#). Delivery have also had meetings with external stakeholders regarding the need for pre-CSS data migration activity and are now developing a left-to-right DBT plan. The implementation workstream worked with Baringa on the UKLink and MPRS assessment report, baselined delivery roles and responsibilities and plan to develop a procurement alignment strategy with DCC. Regulatory Design continued work to translate the Abacus output into business rules for inclusion in the REC (where appropriate). New switching procurement leads and commercial lead resources at DCC should support progress of the commercial workstream. Jane Eccles (JE) confirmed that this does not have implications on commercial timeframes. DCC have held two successful market engagement sessions and a market innovation workshop with the aim to future proof the CSS design. They received 20 responses from a range of organisation to their RFI. An IREG was convened to take forward plot addresses and meter technical detail data improvements to support the Near Term Improvement work on the Energy Switch Guarantee. A high level transitional phase plan has been published alongside the OBC which provides more detail on the work due to progress in the enactment phase. It shows that DB4 is scheduled for publication in May which will signal the end of the DLS phase. A more detailed DBT plan will be developed by Ofgem and consulted on by industry.

In terms of Programme resourcing, identification and requests for workstream resource requirements from code-bodies for 18/19 is now complete. Current forecasts for staff costs are on budget and DCC cost included contingency which has not been called upon.

### TDA Update

Arik Dondi (AD) provided a TDA update. TDA approved the E2E delivery products which were updated to reflect stakeholder feedback and requests for clarification. These are now available on the Ofgem website. TDA plan to baseline the E2E design products on 15 February. Publication of the re-baselined versions of these products and Abacus models are now scheduled for 16 February.

## 3. DB3 Publication

RC provided a brief overview of the Switching Programme Outline Business Case and Blueprint phase decision. She said it constitutes a complete response to the "Delivering Faster and More Reliable Switching: proposed new switching arrangements" and "UK Link and the proposed Central Switching Service" consultations. The document sets out the decision on the reform package and the various aspects Ofgem consulted on. It includes the final impact assessment which supports and informs the

decision. It also provides the next iteration of the five case business case which sets out the full strategic and economic case for market intervention. It includes a commercial case which sets out an early review of whether the market is commercially able to deliver the proposed changes. The management case sets out how the programme outcomes will be delivered. The financial case is an outline of programme funding. The top level decisions include the programme moving forward with reform package 2a – the introduction of a new switching service with objections down to one working day for domestic switches and two working days for non-domestic switches and various other aspects of the reform. The proposed UK link and central switching service decision was supplemented with a technical summary report by Baringa on the viability of reusing existing switching solutions for the CSS. The report concluded that either UK Link or the MPAS systems would be capable, with amendment, of delivering RP2a's proposals. It also concluded that there would be likely cost efficiencies and risk reduction in using existing systems over new-build, but acknowledged that the best way to test associated risk would be through competitive procurement. Therefore, Ofgem have concluded that the competition DCC runs to procure the CSS should be structured in a way that neither favours or penalises existing systems or new build. Ofgem will work with UK Link or Xoserve to ensure the removal of any governance constraints that would result in this.

In response to a question on whether governance changes would be required to allow MPAS service providers to participate in the procurement bid, RC said that Ofgem's assessment, with support of those service providers, was that there are no existing governance constraints.

#### **4. Future Programme Governance**

Nicola Garland (NG) provided an overview of the roles, responsibilities and proposed governance structures of the programme during the DBT phase. She said that the roles and responsibilities during the enactment phase are largely focused on the procurement activities undertaken by DCC and Ofgem, the Regulatory Design work on the REC and mobilisation for DBT phase.

NG explained the diagram that sets out all the players that will have a responsibility in the delivery stage of the programme. In addition to the CSS, the DCC will procure the System Integrator and the Core Systems Assurance Provider. In accordance with the OBC, Ofgem believe that the DCC should procure an independent Systems Integrator, who will work with existing providers on a daily basis to ensure they can connect into the system. The Core System Assurance provider will also be an independent party, procured by the DCC, that can provide assurance to Ofgem over any of the existing systems providers, the CSS system providers, the System Integrator and the DCC. The DCC will have their role extended to have procurement and contract management and accountability for the CSS systems, Core Systems Assurance provider and the Systems Integrator.

The right hand side of the diagram depicts the various industry players that will be involved in the programme. Agents and MAPs are outside the scope of the programme for two reasons:

1. It will be the responsibility of suppliers to report to Ofgem on the progress of their agents; and
2. MAPs have a commercial incentive to be ready at go-live and it is Ofgem's current understanding that their failure to be ready will not impact third parties.

Similarly, Ofgem will look to procure the Licenced Party Co-ordinator, whose role will be to coordinate all industry parties throughout the DBT phase. The Licenced Party Assurance provider will ensure that parties are meeting milestones and reporting accurately on their progress.

Sitting across the programme are three functions, which are together referred to as the Programme Coordinator role:

- Programme PMO
- Programme assurance – horizontal assurance across all parties
- SRO advisory

Whether these parties will be independent or combined functions is yet to be determined. Overseeing these functions is Ofgem as the programme sponsor and the Senior Responsible Officer for ultimate decision making authority. In response to a question on whether the assurance roles are still open, NG said that DCC and Ofgem will run an open procurement process for the System Integrator, Core Systems Assurance, Licenced Party Assurance provider and the Programme Co-ordinator functions. JE noted that DCC are working with Ofgem to ensure that the scope of these functions are aligned correctly to avoid duplicative activity or one party winning all the bids.

There was discussion on the proposed DBT switching roles. SPDG acknowledged the complexity of the structure, but recognised that it was necessitated by the complex structure of the stakeholders and noted the need for a robust PMO and SRO advisory function. It was noted that the benefit of this mechanism is that it allows visibility on trade off decisions that are made. NG said that there will be further opportunity for SPDG to provide input into the shape of the governance structure and proposed transition.

NG explained the proposed enactment governance structure. She said that there has been no fundamental structure change and that Ofgem want to keep the steering group (SPSG) and Programme Board as stable as possible throughout this phase. The Steering Group will maintain its overarching advisory governance role but the Programme Board will be expanded during the Enactment phase to include industry representatives. Over time, the Delivery Group (SPDG) will have delegated decision-making authority over delivery matters and the Technical Design Authority (TDA) will continue to have delegated decision making authority over design matters. It was noted that the final EDAG meeting was held in December 2017. The engagement and advisory groups and forums will transform in line with the nature of the enactment work, so forums and groups will be combined dependent upon the type of work being undertaken. Design will continue to be managed through a vigorous change control process, in particular during procurement and the design baseline period, in which TDA will play a crucial role. The design forum will allow providers (once identified and contracts awarded) and eventually industry to discuss questions at the early stage of the programme without having to progress a change. NG said that Ofgem will clearly articulate the controls that will be put in place on the design forum to ensure timely and cost-effective discussion when the proposed governance changes are brought to SPDG. JE said that these forums should be operating before contract award in order to inform CSS contract award and transitional obligations. SPDG noted that the programme must ensure a sufficient amount of time for pre-testing and testing activity.

NG noted that the benefit of having the regulatory work sat within programme governance is that decisions can be progressed through one decision-maker and will allow for significant code review aspects to be exercised at the last possible opportunity to deliver the REC at the end of the phase. RC said that work is ongoing to design the governance and operational structure of the REC and to turn operational requirements into the simplest code language. Ofgem intend to consult on a draft REC in May, with procurement of legal drafting resource due to commence soon. RC said that Ofgem anticipate a strong performance assurance framework being built into the REC to ensure effective compliance monitoring and enforcement. The Regulatory Design User Group will transform into an overarching Regulatory Group to cover work on the the REC and associated performance assurance in seperate sub-groups. DCC retain the ultimate decision of procurement of the CSS, therefore a

Commercial Advisory Group will give Ofgem and industry an opportunity to engage. The programme is tentatively putting the requirement for non-disclosure agreements on the Procurement Working Group and the Security Advisory Group. In response to a point that the Delivery Group would no longer be necessary if industry have representatives at the Programme Board, NG said that decision will be dependent upon the representative structure at the Programme Board. If a representative model is adopted for the Programme Board structure, it is likely that there will be an ongoing need for the Delivery Group to provide a wider group for industry to engage in.

NG explained the proposed delivery governance for DBT. She said that the roles of the Steering Group and Programme Board are maintained but the roles of the groups and forum should adapt to the type of work being undertaken. The groups called out on the diagram are likely to exist for the life cycle of DBT. Below that is the data working group to work through data cleanse, migration and transformation activities, however some of the data work is likely to be closely tied to the work that the Cutover Working Group undertake. The Testing Working Group will discuss defect prioritisation and testing matters. Both industry and provider representatives should attend this group. The Cutover Working Group will coordinate the big-bang approach and the Post-Implementation Working Group will cover post implementation coordination towards stabilisation of the system. The Design Authority will continue to hold control of the design. The Regulatory Group will continue to control change on the baselined REC, however may not meet as frequently. Ofgem welcomed thoughts on the benefit of delegating detailed programme risks and issues discussion to an advisory group, given the size of the agenda of the board. SPDG supported having a Risks and Issues Advisory Group set up on standby would be useful. In response to a question, RC said that PMO will act as the secretariat of these groups to ensure there is consistency across the entire programme. How this is managed will be articulated in the terms of reference of the groups. NG said that the SRO holds the ultimate decision making on design therefore change requests will only be escalated if there is a significant change to design or delivery timelines are impacted. SPDG cautioned that this could create a financial incentive for those advising on contracts during the DBT phase. They noted that guidelines on the contractual role will be required. RC said that the SRO will be responsible for ensuring that only necessary change is approved. In response to a question on the end point for change requests, RC said that change must be justified and advised that change should be avoided following finalisation of requirements for the procurement packs. Discretionary change should stop following the completion of CSS documents at DB4.

Ofgem asked industry for feedback on the proposed roles and responsibilities and governance structures, in particular their Programme Board representative model preferences and the procurement of roles that Ofgem are procuring. SPDG advised that a constituency based model would be appropriate using lessons learnt from Nexus. In response to a comment, NG said that engagement incentives will be covered in the REC or licence conditions. In response to a question on the change management process during delivery, NG said that change will be controlled by the Design Authority for design and for the Regulatory Group for changes to the baselined REC. In the lead up to go-live, change requests should be frozen (or at least 'chilled') and prioritised according to what change is required pre and post go-live. SPDG asked whether there will be a period of time to rebaseline the design to account for what has been tendered once a provider has been procured. JE said that this should be happening throughout the entire procurement process but will be covered specifically by the programme's service provider recommendation.

NG noted that Ofgem will be the central arbitrator/facilitator to guide decision making. To support this active role, Ofgem intends to procure an organisation to provide joint programme coordinator and programme assurance functions as well as the licence party assurance provider. The IA estimates that this will cost £5m across the lifetime of the programme. Ofgem's current intention is that funding for these roles should be provided by licenced parties, however Ofgem will contract with the procured party(s) and will manage them.. RC added that timescales must be considered in relation to the

provision of funding. One option would be funding through code bodies since the legal drafting for the REC is currently being funded through these means. Although the majority of the cost would be used in the next financial year, part of the cost would be used at the end of this financial year to support the programme coordinator mobilisation. Alternatively, a skeleton REC could be established that covers high level governance arrangements and funding methodology. Another option would be to fund activity through the SEC and DCC.. Ofgem welcomed views on the funding arrangements. In response to a question on code body funding, RC said that funding the legal drafting was built into the budget that was set by code bodies at the beginning of the year and that this funding would be in addition to the legal drafting funding. There was a discussion on the consideration of the price cap in funding arrangements. RC said that although the arrangement will be expensive, the costs will not be material across industry in the context of price cap levels. SPDG said their preferred funding arrangements would be via the REC, potentially with seed funding from the existing code bodies.

In the context of the legal drafting procurement, it was noted that outsourcing lawyers have broader views on change management and governance of large scale contracts in the private sector and should be considered.

## **5. Design Proving**

This agenda item has been postponed until the next meeting.

## **6. AOB & Next SPDG Meeting**

SPDG meeting 14 is scheduled for 30 April 2018

### **Attendees**

Rachel Clark – Ofgem (Chair)  
Andrew Amato – Ofgem  
Arik Dondi – Ofgem  
Nicola Garland – Ofgem  
Charlotte Hooker – Ofgem  
Tom Fish – Ofgem  
Norma Wood – Ofgem Switching Programme Critical Friend  
Jane Eccles – DCC  
Ro Crawford – DCC  
Alison Russell – Utilita  
Jenny Rawlinson – BUUK  
Natasha Hobday – First Utility  
Henry Duff – British Gas  
Paul Saker – EDF Energy  
Colin Brooks – Energy UK  
Craig Handord – Energy UK  
Mark Anderson – SSE  
Edward Hunter – Extra Energy  
Colin Blair – Scottish Power  
Stew Horne – Citizens Advice  
Varsha Ratna – BEIS  
Rachael Mottram – Utilita  
Alan Raper – ENA (gas networks)

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Varsha Ratna – BEIS

Neil Stokes – SSE

Sarah Morgan –OVO Energy

Ed Hunter – Extra Energy

Chris Hill – ICoSS

Alex Travell – EON