Switching Programme Delivery Group – Meeting 14

1. Welcome and Introductions

Rachel Clark (RC) welcomed all attendees to the fourteenth meeting of the Switching Programme Delivery Group (SPDG).

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**
SPDG8-03	TDA	Ofgem PMO to direct industry towards particular areas of interest	Ongoing	Ofgem
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
Actions – Closed				
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
SPDG11-02	Design Proving Work	DCC to provide briefing on this work to SPDG *(There was insufficient time to cover this at the meeting and this was carried forwards to April)*	Feb 2018	DCC
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
SPDG8-05	Industry Meetings	Ofgem to circulate forthcoming meeting dates and topics to be covered. *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*	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
SPDG8-02	TDA	Industry to engage with Ofgem through AD with suggestions for external expertise for TDA. *RC advised that TDA now have technical expertise from EUK. Ofgem are still interested in technical expertise more grounded in the smaller of 'challenger' supplier end of the market.*	05 Sep 17	SPDG mebers
Actions - New				
SPDG14-01	Commercial Forum	The Programme will discuss the evaluation criteria in more detail at the commercial forum.	Jun 18	Ofgem/DCC

SPDG14-03	CSS Non-Functional Requirements	SPDG to raise any final views and/or concerns as soon as possible on CSS NFRs.	11 May 18	Industry
SPDG14-04	CSS Non-Functional Requirements reporting	SPDG to inform Ofgem of the types of reports they would like from CSS that is best sourced from CSS.	11 May 18	Industry
SPDG14-05	CSS Non-Functional Requirements reporting	Ofgem to review the CSS reporting requirements to ensure that information could also be provided to users.	Jun 18	Ofgem

2.   Programme Update

Highlight Report

Andrew Amato (AA) updated SPDG on the highlight report. The Programme is rated at A/R due to capability and resource concerns, however actions to address these issues are in hand. IPA recommendations are being implemented by the Programme team following the Gateway Review conducted in February. The Programme is also awaiting sign off for the Ofgem element of the 2018-19 budget.

Key workstream updates: The CSS DLS design work is nearing completion with further reviews ongoing with engagement nearing completion with industry for Non Functional Requirements and Service Management products. The CSS User Requirements Specification (URS) and Service Management Approach have been approved by TDA. Draft D-10.x Service Management products have been completed and submitted for industry and specialist assurance review. The security workstream held an advisory group meeting in April and have completed work on the E2E Security Architecture, E2E Security Requirements and CSS Security Approach and Requirements products which have been sent out for stakeholder review. All DB4 products will be made available externally via the Ofgem website in due course. A number of design roadshows with existing systems providers have been held with more due to be scheduled. On the procurement workstream, the SSPCS presented to Programme Board and agreed as a base to continue procurement activities. DCC also hekd a number of SI and CSS Market Engagement events in April. The regulatory design workstream have a continuing focus on development of policy and drafting for inclusion in May consultation. The programme is currently developing a L-R DBT plan that is due to be shared with industry when ready (June).

3.   Regulatory Design update

Jon Dixon provided an update on the progress of the Retail Energy Code (REC). The programme is working towards introducing an initial version of the REC by no later than February 2019. This would contain the transitional provisions requiring market participants to work with the programme. The regulatory design workstream is on track to publish a consultation covering regulation and governance, particularly the Retail Energy Code (REC), but also including the extension of DCC's obligations in respect to switching, at the end of May 2018; this should enable the REC V1.0 (the transitional REC) to be ready to go live by Feb 2019. It was clarified that, the transitional REC itself will not outline details of testing plans that need to be complied with but will obligate parties to act in accordance with Programme documents that will be delivered, agreed and managed through programme change control process. SPDG requested that the Programme left to right plan, when

available, should include details of the dates that the testing plans will be available and also for visibility for the scoping, procurement and implementation of the REC manager.

Action: Ofgem

JD discussed the REC funding arrangements. The Programme anticipates that the cost of operating the RECCo would be recovered from funding parties (expected to be suppliers only) pro-rata to number of MPxNs held, which is consistent with current SPAA and MRA allocation. Currently, this information is collected from GTs and DNOs on an annual basis. This may not be appropriate in an environment with significant small supplier proliferation, and possibly fast expanding/contracting portfolios. Therefore, it is proposed that this information would, in the future, be provided to RECCo by the CSS. Assuming RECCo also issues invoices to suppliers for CSS charges (and having collected those monies, is itself the payor to DCC), these charges could be allocated in the same way, on the basis of transactions, or a hybrid of the two. SPDG members agreed that this would be a logical proposal.

DCC contracting requirements need certainty around DCC obligations and requirements through code, for example IPR requirements. The establishment of the REC company will facilitate areas such as a code manager, however code enactment is not contingent upon a company first being in place, or vice versa.

4.   Procurement Update

Ola Yerokun (OY) presented the Switching Programme Procurement Plan and Commerical Strategy (SPPCS) this was an updated version of the one submitted to the Programme Board in March. DCC has identified six new broad capabilities divided into three procurement projects that will be required for the end to end switching arrangements:

- Project 1: Registration Service (RS), Address Service (AS), Central Switching Operations (SO), Service Infrastructure (Inf);
- Project 2: System Integration (SI); and
- Project 3: Core Systems Assurance (CSA).

The first part of the commercial scope covers how each capability has been assessed to determine whether the DCC should procure, provide or utilise an Existing Service Provider (ESP) to deliver the service. For a capability to be established via DCC, DCC must prove that this is the most effective option through price control, conducted by Ofgem, where DCC must justify their decisions (for instance, justification for consultants being used in preference to contractors and permanent staff or for utilising internal Capita services such as legal and IT). The second part of the commercial scope details DCC's mixed role as the procurer and manager of the the SI function during DBT. The core SI functionality will be outsourced. DCC will ensure that the SI meets all testing requirements and also expects to maintain the design baseline for the CSS service provider(s) where it does not impact wider ecosystem. This is inline with DCC's role providing the CSS Design Authority. The final part of the commercial scope covers the role of DCC in Switching Operations.

The product also looks at the commercial objectives, sourcing approach, draft evaluation criteria for DBT / Operations and draft contract principles. To clarify, DCC will hold the IPR licence on behalf of industry and will be novatable / transerable to a successor licensee or future operator of the CSS (directed by Ofgem).

A discussion was held around the implications of cost to industry. Feedback from the commercial forum suggested that the main cost to suppliers would be driven from the interface with the system. If the programme confirms the decision to use the DTN and IX networks as communications network

then this should be minimised. It is assumed that has the potential to make the differential cost negligible. SPDG noted that the industry action and costs may vary according to the options taken by the Programme in respect to the level of disaggregation of service providers. The Programme will discuss the evaluation criteria in more detail at the commercial forum.

Action: Ofgem and DCC

There will be a REC representative (Natasha Hobday was proposed) on the evaluation panel who can provide an industry perspective and can seek input and information where necessary within the confines of commercial confidentiality. The process will not require wide scale requests and information sharing with industry. A detailed role profile for the role is to be developed and agreed.

5. IPA Review

The Switching Programme is accepting and implementing all IPA recommendations, however there is a funding constraint in the ability to bring forward the appointment of an 'industrial strength' PMO capability. The current proposal is for SPAA and MRA to fund the arrangement from December 2018.

6. CSS Non Functional Requirements

Kate Goodman (KG) provided a summary of the CSS Non-Functional Requirements (NFRs), their content and the industry engagement that has taken place during their development. NFRs of CSS describe system capabilities e.g. it must be capable of processing 40,000 messages in a peak hour. This differs from functional requirements which describe how the system must behave e.g. the process the system must follow when it receives a message. The NFRs were developed by DCC and have been through a number of rounds of consultation with stakeholders prior to being baselined on 30 April. They have significant implications for the procurement process, therefore industry were invited to raise any final views and/or concerns as soon as possible to ensure that they are appropriate.

Action: Industry

A discussion took place around the procurement documentation. These documents cover two areas not featured within the NFRs because they relate to the long term future. First is scalability – switching volumes can vary depending upon the level of consumer engagement. The second concerns substantial change to the market and its structure and the implication for the CSS – e.g. the programme is currently considering the Supplier Hub model and whether this will require in terms of the way activity is licenced, managed and regulated. This differs from the NFRs which consider how CSS will respond to immediate and incremental change.

The messaging, storage and reporting functions of CSS were discussed. KG clarified that the system is designed to operate and manage high volumes of switching, for example in the event of a collective switch or SoLR events. It is unlikely that the system will have to manage sudden and unpredictable increases in volumes. Bidders will be expected to provide a reporting tool that will be used to produce pre-defined and ad-hoc reports. One report already defined is of REL addresses which has been updated. SPDG members felt that there would be value in making this reporting function available to suppliers and networks. KG pointed out that the governance around making this report available, as well as the means of distributing it are yet to be defined. Ofgem invited SPDG to provide information on the types of reports they would like from CSS that is best sourced from CSS by the end of day 11 May.

ACTION: Industry

Ofgem to review the CSS reporting requirements to ensure that information could also be provided to users (rather than just to DCC, REC Panel and Ofgem for performance monitoring).

Action: Ofgem

7.   AOB & Next SPDG Meeting

There was no AOB.

The next SPDG is scheduled to take place at DCC's offices on 25 June 2018.

Attendees
Rachel Clark – Ofgem (Chair)
Andrew Amato – Ofgem
Arik Dondi – Ofgem
Charlotte Hooker – Ofgem
Andrew Wallace – Ofgem
Jon Dixon – Ofgem
Norma Wood – Ofgem Switching Programme Critical Friend
Jane Eccles – DCC
Ro Crawford –DCC
Kate Goodman – DCC
Ola Yerokun – DCC
Alison Russell – Utilita
Jenny Rawlinson –BUUK
Natasha Hobday – First Utility
Henry Duff – British Gas
Craig Handord – Energy UK
Martin Edwards – SSE
Edward Hunter – Extra Energy
Alan Raper – ENA (gas networks)
Chris Hill – ICoSS
Alex Travell – EON
Allan Clark – Scottish Power
Pierre Anson-Tsang – EDF Energy
Andy Little – Npower
John Downing – Npower