

## Switching Programme Delivery Group 15

From: Rachel Clark

Date: 25 June 2018

Location: Ofgem, 10 South Colonnade

### 1. Present

Rachel Clark (RC) – Ofgem (Chair)  
Arik Dondi (AD) – Ofgem  
Andrew Amato – Ofgem  
Andrew Wallace – Ofgem  
Jon Dixon (JD) – Ofgem  
Natasha Sheel – Ofgem  
Arinze Ngonadi – Ofgem  
Nicola Garland - Ofgem  
Dr Norma Wood – Ofgem Switching Programme  
Critical Friend  
Richard Hilton – DCC  
David Purdy – DCC  
Keith Foster – DCC  
Jenny Rawlinson – AIGT/CAN  
Simon Francis - BEIS

Henry Duff – British Gas  
Stew Horne - Citizens Advice  
Pierre Anson-Tsang – EDF Energy  
Alan Raper – ENA (gas networks)  
Colin Brooks – Energy UK  
Alex Travell – EON  
Edward Hunter – Extra Energy  
Natasha Hobday – First Utility  
Chris Hill – ICoSS

Andy Little – Npower  
Gerry Kaye – Scottish Power  
Mark Anderson – SSE  
Alison Russell – Utilita

### 2. Actions

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
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>25/06 update planned Design Forum meeting dates now available on Ofgem website (Change Control pages)</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
<b>Actions – Closed</b>				
SPDG8-02	TDA	Industry to engage with Ofgem through AD with suggestions for external expertise for the TDA	05 Sep 17	SPDG members

SPDG12-03	Procurement Deep Dive	Do a deep dive on the procurement products – on the agenda for the June SPDG.	June 2018	DCC
SPDG14-01	Commercial Forum	The Programme will discuss the evaluation criteria in more detail at the commercial forum.	Ongoing	Ofgem/DCC
SPDG14-02	Industrial Strength PMO – funding arrangements	SPDG to inform Ofgem of alternative funding arrangements to bring forward the appointment of an ‘industrial strength’ PMO capability.	Ongoing	Industry
SPDG14-03	CSS Non-Functional Requirements	SPDG to raise any final views and/or concerns as soon as possible on CSS NFRs.	May 2018	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 2018	Industry
SPDG14-05	CSS Non-Functional Requirements reporting	Ofgem to confirm the basis for the decision made in relation to the CSS reporting function.	June 2018	Ofgem
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
<b>Actions – New</b>				
SPDG15-A01	Regulatory Consultation	Ofgem to arrange session with industry to discuss processes around “Duty to Co-operate” and REC governance proposals	Sept 2018	Ofgem
SPDG15-A02	Programme Co-ordinator Procurement	Members to provide feedback to Ofgem (NG) in relation to Programme Coordinator procurement and proposed work packages	July 2018	Industry
SPDG15-A03	Reporting	Ofgem to consider the appropriate mechanism for obtaining reporting information from CSS directly or MIS/DES/ECOES.	Nov 2018	Ofgem
SPDG15-A04	Reporting	Ofgem to lead further discussions on governance and charging for reporting.	Nov 2018	Ofgem

### 3. 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 and it is expected that the programme RAG will improve to Amber by the next meeting with the completion of procurement of consultancy support and recruitment of additional PMO resources.

Key workstream updates: Design Baseline 4 (DB4) was published on the Ofgem website on Friday 22<sup>nd</sup> June. This completes the Detailed Level Specification (DLS) phase of the programme. This design baseline includes the CSS and Service Management specifications as well as End to End Design Products that have been updated following change requests. Progress in being made across the DCC led procurement activity, with updates being provided later in the meeting. Our consultation on regulation and governance aspects of the programme including details and drafting of the Retail Energy Code (REC) and proposed DCC licence changes was published on 5<sup>th</sup> June and is open in 31<sup>st</sup> July. End to End and CSS Security products have now been approved by the programme Security Board.

- **Andrew Amato**

### 4. Regulatory Design Update

Jon Dixon (JD) provided a summary of the regulatory consultation that was published on 5<sup>th</sup> June. The document focusses primarily on Transitional REC (v1.0) which will include a “duty to co-operate”. Proposals for this are now broader, and includes potential to cover other significant programmes such as Half Hourly Settlement. However, Ofgem anticipate further engagement on aspects of extent of its use and the process to designate programmes that would be covered. It is anticipated that the the REC v1.0 will be in place by the end of the calendar year or shortly thereafter, well ahead of the commencement of the Design, Build & Test (DBT) phase of the programme. It was stated that the current plan is to complete further drafting of the enduring REC (v2.0) by end September and to publish this drafting with the Statutory Consultation in the autumn. Once a complete initial view of the enduring REC is complete it will be possible to fully identify consequential changes on other codes. To date the focus on these has been on MRA and SPAA which could disappear with the creation of the REC. It is anticipated that all consequential changes will be identified and communicated to impacted codes in the period between September and March 2019 with drafting available for transparency. Changes would not be directed until the towards the end of the testing phase via the SCR process.

RC also raised the future proofing aspects of the REC in that it is being designed as a forward looking code for the future. Ofgem’s emerging thinking on governance to support agility in

decision making had been included in the consultation and views from industry are particularly welcome on this aspect.

Members noted that a significant amount of work had been accomplished and raised a number of questions in relation to service management products, the process for the determination of projects that would be covered by the “Duty to Cooperate” as well as in relation to how industry could raise concerns and the REC Board/Panel. RC confirmed that the service management products had now been completed and baselined as part of DB4 and subject to programme change control.

In relation to processes around “Duty to co-operate”, JD stated that Ofgem are keen to discuss processes with Industry and that similar approach to raising an SCR (e.g. consultation etc) could be adopted and that engagement with industry before end September on these points would be welcomed. JD also confirmed that the autumn Statutory Consultation was limited in scope to the licence changes for accession and compliance with the Transitional REC (v1.0) and that for this version, interim board and panel arrangements would be in place ahead of enduring governance for REC v2.0. Members requested the opportunity to discuss REC governance further in advance of the Statutory Consultation to which the programme team agreed and would aim to do this.

- **Jon Dixon**

## **5. CSS Procurement - Sourcing Strategies, PQQ & Evaluation (DCC)**

Keith Forster (DCC) provided a summary of the structure of the procurement process. It is structured as a 10 step process incorporating a Pre-Qualification Questionnaire (PQQ), Invitation to Tender (ITT) submission and evaluation stages, concept/demonstrations, updated ITT (if needed), Best and Final Offer (BAFO) and finally contract negotiation, award and signature. There will be four procurement projects (Project 1 – Registration & address service, Project 2 – System Integration (SI) service, Project 3 – Core Systems Assurance (CSA) and Project 4 – Service Management). Not all procurement projects will have all the steps, for example, there is no PQQ or BAFO stages for Project 3 (Core Systems Assurance or Service Management portal procurements) and a demonstration will only take place for Project 1 (CSS Registration/Address Service). KF also stated that there had been a change of approach with procurement of the registration and service management services now being split out to encourage “best of breed” bids.

Market engagement activity has been completed which has helped inform the sourcing strategies. From these events, over 50 organisations have expressed an interest in bidding for the required services. KF informed the meeting that the procurement process commenced with publication of the PQQ on 22nd June. Over 30 acceptances have been received so far. He outlined the structure of the PQQ with its three parts (Questionnaire, Guidance and

Programme prospectus). The evaluation methodology is summarised in the PQQ so the bidders know how they will be evaluated.. The questionnaire itself has three sections; general information (including consortia and sub-contractors), exclusion grounds (including security compliance and criminal convictions) and selection grounds. It also provides some definition of the evaluation criteria that the process will use. The PQQ will be open for 2 weeks and responses must be returned by 13th July. During the process there will be opportunities for bidders to raise questions, KF noted the questions and answers would be shared with all PQQ participants. Following scoring and moderation, bidders will be selected to receive the Invitation to Tender (ITT) on the basis of a range of factors including economic and financial standing, contract pre-requisites, company resources and technical/professional ability (assessed primarily via statements of experience). In terms of timeline, an assured tender pack for Project 1 is due to be delivered to Ofgem on 7th August for distribution to downselected bidders later in August. Due to constraints being placed on roles that bidders may undertake, the procurement for the Core Systems Assurance provider will lag that of Projects 1 and 2 so that unsuccessful bidders from Project 1 and 2 may bid into Project 3.

Members questioned how the risk of challenge would be mitigated. KF responded by stating that the Evaluation Methodology had been shared with the Commercial Forum and would be available during the process. Furthermore, results of scenario testing of the evaluation methodology would also be shared with the Commercial Forum. DCC is also procuring specialist technical resource and has legal advice in place to mitigate this risk. Members also advised of the need for full transparency of documentation especially in relation to existing system providers.

A question was raised around the risks and subsequent mitigation of the case study approach which will be used within the PQQ for Project 1. KF responded that there is a risk that overly positive views could be expressed. However, the approach gives a good means of understanding what a bidder has done and how. References will also be required for each PQQ respondent, though not necessarily taken up at this stage. There will also be further mitigation through the use of evaluators with experience of the services being procured as well as the use of an industry representative. There will also be a moderation exercise to ensure consistency of scoring.

In relation to evaluation criteria, KF stated the need to look at how to evaluate providers who provide both registration and address service or separate. He gave an example of current thinking of how this could be evaluated via a weighting process. The approach would be validated during the scenario testing. KF also stated the importance of ensuring that the solution meets the assumptions within the programme business case. Business case testing will take place initially through the tender responses, and then further at BAFO (3 bidders at concept/demonstration). RC also commented that adaptability was key (both routine change and more significant change in the future), for instance the solution must allow affordable changes over next 15 years in the energy market. Adaptability will be tested in the process and A range of design scenarios have been built into the procurement pack at ITT following

approval by the Ofgem Programme Board. A member raised the importance of back out arrangements specifically where a bidder was operating an outsourced model. KF responded by stating that there were specific contract schedules dealing with exit, termination; and sub-contracting.

- **Keith Foster**

#### **4. Programme Coordinator Procurement**

Nicola Garland (NG) summarised the proposed functions of the programme coordinator and how these have been evolved since roles were last discussed at SPDG. The role will provide SRO advisory, PMO, Programme Management and industry coordination functions. The procurement will start at end of August and will be run off framework so that a tight timeline can be followed. A process that will allow bidders to bid into 1 or all lots will be followed. The majority of the funding will be sourced from the REC (there is an approximate 3-month gap) in the interim before the REC is stood up, funding during this time will sought from SPAA/MRA. Due to the contract size, we are seeking GEMA approval for the procurement (received subsequent to the meeting). We will utilise an internal procurement advisory group to support the activity to bring in legal, delivery and procurement expertise. NG reminded the group that the materials are confidential. RC emphasised the importance of the role and requested feedback from industry especially on the work packages presented.

#### **Action – Industry to provide feedback on Programme Coordinator**

- **Nicola Garland**

#### **5. Any other business**

RC reminded members about the discussion at the last SPDG on reporting functions in CSS from last meeting. AW provided an update on progress in advance of finalising this. Since the last meeting, there has been a review of DB4 documentation, the CSS User Requirements Specification (URS), CSS detailed requirements to provide information for service management, for address/quality, MI information for Ofgem and information to go to RECCo for billing. Following the last meeting, some further consideration as to other parties who may want CSS data has taken place. For example, industry parties may want data to provide portfolio information, REC panel for performance assurance and to support the development of modifications, the REC manager for support of development of code modifications and also RECCo for billing validation. A member also raised the potential access for Citizens Advice in order to support their work. Also to be determined is the body used to get the data, for example, CSS directly or MIS/DES/ECOES. This may depend on the data items required, but needs further consideration. Questions around governance and charging also need further consideration. For example, should the REC modification process be used to set standard

reports for instance? Finally, this is also being looked at in terms of interactions with the procurement process and timings. In summary a flexible set of reporting is desired, but there is a need to understand how the governance and charging arrangements work as well as fit into procurement.

In response to a question, AW confirmed that data will be available to networks but further work is required as to the design detail of how the data will be provided. It was also confirmed that data between the CSS and MPRS and Xoserve will be synchronised which is fundamental to the overall design.

In response to a question on TDA transition, AD stated that a new Design Authority will be stood up to support the maintenance of the design baseline and ensure alignment. He is currently looking at membership and terms of reference for the group to ensure it is agile enough for the task ahead.

## **6. Date of next meeting**

The next SPDG is scheduled in September