



**Ofgem Forward Work Programme
Consultation Response**

Introduction

We welcome the opportunity to provide a response to Ofgem's Forward Work Programme ('FWP') consultation. We are pleased that the latest iteration of the FWP has been extended to look two years ahead, as this provides us with greater insight to how our strategy and ambitions can contribute to its successful delivery.

Within this consultation response, we are reflecting upon the themes presented both within the consultation document and those which were discussed at Ofgem's recent Energy Future Conference. We have provided information about our engagement with two significant FWP activities, namely the Switching Programme and RIIO-2; the great work we are doing with data and innovation; our thoughts on supporting vulnerable consumers; the importance of understanding what success will look like at the end of the FWP period; and our views on workforce diversity within the energy industry.

Switching Programme

We have been working closely with Ofgem since the early days of the Switching Programme, and we expect to retain high levels of engagement for the remainder of the Programme.

As the gas industry's Central Data Services Provider, we know that the introduction of the Central Switching Service ('CSS') and of faster switching processes has a significant consequential impact on our systems and services. We will continue our requirements analysis and solution design work and, in collaboration with Ofgem and industry colleagues, will contribute to the ongoing development of the Retail Energy Code. We also have significant commitments to work with the industry to develop new systems and process interfaces, to provide a market trials service to customers, and to participate in the Programme's governance framework. We are preparing for this by continuously reviewing and adapting our approach, based on the lessons learnt from Project Nexus.

Since September 2017, we have been promoting the market simplification and customer cost efficiency benefits of leveraging our UK Link asset to provide the CSS platform. We will proceed with this aspect of our involvement in the Switching Programme in accordance with the outcome of the DCC procurement exercise, and will reflect the outcome in the scope of our consequential impact work.

RIIO-2

In our role as central services provider to Gas Transporters and Shippers, we are engaging with Ofgem's RIIO-2 team to develop our view of funding requirements to March 2026 and to apply the RIIO-2 Business Plan Guidance.

We are pleased that the RIIO-2 Sector Specific Methodology consultation is asking open questions about the Gas Transporters' funding of Xoserve. We are developing a response and seeking the views of our customers on this important topic. We think that a move to a more flexible funding mechanism can improve responsiveness to market demand and increase the delivery of consumer benefits.

Data and Innovation

We are pleased that Ofgem is placing increased emphasis on the importance of data and innovation in the energy industry, particularly the need for easy access to data for use in

decision making, and for regulation to enable and encourage innovation. We see a strong alignment with our own data driven strategy, making data available and accessible to service users and innovators. Moreover, our operating model ensures that innovation benefits are passed on to the market rather than being returned to shareholders, which in turn encourages further innovation by other market participants.

Our customers make important decisions based on analysis of available information and so we are making our data available to enable others to develop innovative products and services. We are doing this by investing in an accessible data platform so that we can lay a foundation for innovation, which will drive the future exploitation of industry data. This supports Ofgem's ambition of working with innovators to develop sustainable systems for future consumers. We are also introducing tools and capabilities that will allow us to conduct advanced data analytics using machine learning and artificial intelligence capabilities.

We have been able to apply specialist data science and machine learning expertise to investigate industry concerns around the absolute levels and volatility of Unidentified Gas. By increasing our analytical capability and using advanced technology, we are making real progress in delivering to our customers an understanding of the cause and effect of each movement in the level of Unidentified Gas. This is also helping us to make recommendations for enhancing gas allocation algorithms which we believe will bring greater certainty and stability to the market.

Vulnerable Consumers

There is a marked contrast between the benefits that innovation can bring to the engaged consumer and the very real social needs of the vulnerable consumer. A key test of a well-functioning market is that it will meet the needs of all of its consumers. We agree with the need for a new consumer vulnerability strategy and to take practical steps increase the levels of engagement of vulnerable consumers.

We support Ofgem's ambition of making vulnerable consumers' data more accessible. We want to be involved in collaborative projects which find effective ways to share information about vulnerable consumers. High levels of energy debt or non-engagement in the energy market are likely to be manifestations of more deep-seated challenges faced by vulnerable consumers, and we therefore see the need for the industry to work with a wide variety of other sectors and agencies if it is to deliver a step change.

Alongside our involvement in collaborative data sharing projects, we are also looking to engage our people to work personally alongside agencies that have direct interaction with vulnerable consumers. We think that this approach can really bring this important topic to life for our people.

Monitoring FWP Delivery

Ofgem has outlined a number of planned activities against its four key priorities for 2019-21. During the Energy Future Conference, stakeholders commented that no clear measures of success have been defined within the consultation document.

At Xoserve, we have defined six strategic objectives, each with short, medium and long term outcomes. In order to measure our progress against achieving these outcomes, we have developed a Balanced Scorecard that sets performance targets and have put processes in

place to monitor actual performance and take corrective action if required. As a key input to the Scorecard, our Key Value Indicators measure the dimensions of our services that our customers care about the most.

We are keen to see Ofgem define measurable FWP outcomes and to measure and report progress to stakeholders. This framework will help to ensure that priorities remain on track for delivery or tell Ofgem where corrective measures need to be applied.

Diversity

During the Energy Future Conference, Ofgem expressed concern about a perceived lack of diversity in the energy industry workforce.

At Xoserve, we are proud of our diverse workforce which has grown and developed organically. We are an inclusive employer and we are committed to ensuring that we celebrate and encourage diversity. We have an all age workforce, ranging from apprentices joining us after college, to long serving employees. 27% of our workforce are aged 35 and under; 64% are aged between 36 and 55; and 9% are aged 56 and above. From a gender perspective, 54% of our workforce are female and 46% are male.

We aim to ensure that every individual is able to be themselves and reach their full potential in a respectful environment. We have a number of Diversity Champions across the business who have been trained to understand the importance of bringing together different perspectives and the positive impact that this can have on organisational performance.

Conclusion

We are appreciative of the broad nature of the themes Ofgem have presented within the FWP consultation document. We are keen to continue working closely with Ofgem to simplify the marketplace for end consumers and to carry out initiatives which will generate value across the industry. We also welcome the opportunity to discuss our response in more detail.