

# Guidance

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## Digitalisation Strategy and Action Plan Guidance

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**Contact:** Greg Johnston, Senior Manager –  
Market Data Policy

**Team:** Modernising Energy Data

**Tel:** 0141 354 5415

**Email:** [ofgemdataservices@ofgem.gov.uk](mailto:ofgemdataservices@ofgem.gov.uk)

This document is Ofgem’s Digitalisation Strategy and Action Plan Guidance. Its requirements must be complied with by licensees of the RIIO-2 price controls. It is part of Ofgem’s standards for data and digitalisation, to be followed by relevant Licensees and by Ofgem itself.

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Any enquiries related to the text of this publication should be sent to Ofgem at:  
10 South Colonnade, Canary Wharf, London, E14 4PU. Alternatively, please call Ofgem on 0207 901 7000.

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## 1. Introduction

- 1.1. This document provides principles and explanations that describe requirements for complying with DSAP Guidance.
- 1.2. Energy network companies who are licensed under the RIIO-2 price controls (gas and electricity transmission, gas distribution network companies and the electricity system operator) are required to comply with this guidance when they are preparing and updating their Digitalisation Strategy and Digitalisation Action Plan.
- 1.3. To find out more about this licence obligation, please visit these following links:
  - RIIO-2 Final Determinations for Transmission, Gas Distribution and Electricity System Operator<sup>1</sup>;
  - RIIO-ED2 Sector Specific Methodology Decision<sup>2</sup>; and
  - Decision on the proposed modifications to the RIIO-2 Transmission, Gas Distribution and Electricity System Operator licences<sup>3</sup>.
- 1.4. Ofgem's standards for data and digitalisation, to be followed by relevant Licensees and by Ofgem itself<sup>4</sup>. Both the Data Best Practice Guidance and this guidance are part of our standards for data and digitalisation.
- 1.5. The work of the other organisations, such as GO FAIR and Government Digital Service (GDS) have strongly informed the development of this guidance. The Government Digital Service (GDS) provides wide-ranging support for topics relating to data and digitalisation; it gives information and methods that span all the principles in the guidance. Of particular relevance are the following:
  - GO FAIR and its FAIR data principles<sup>5</sup>;

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/riio-ed2-sector-specific-methodology-decision>

<sup>3</sup> <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

<sup>4</sup> <https://www.ofgem.gov.uk/publications-and-updates/forward-work-programme-202122>

<sup>5</sup> <https://www.go-fair.org/fair-principles/>

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- GDS Service Standard<sup>6</sup>;
- GDS Technology Code of Practice<sup>7</sup>; and the
- GDS Service Manual<sup>8</sup>.

### **Schedule for Updating Digitalisation Strategy and Action Plan for RIIIO-2 Licensees**

- The Digitalisation Strategy update must be published on or before 31<sup>st</sup> March 2022 and at least every 2 years after this date.
- The Digitalisation Action Plan update must be published on or before 30<sup>th</sup> June 2021 and at least every 6 months after this date (i.e. each subsequent 31<sup>st</sup> December and 30<sup>th</sup> June).

### **General feedback**

1.6. We believe that feedback is at the heart of good policy development. We are keen to receive your comments about this guidance. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this guidance?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Any further comments?

1.7. Please send any general feedback comments to [ofgemdataservices@ofgem.gov.uk](mailto:ofgemdataservices@ofgem.gov.uk).

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<sup>6</sup> <https://www.gov.uk/service-manual/service-standard>

<sup>7</sup> <https://www.gov.uk/government/publications/technology-code-of-practice/technology-code-of-practice>

<sup>8</sup> <https://www.gov.uk/service-manual>

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## 2. Summary

2.1. DSAP guidance defines regulatory requirements for transparency, stakeholder engagement and coordination with respect to an organisation's current and future products and services relating to data and digitalisation. These requirements are to be complied with when an organisation publishes its: (1) Digitalisation Strategy and (2) Digitalisation Action Plan. Any organisation working to publish a DSAP should, if currently obligated under their licence or not, do so using the most recently available guidance published by the Authority except where the Authority has stated otherwise. The DSAP guidance is also a principles-based set of guidance and, like the DBP guidance, is not specific to the energy sector.

2.2. The purpose of a Digitalisation Strategy is to share an organisation's understanding of its stakeholders' needs and the products and services required to meet those needs, all with an ultimate goal of creating consumer and Public Interest benefits. The purpose of a Digitalisation Action Plan is to show the progress an organisation is making toward delivering the work required to realise its Digitalisation Strategy.

### **DSAP Principles:**

- 1.** Prioritise providing benefits to the stakeholders who pay for the Products and Services as well as benefits that are in the Public Interest
- 2.** Ensure Products and Services work towards a defined vision
- 3.** Take full advantage of opportunities to deliver benefits early and to iterate improvements to Products and Services
- 4.** Make it easy for stakeholders to understand the Products and Services, the status of their delivery and how to access them
- 5.** Ensure visibility about the nature and status of actions in the Digitalisation Action Plan
- 6.** Ensure there is shared understanding of success and performance is measured
- 7.** Coordinate with the wider ecosystem of Products and Services

## Definitions

**Digitalisation:** the use of digital technologies to change an organisation's operating model and provide new revenue or equivalent value-creating opportunities; it is the process of moving to a digital business/organisation.

**Digitalised:** Elements of an organisation's operating model that have been through Digitalisation.

**Digitalisation Action Plan:** an organisation's plan to digitalise its Products and Services prepared and published in accordance with Part B of Special Condition 9.5 (Digitalisation) of the RIIO-2 price controls for Electricity Transmission, Gas Transmission and Gas Distribution and Part B of Special Condition 2.11 (Digitalisation) of the RIIO-2 price controls for the Electricity Service Operator.

**Digitalisation Strategy:** the strategic approach taken by an organisation to digitalise its Products and Services and evidenced by the archive prepared and published by the Licensee in accordance with Part A of Special Condition 9.5 (Digitalisation) of the RIIO-2 price controls for Electricity Transmission, Gas Transmission and Gas Distribution and Part A of Special Condition 2.11 (Digitalisation) of the RIIO-2 price controls for the Electricity System Operator.

**Digitalisation Strategy and Action Plan Guidance:** means (1) the guidance document issued by the Authority in accordance with Part C of Special Condition 9.5 (Digitalisation) of the RIIO-2 price controls for Electricity Transmission, Gas Transmission and Gas Distribution and Special Condition 2.11 (Digitalisation) of the RIIO-2 price controls for the Electricity System Operator and (2) part of Ofgem's standards for data and digitalisation.

**DSAP:** A combination of both Digitalisation Strategy and Digitalisation Action Plan.

**Interoperability-By-Design:** Ensuring that the data and digital aspects of Products and Services have the ability to exchange and make use of information between one another throughout their end-to-end lifecycle.

**Public Interest:** The welfare or well-being of the general public and society

**Products and Services:** Anything that a party can offer to a market for attention, acquisition, use or consumption that could satisfy a need or want.



**Single Provider Product or Service:** A product or service among the Products and Services provided by the Licensee where no alternative option or provider is available to parties seeking to access that product or service.

**the Authority:** means the Gas and Electricity Markets Authority that is established under section 1 of the Utilities Act 2000

### **3. The Digitalisation Strategy and Action Plan Principles**

#### **1. Prioritise providing benefits to the stakeholders who pay for the Products and Services as well as benefits that are in the Public Interest**

##### **Explanation**

- 3.1. The Licensee must identify and clearly set out the stakeholders of its Products and Services. Licensees must also identify and set out the needs of their stakeholders, where meeting these needs will benefit one or both of end-consumers and the Public Interest. The Licensee must include the end-consumer and/or Public Interest benefits that will be generated through delivery of the DSAP.
- 3.2. For each Product and Service or action described within the DSAP, the Licensee must be clear about which stakeholder needs it meets and what benefits it delivers to end-consumers and/or the Public Interest. The Licensee must include the needs of potentially digitally excluded stakeholders of its Products and Services.
- 3.3. The Licensee must gain stakeholder validation and assurance that the Products and Services to be delivered as described by the DSAP are the right ones to gain the targeted benefits of the DSAP. The Licensee must include in the DSAP a summary of stakeholder feedback and how it is responding to this.

## **2. Ensure Products and Services work towards a defined vision**

### **Explanation**

- 3.4. In its Digitalisation Strategy the Licensee must include a vision and associated objectives and these must describe the outcomes that successful delivery of the DSAP will have achieved for the benefit of end-consumers and the Public Interest. The Licensee must describe the solutions it will provide that will deliver the vision and its associated objectives, describing these in terms of a collection of Products and Services that, once they exist, wholly deliver the vision and its associated objectives.
- 3.5. In its Digitalisation Action Plan the Licensee must specify the actions it is taking to adapt and change its Products and Services, so that they increasingly transition into the collection of Products and Services that deliver the vision. Only in cases where stakeholders express a need for the information, the Licensee must include any enabling Products and Services that facilitate (or: are a precondition for) the delivery of end-user Products and Services.
- 3.6. The Licensee must, in its Digitalisation Strategy, make clear how the DSAP integrates with and enables the Licensee to meet its responsibilities as it exercises its rights and obligations under a licence granted under section 6 (1) or (1A) of the Electricity Act 1989 or section 7, 7ZA, 7A or 7AB of the Gas Act 1986.

### **3. Take full advantage of opportunities to deliver benefits early and to iterate improvements to Products and Services**

#### **Explanation**

- 3.7. The Licensee's delivery of Products and Services described in the DSAP must take advantage of opportunities to deliver benefits to consumers and the Public Interest early. This includes, where opportunities exist to do so, the Licensee delivering improvements to the Products and Services described in the DSAP incrementally throughout the development and end-to-end lifecycle of the Products and Services.
  
- 3.8. As improvements are made to the Products and Services described in the DSAP, the Licensee must make clear in the DSAP how these improvements are adapting the Licensee's current Products and Services to become the Products and Services required to deliver the Digitalisation Strategy vision and associated objectives.

## **4. Make it easy for stakeholders to understand the Products and Services, the status of their delivery and how to access them**

### **Explanation**

- 3.9. The Licensee must clearly set out in the DSAP the Products and Services stakeholders can currently benefit from and provide information about how to access them. In the DSAP the Licensee must make it easy for stakeholders to understand the specific Products and Services that are planned to be available in the next 12 months and indicate what Products and Services it is considering making available further into the future. This must include any improvements to or decommissioning of existing Products and Services.
- 3.10. The Licensee must include information that describes the nature and status of each of the Products and Services included in the DSAP and in a way that is accessible to stakeholders. These descriptions must be concise, and the presentation of Products and Services must make it easy for stakeholders to compare them with the Product and Services included in other Licensee's DSAPs. The Licensee must provide opportunities for stakeholders to gain more detailed information about each Product and Service.

## 5. Ensure visibility about the nature and status of actions in the Digitalisation Action Plan

### Explanation

- 3.11. The Digitalisation Action Plan must state the collection of actions the Licensee is undertaking to adapt its Products and Services from those currently available to those required to deliver the DSAP vision. The Licensee must provide a concise description of each action in the collection and this must include:
- the current progress status of the action;
  - in what ways successful delivery of this action adapts the current Products and Services to become Products and Services required to deliver the DSAP vision and;
  - detail on how stakeholders can gain more detailed information about the action.
- 3.12. The Licensee must include in the collection of actions; the current actions, planned future actions, all successfully completed actions and actions that are no longer planned to be delivered. For actions that have either been completed, or are no longer planned to be delivered, the licensee must provide access to an archived collection. The Licensee must divide and scope the collection of actions such that stakeholders benefit from a meaningful update about progress and delivery between publication of updates to the DSAP.
- 3.13. When the Licensee publishes updates to the Digitalisation Action Plan, it must make any changes to the status and nature of actions easy for stakeholders to understand, including when and why actions in the collection have been added, changed, or removed.
- 3.14. The Licensee must allow stakeholders to know which actions must be delivered before new Products and Services and Products and Service improvements will become available.
- 3.15. The Licensee must make clear the priority of each action by setting out when it will start and when it is expected to be completed. The Licensee must prioritise the delivery of the actions it needs to complete to deliver the target Products and Services based on the benefits that will be gained by the end-consumers who pay for the products and services and/or the Public Interest.

## **6. Ensure there is shared understanding of success and performance is measured**

### **Explanation**

- 3.16. The definition of successful delivery of the DSAP must be unambiguous. For each objective of the Licensee's DSAP and the Products and Services, the Licensees must use and include at least one performance measure and its definition must be available to stakeholders.
- 3.17. Licensees must validate measures and definitions of success with relevant stakeholders before delivery of all new products/services/actions and as soon as practical for all existing cases of these. Licensees must include performance reporting against these measures when updates are made to the DSAP. Licensees must gain stakeholder feedback about any changes to the definition of success and/or measures in advance of making these changes and must keep records about that feedback.

## **7. Coordinate with the wider ecosystem of Products and Services**

### **Explanation**

- 3.18. Where Single Provider Products or Services are or will be provided by the Licensee as part of the Products and Services included in their DSAP, the Licensee must ensure the Single Provider Product or Service is developed in a way that achieves Interoperability-By-Design throughout its end-to-end lifecycle, enabling the integration of the product or service with other Single Provider Product or Services, including those provided by other organisations.
- 3.19. Where the Licensee provides Single Provider Products or Services, the delivery of these must be carried out in a way that prioritises whole system benefits to end-consumers and the Public Interest.