

Ofgem Switching Programme Overview

Disclaimer – these slides have been prepared to facilitate discussion at the July 2016 Distribution Workgroup meeting. They are not the views of any party nor do they seek to be a complete and accurate reflection of all the work under the Ofgem Switching Programme.

Ofgem Switching Programme - aims

- **An Ofgem led programme, to improve the competitive market through creation of a reliable, next day/faster switching capability**

(strapline now “faster more reliable switching”)

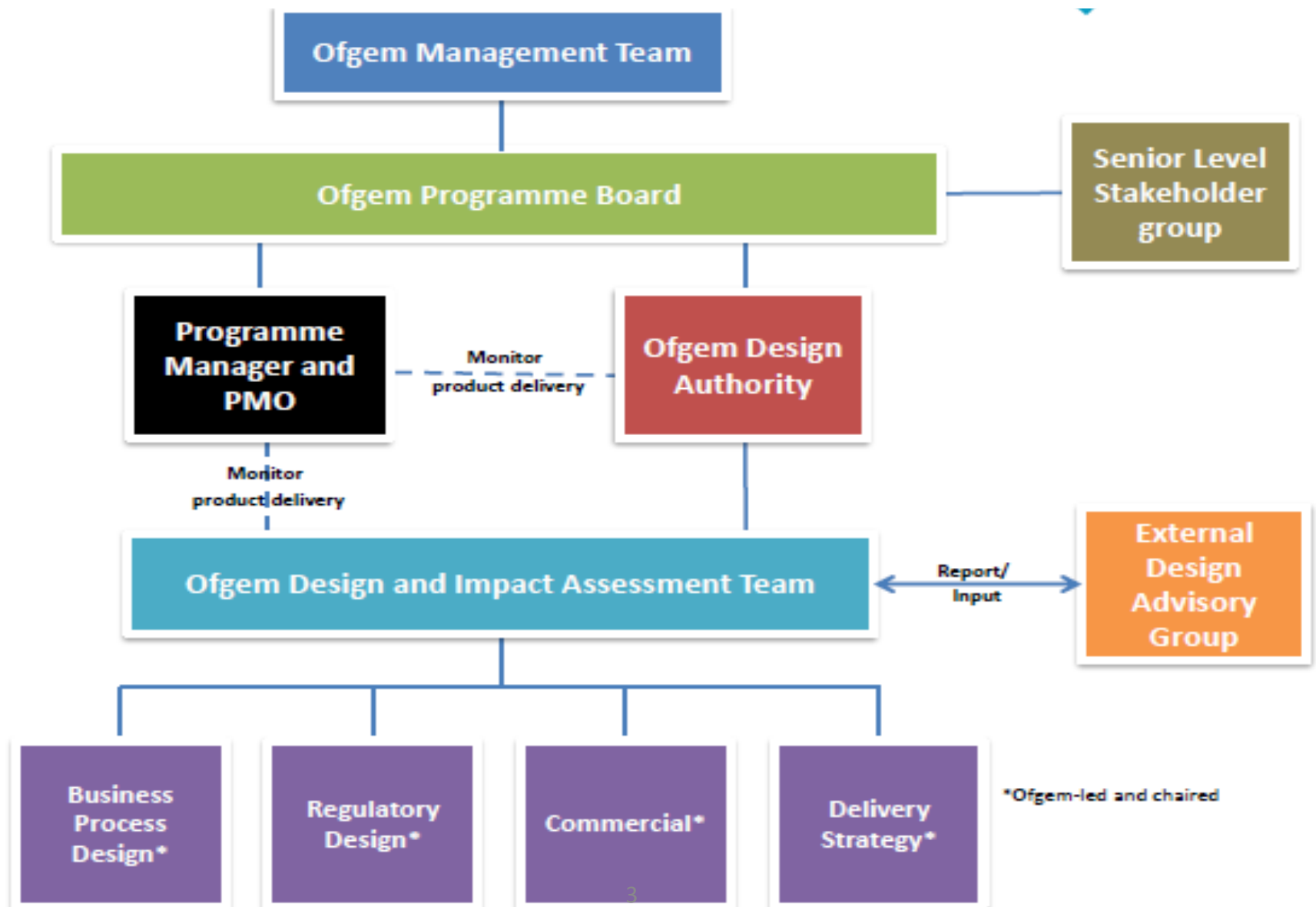
- **Delivered through a centralised gas and electricity registration service (the CRS), envisaged to comprise:**
 - **Switching service**
 - **Market Intelligence Service (similar to DES and ECOES concept)**

Note:

Any design / solution suggestions are only to aid discussion.

References to Xoserve are to Xoserve in its role as GT and iGT Agency

OSP structure



OSP phases

- The Switching programme consists of five phases
- 1. A Blueprint Phase which will design the Central Registration System (CRS) and switching arrangements, the commercial arrangements, the regulatory arrangements and the delivery approach
- 2. A Detailed-Level Specification (DLS) Phase where the arrangements developed in the Blueprint Phase will be set out in full, code modifications are drafted, and licence changes are consulted upon
- 3. An Enactment Phase, where the formal industry code process begins and Ofgem will decide whether to approve the changes to industry codes and licence changes will be made.
- 4. A Design, Build and Test phase
- 5. An implementation phase

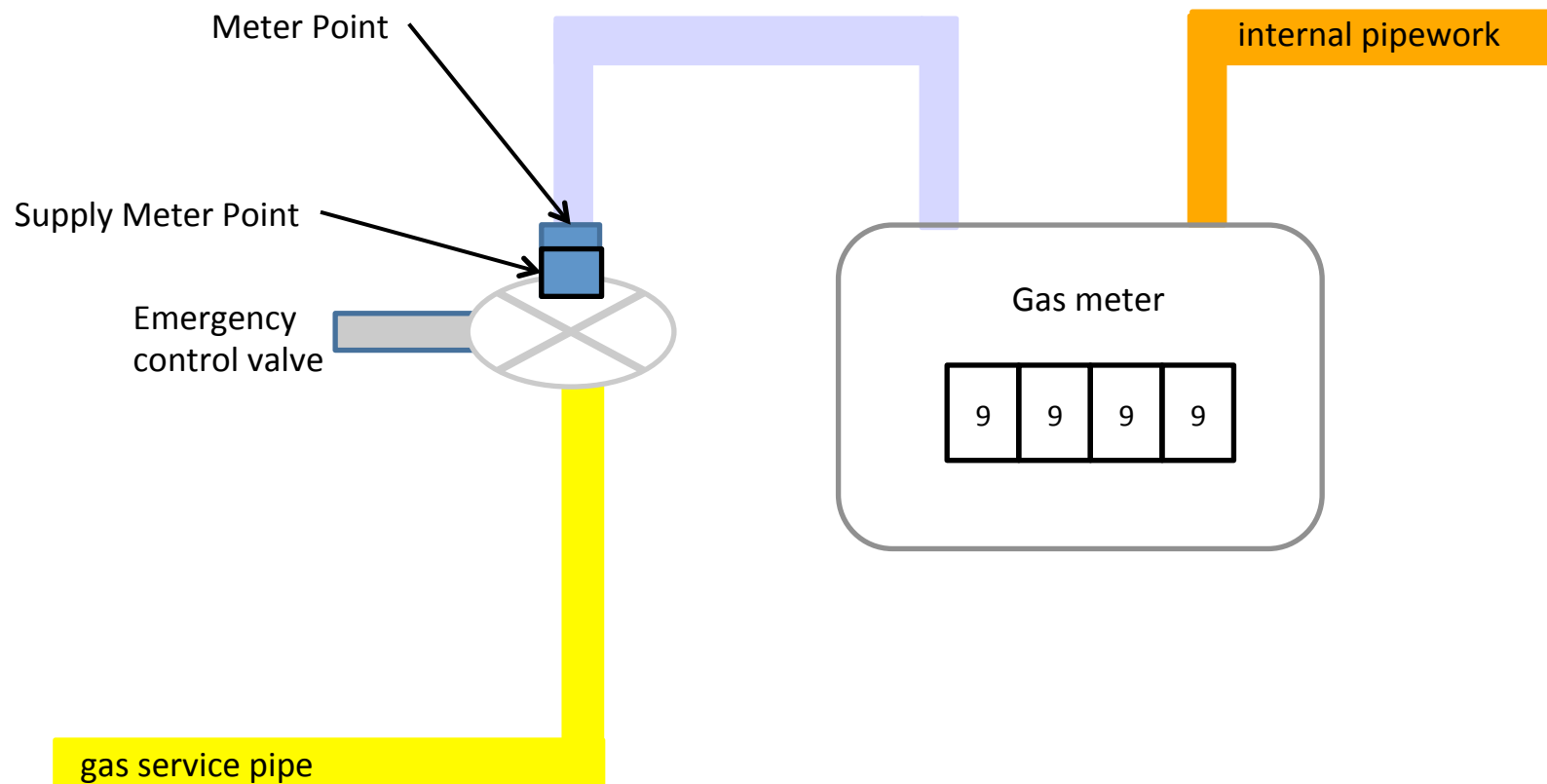
Outline activity timeline (not a plan)

- Design Baseline 1 being published in February 2017
- The RFI to seek information for the business case being published in April 2017
- Licence condition on the DCC to procure the CRS
- DCC tender for party for design, build, implement, operate of CRS and Management Information Service (MIS) (may be 2 separate tenders)
- Talk of implementation date of 2018 / 2019
- The switching rules expected to be set out in the Smart Energy Code (SEC), the UNC will be amended as required. A new “retail” code is under consideration

The new “thing”:

Registrable Measurement Point
(RMP)

Diagram to illustrate physical boundary of Supply Meter Point and Meter Point



The Supply Meter Point ends at the emergency control valve

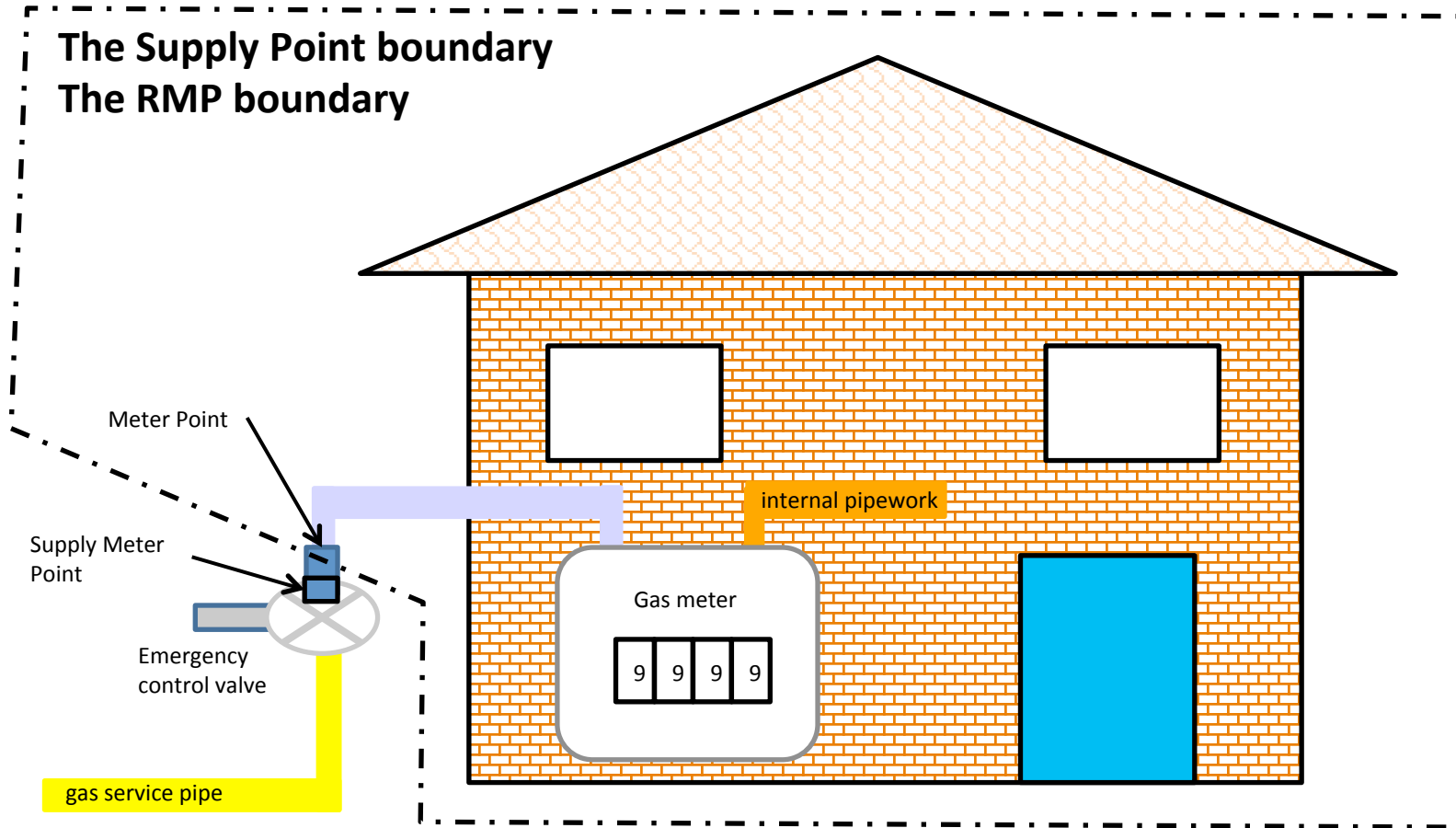
The Supply Meter Point Reference Number (MPRN) is the unique reference number of the Supply Meter Point

The GTs are responsible for the Supply Meter Point

The Meter Point is the connection from the emergency control valve to which the meter asset is attached

The Supplier is responsible for the Meter Point and beyond

Diagram to illustrate physical /commercial boundary of Supply Point



- A unique reference is allocated to the thing that is the Supply Meter Point (the MPRN)
- The Supply Point is the commercial entity for the purposes of the UNC (transactions are conducted using the MPRN)
- The assets (meter) are assigned to the Meter Point (transactions are conducted using the MPRN)
- The Supply Point commences at (and includes) the Meter Point
- The Supply Meter Point is not part of the Supply Point
- The Supply Point is the Registrable Measurement Point (the RMP being for the purpose of switching)
- Transactions (between Suppliers) of the RMP are conducted using the MPRN (and possibly other CRS data)
- At all times the MPRN is the reference number of the Supply Meter Point, the Supply Point, the Meter Point and the RMP

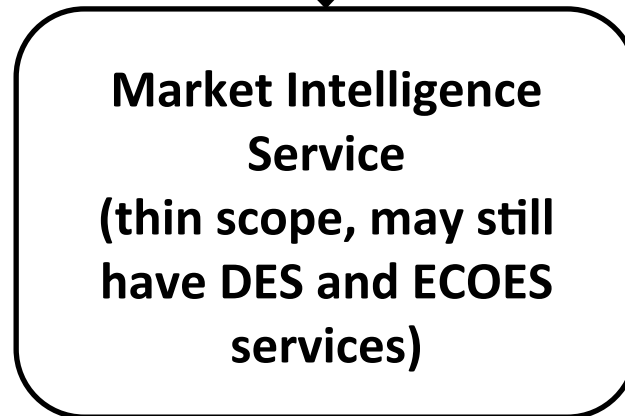
Central Registration Service

Central Registration Service comprising:

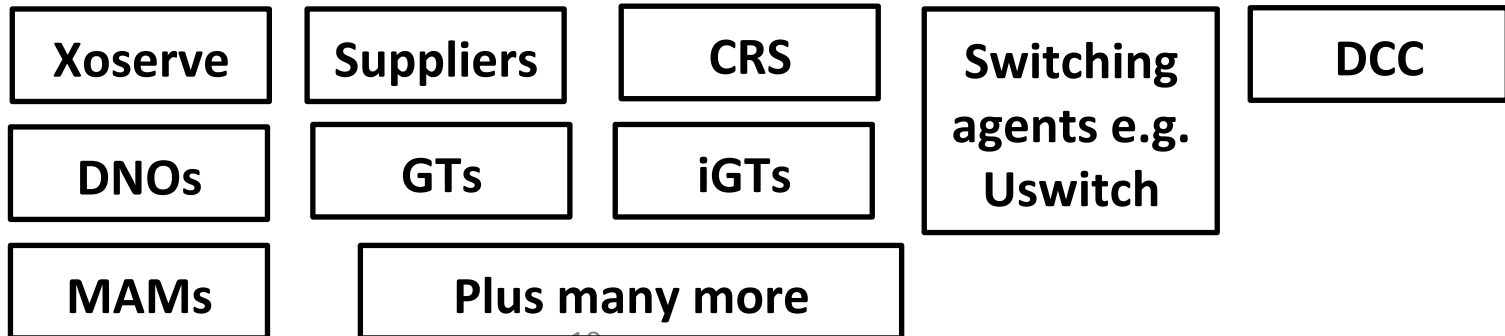
- Market Intelligence Service (similar to DES and ECOES)
- Switch Service (a system facilitating registration and switching)

Central Registration Service - MIS

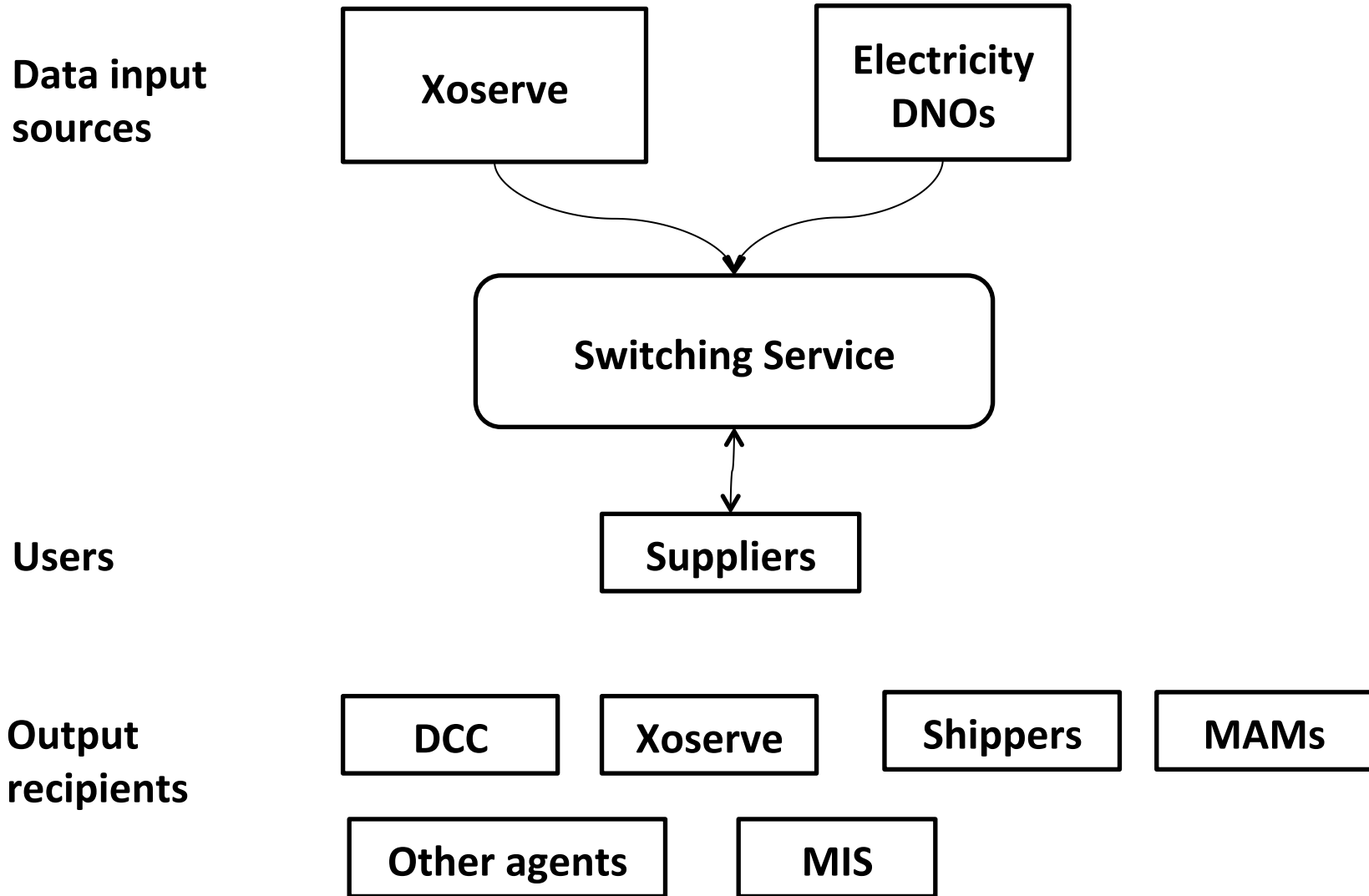
Data input sources



Users
(depending upon scope)



Central Registration Service – Switching Service



Explanatory slides regarding the implications of moving to a supplier driven change of supplier event to register a RMP* under the SEC and its implications on shipper registration to a supply point under the UNC

Notes:

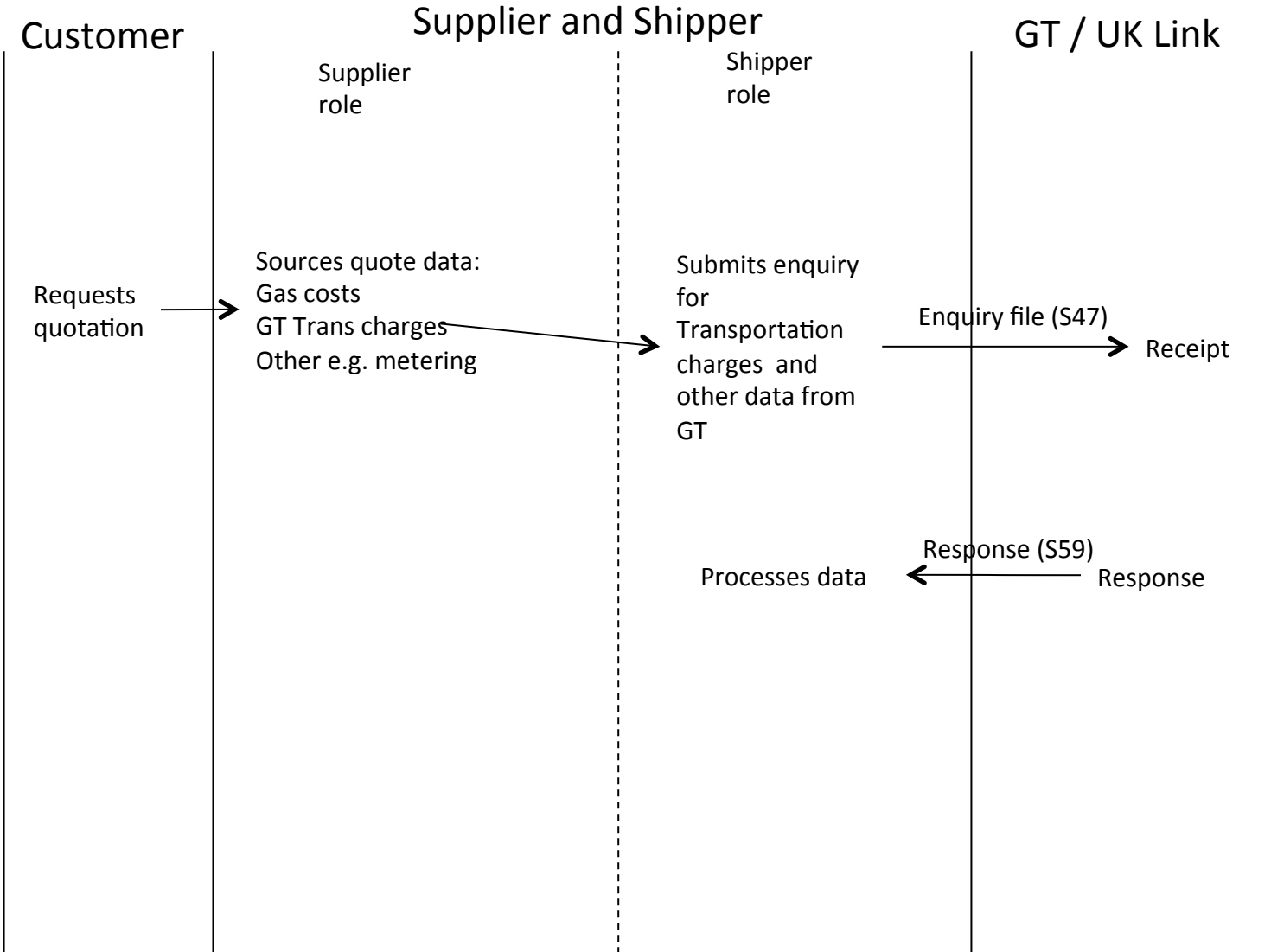
All slides assume “sunny day” arrangement

Assumes no incumbent supplier objection**

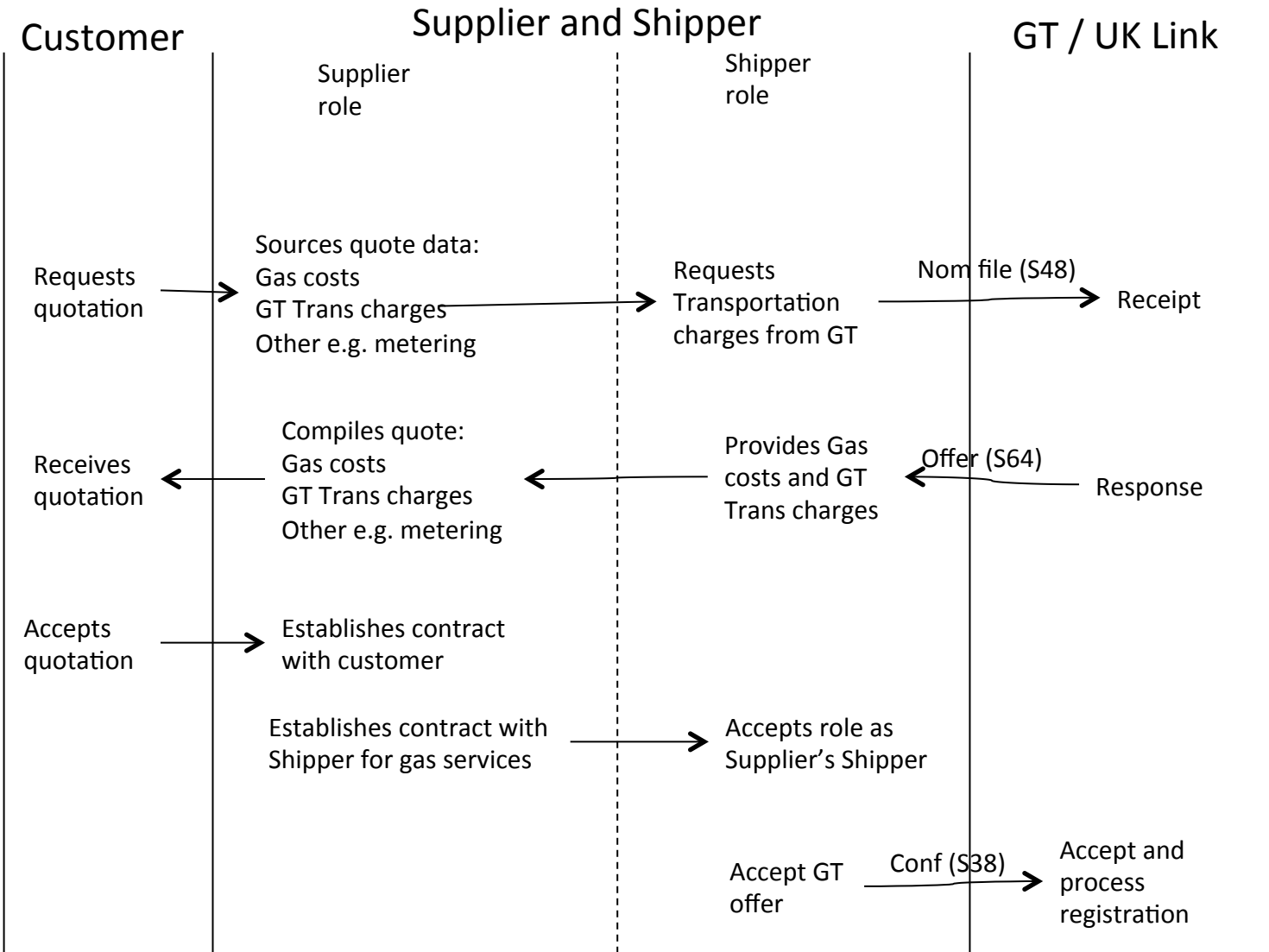
* RMP – Registerable Measurement Point – the name of the thing that is traded between suppliers under the [SEC]. As a comparator, the thing traded between shippers under the UNC is the Supply Point.

** The supplier objection process will be managed within the Switching Service

Simplified view of present arrangements demonstrating Supply Point Enquiry transaction (this is an optional step and does not replace any other registration transactions)

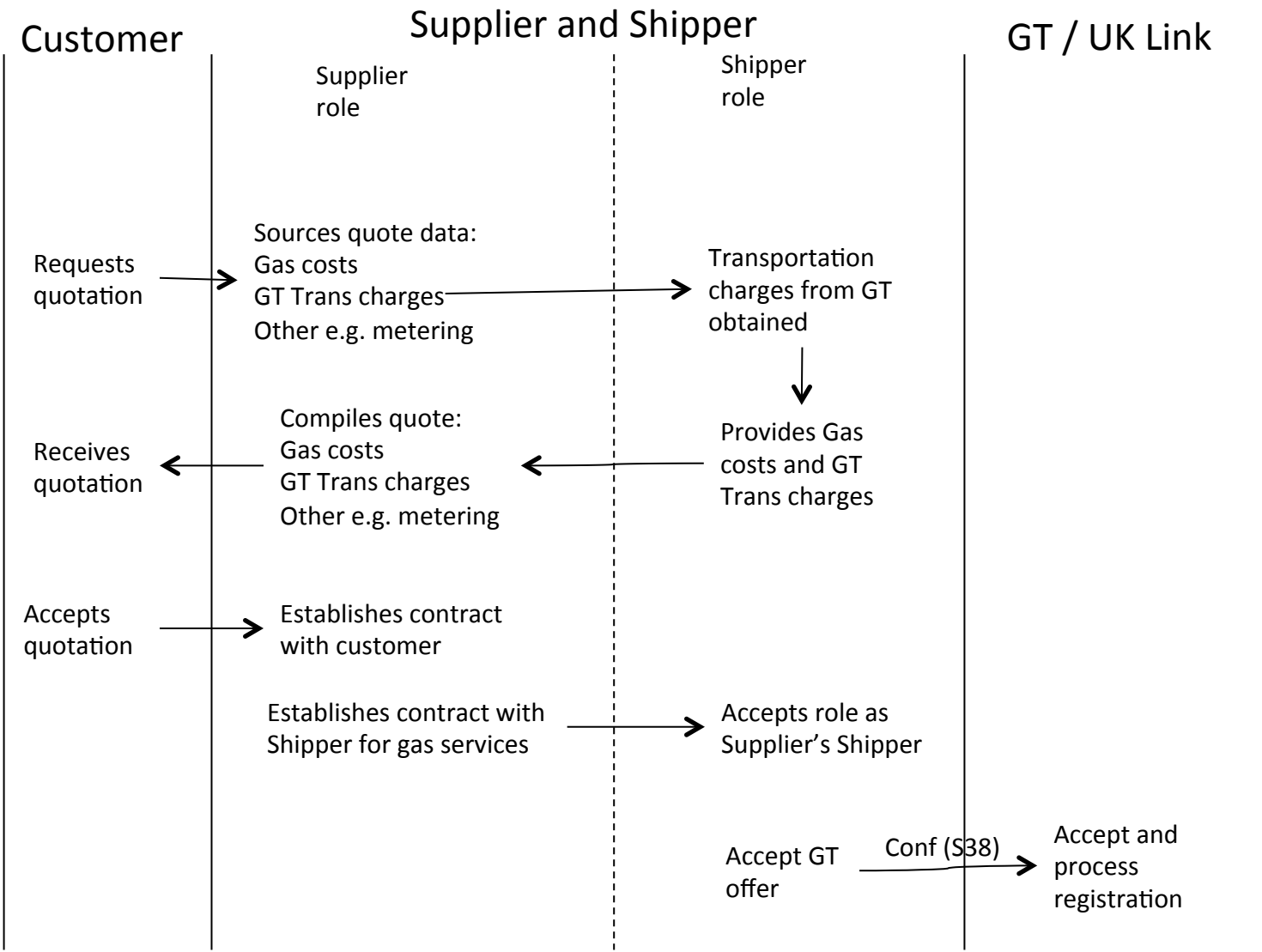


Simplified view of present arrangements demonstrating Nomination and Offer transaction



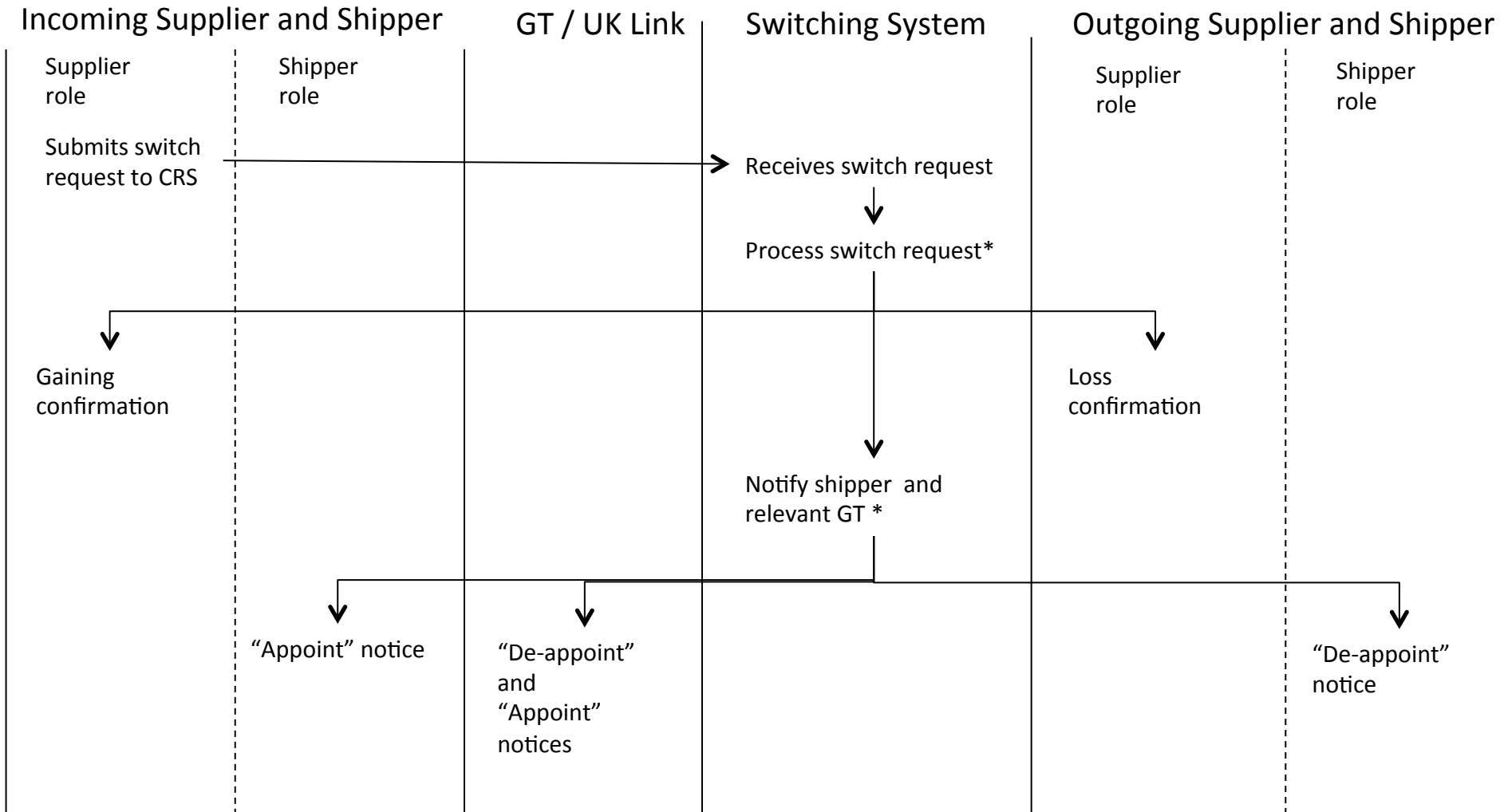
Simplified view of arrangements demonstrating removal of nomination and offer activity. For illustration purposes only.

GT and iGT transportation charges are published in some way



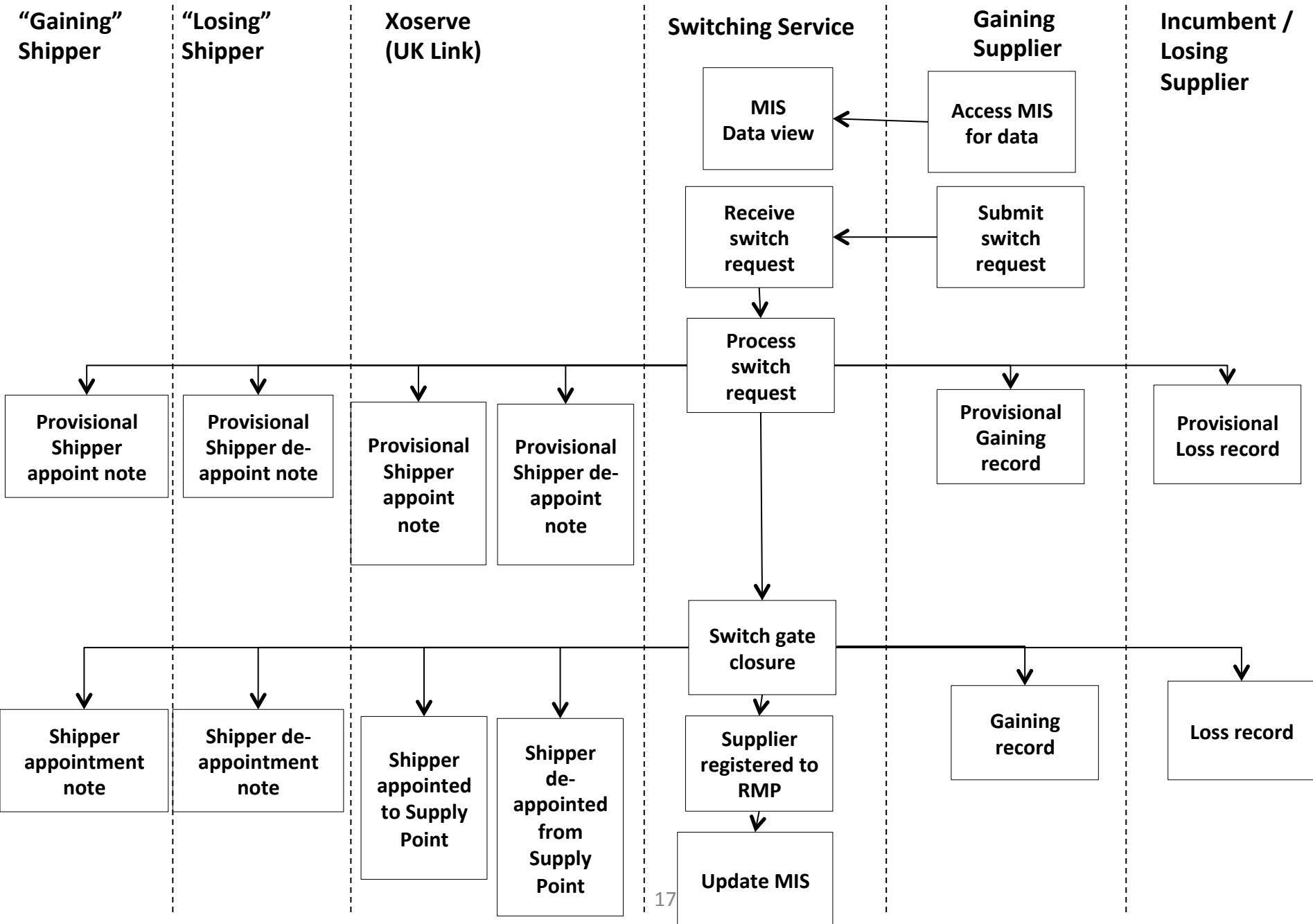
Simplified view of arrangements demonstrating Supplier switching via CRS and Shipper appointment / de-appointment via CRS notice

Note: customer role and quotation process removed for ease of presentation



* Simultaneous actions stemming from the successful supplier registration / switch

Example of a switching event



Points for consideration regarding arrangements for Supplier switching via CRS and Shipper appointment / de-appointment to a supply point under the UNC, via CRS notice

A legal view (not full opinion) has established this is workable (an action under one contract results in a binding event under another contract), but it requires certain protections:

- There needs to be a table in the CRS to hold the supplier:shipper relationship (note this can be a many to many relationship).
- When the supplier submits a switch request they include the shipper id. This is relationship validated in the CRS (by reference to the table).
- The Shipper must approve their position on the table and any amendments to it. This is essential to satisfy the Shipper that they will not be incorrectly appointed to a supply point.
- New entrants (suppliers and shippers) need new rules to manage entry e.g. a supplier cannot be a party to the [SEC] (or cannot register supply points) without a Shipper present.
- Market exit needs to ensure that a shipper / supplier cannot exit without withdrawing from all Registerable Measurement Points and Supply Points

The benefits to this approach include:

- Timing of “registration” is exact across the registers
- Reduces unregistered supply points
- Ensures that Shipper : Supplier commercial relationship is held with regard to customer (retail) and gas (wholesale) settlement liabilities

Items outside the scope of OSP

- Out of scope are:
 - Supply points connected to the NTS
 - Settlement (and its supporting activities)
 - The supply point register and the processes by which data is maintained
 - MPRN creation (leading to a RMP creation), retained by GTs and iGTs.

OSP Matters under consideration

- CRS may hold pre-populated objection status and / or there may be a “instant reactive” access to data in the suppliers systems.
- Cooling off period (14 days) still an issue. Design working on basis that it applies after the switch (not before as currently done). Customers would expect to “switch back” to what they left. This is an issue for suppliers as the original tariffs may not be available.
- A “switch back” event would trigger Shipper appoint / de-appoint notices. Transportation charges are not adjusted as transportation services have been provided to the Shipper.
- Gas Day (05:00), Electricity Day (00:00) and DCC Day 00:00 may need consideration