

Update on Switching Programme and Q&A

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- Background on the strategic outline case (SOC)
- Explain the three reform packages
- Review key impacts for suppliers
- Review Ofgem's request for information
- Detailed Level Specification Phase

- A strategic business case using HM Treasury five case model
 - Published on 19 Jan 2017
 - Developed with stakeholder input
 - Sets out three reform packages
 - We are now requesting information to assess packages
 - Aim to consult on a preferred option in Aug 17 with decision end 17
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- To support the RFI, the SOC provides the following key elements:
 - Economic Case (Chapter 3 and 4)
 - Reform packages (Appendix 1)
 - Business Process Modelling (Appendix 2)
 - Data architecture (Appendix 3)
 - Reform package spreadsheet (Appendix 4a)

Switching Programme: strategic outline case

Business case

Publication date: 19 Jan 2017

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Overview:

We want to enable consumers to switch their energy supplier reliably and quickly, including by the next day if they choose, by simplifying and harmonising the gas and electricity switching arrangements in a cost-effective manner.

Over the past year, we have led a series of industry working groups that have developed options for reforming the existing switching arrangements. These working groups have considered a wide range of issues related to the design and implementation of a new set of switching arrangements.

We have now developed a shortlist of reform packages. These range from making improvements to industry processes supported by the existing systems, to creating new central systems, providing harmonisation of the gas and electricity switching arrangements. This shortlist of reform packages will be the focus of our analysis going forward.

This business case is an important step in the development of the new switching arrangements. It sets out a blueprint design baseline for the short-listed reforms, on which we will now carry out a rigorous cost-benefit analysis. This will allow us to determine the option that represents the best value for money for consumers and society as a whole. The business case will expand and evolve in future as we develop our preferred reforms and further refine our intended policy, delivery and commercial arrangements.

DO NOTHING

No system or process
changes

No improvement to
reliable switching

21 day switch

OPTIMISE EXISTING

Use existing systems

Address matching to
improve reliability

Key process changes
(harmonised where
possible) to deliver 3
to 7 day switch

MAJOR REFORM

New central
switching service
(core data)

Enduring reliability
improvement to
MPxN/address data

Harmonised and
simplified next day
switching process

FULL REFORM

New central
switching and market
intelligence services

Enduring reliability
improvements, and
improved access to
broader range of
switching data

Harmonised and
simplified next day
switching process

Potential consumer benefits

Scale of challenge

Optimise existing – RP1	Major Reform – RP2	Full Reform – RP3
<ul style="list-style-type: none"> • Objections window reduced to 1WD • Gas confirmation window reduced to 1WD <p>All packages</p> <ul style="list-style-type: none"> • Supply point nomination data accessed from Xoserve via API • Suppliers support ‘equivalent terms’ for cooling off returns • MPxNs matched to GB address list • MPRS modified to handle: Related MPANs; import/export; dom/non-dom • MAP ID maintained in UKLink and MPRS (and MAPs notified at switch) • API access to enquiry services (for RP1 and 2 this is ECOES & DES) • MAM unbundled to MOP and MAP • Harmonisation of advance registration and standstill periods 	<ul style="list-style-type: none"> • As for RP1, apart from... • New Centralised Switching Service (CSS) • MPRS and UKLink modified to interface with CSS and to remove switching functionality • Supplier led gas switching • Losing suppliers respond instantly to objection requests • MPxNs linked via GB address register • Shipper and agent IDs recorded in CSS - (MOP, DA, DC, MAM, MCP, MAP) • CSS notifies supplier and agents of confirmed and executed switch. Used for agent appointment • Calendar day switching (CSS, supplier objections 24x7) 	<ul style="list-style-type: none"> • As for RP2, plus... • New Market Intelligence Service (MIS) – all switching, meter point, settlement and meter asset data (incl. smart) accessed via MIS • ECOES and most of DES are withdrawn • MPRS modified to handle MTDs • MIS available 24x7

Cooling off (all)

- *Variation 1*: No requirement for Supplier A to offer equivalent terms

Objections (RP2)

- *Variation 1*: For RP2, CSS manages central objections database
- *Variation 2*: Compressed window of 5 hours
- *Variation 3*: Longer switch period for non-domestic

End of next day switching (RP2)

- *Variation 1*: Longer objection period
- *Variation 2*: Longer period between gate closure and switch

Calendar days vs working days (RP1)

- *Variation 1*: Operate on calendar day basis

Enquiry service (RP3)

- *Variation 1*: MIS developed and operated by Gemserv/Xoserve

Quick wins

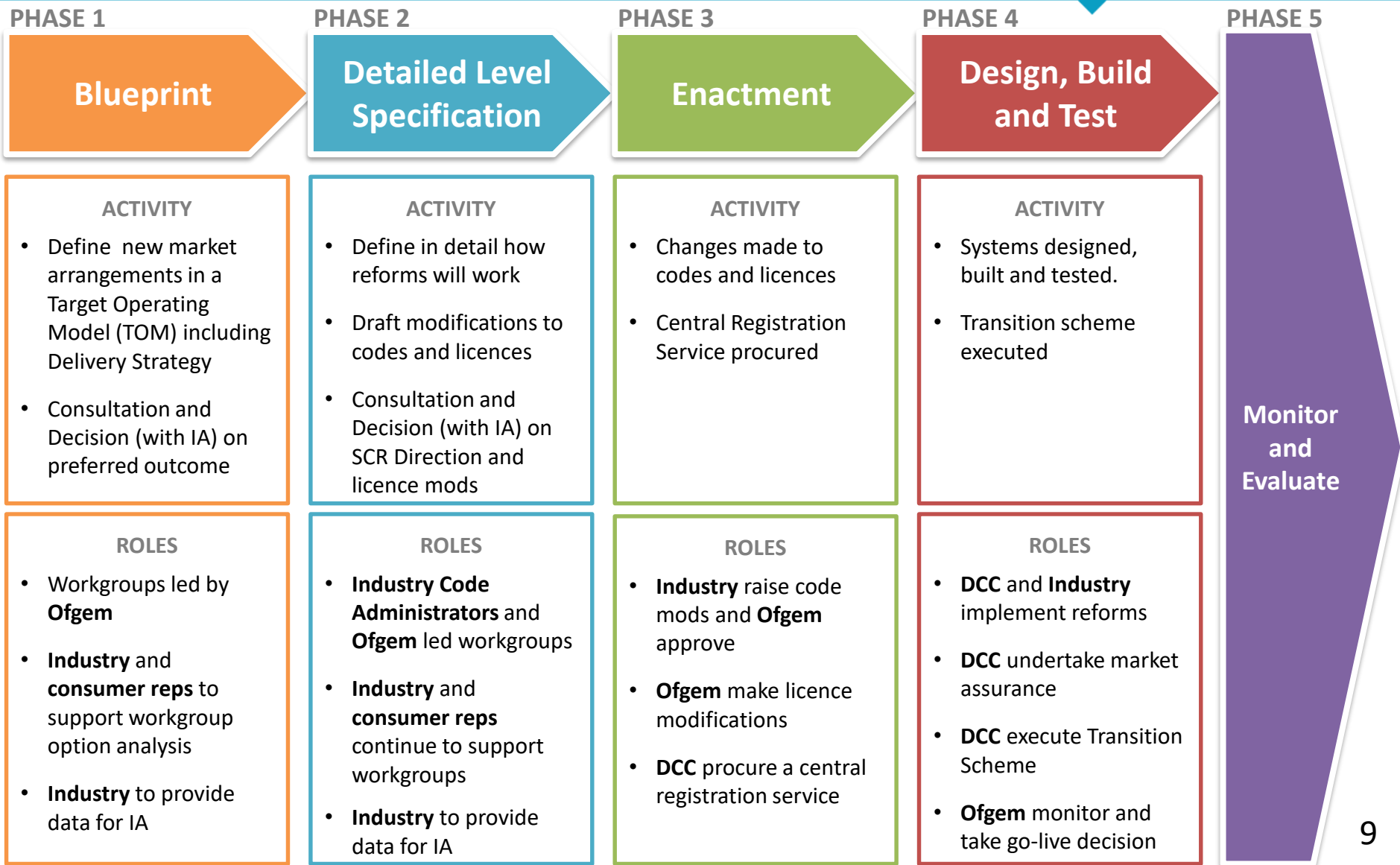
- *Variation 1*: implement 1 day objections and cooling off changes in Nov 18

- Issued to suppliers on 19 Jan alongside SOC
- Large suppliers received a mandated request. Mid-tier supplier suppliers received a request which mandated certain elements. Other suppliers received a voluntary request
- Response requested by 2 March
- RFI focuses on the following impact areas for suppliers
 - Contracting and preparatory work prior to switching request
 - Interaction with switching service
 - Other activity around the switch
 - Post switch activity
 - Delivery
 - Additional questions

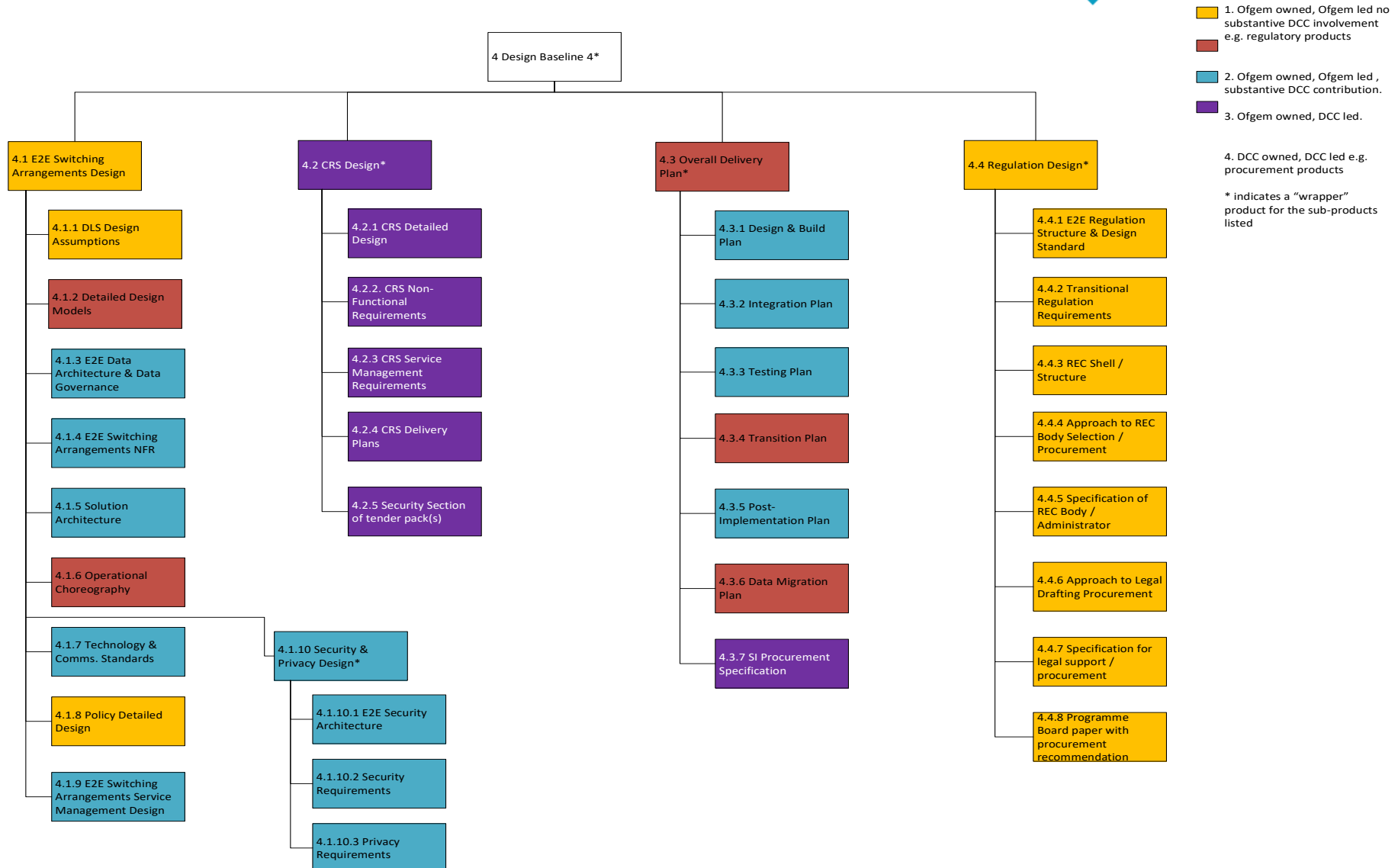
- We want your responses!
- This is an important opportunity for us to understand and respond to the impacts of our proposals on your businesses
- We have contacted suppliers to understand likely response rate
- We asked for any clarification questions to be sent to us by 10 February and will summarise and publish responses (we will add any relevant points from today's Q&A session as well)
- If you have any other questions on the RFI not covered today, please contact:

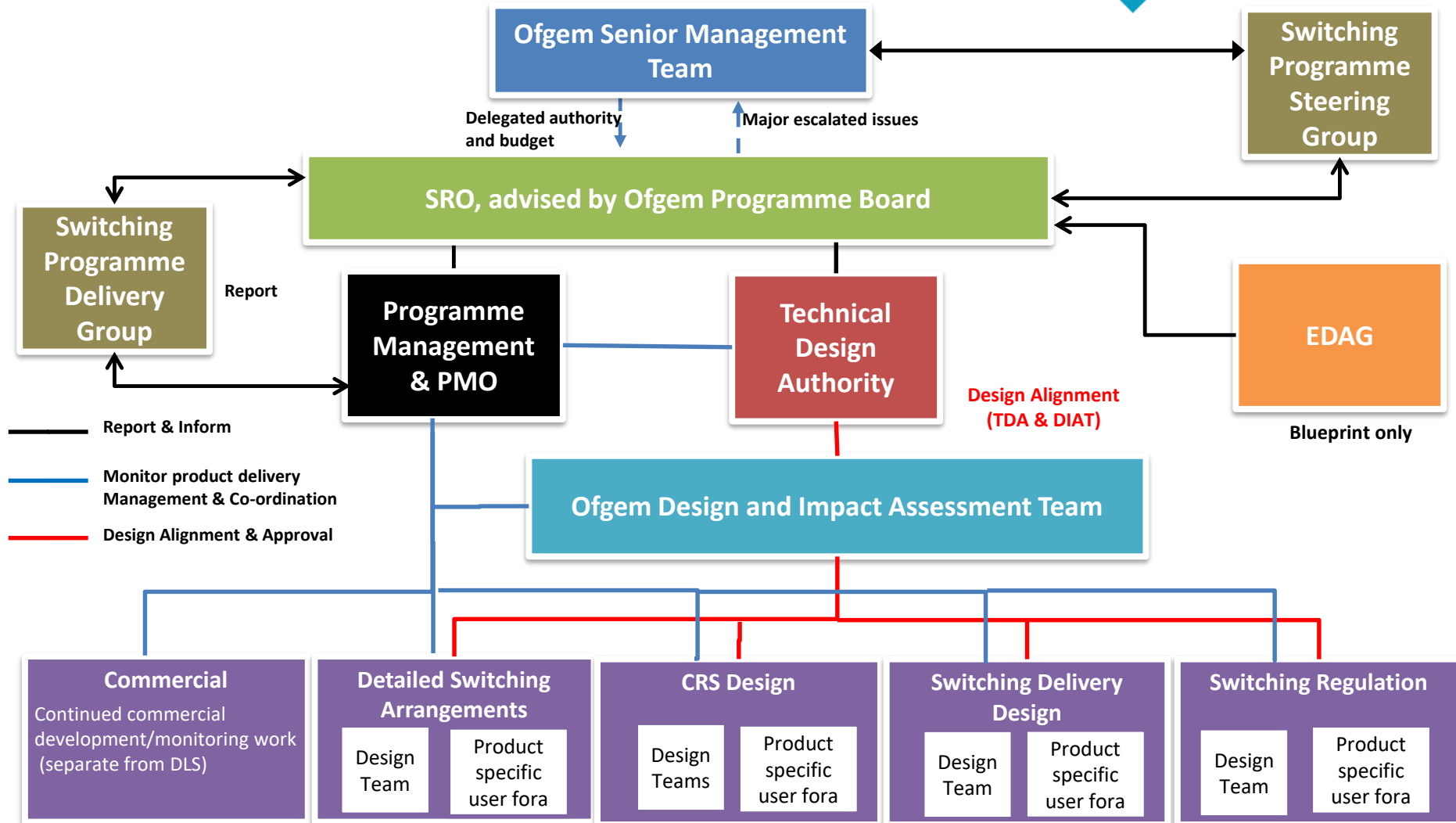
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DLS products (for illustration only)





Welcome any questions on the
SOC, RFI, DLS Phase or next steps



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We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.