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13 July 2015

Dear Sarah,

Policy Development: Prioritisation and Coordination of Industry Change

I am writing to you in my role as Chair of the Change Overview Board (COB) to seek your support for improving the overall prioritisation and coordination of industry change projects.

COB is an industry group with a remit to have a strategic overview and prioritisation of change projects and which, as you may be aware, was recognised in Ofgem's 2015 Simplification Plan:

“...We will continue to work with the COB and other industry groups not simply to raise awareness of forthcoming change, but to fulfil the intention of managing and prioritising industry change in a manner that is more coordinated, efficient and mutually beneficial to all stakeholders”

COB utilises a Horizon document to monitor the change landscape. A copy of the latest version is appended to this letter and can be found, along with all of the individual definition sheets for each change, on the Joint Office website¹.

At last week's meeting of the COB, continuing concerns were raised that policy initiatives were being progressed by Ofgem without due consideration of the ability of the industry to implement them in a coordinated, efficient and effective manner. It was recognised by participants that each policy initiative has its own clear merits, and there was unilateral recognition of the need to progress each of them, but it was observed that it was not possible for all initiatives to be high priority despite a desire on the part of individual policy leads to pursue implementation.

A short Case Study on GSoS² was considered, with participants questioning why, in light of the probable deferral of the Project Nexus Implementation Date (part of which, for many parties, would deliver systems functionality to implement the GSoS processes) to October 2016, Ofgem was insisting on a January 2016 GSoS implementation. This would be likely to lead to inefficient investment, additional costs and resource constraints in delivering temporary solutions ahead of Nexus.

Participants felt there were benefits to effective planning available on two fronts; firstly for Ofgem to better coordinate and prioritise their policy progression, and secondly for there to be regular open debate with industry participants, sufficiently in advance of delivery aspirations to be able to influence matters.

¹ <http://www.gasgovernance.co.uk/GCSCHT>

² <http://www.gasgovernance.co.uk/COB/080715>

COB believes it is ideally placed to facilitate the latter point and I have made Policy Development a standing agenda item for future meetings. I would ask that you commit to supporting this by:

- (i) defining how Ofgem should coordinate and prioritise policy development; and,
- (ii) agreeing to support the regular and timely industry debate outlined in this letter (and that will evolve and improve with time); and,
- (iii) providing a named central contact for liaison (and mobilisation of Ofgem staff to support debate where necessary).

The next meeting of the COB is on 03 August 2015 at the ENA and I would like to extend an invitation to you or a colleague to attend and discuss the matters described in this letter with participants.

If you would like to discuss this with me, please call on 07909 686661. I look forward to hearing from you.

Yours sincerely,

Les Jenkins (*via email*)

Chair, Change Overview Board

cc. COB participants (via JO website)