RETAIL ENERGY CODE

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01	Initial Assessment Report
02	Preliminary Change Report
03	Final Change Report

CHANGE REPORT

R0115 – FREQUENCY AND CONTENT OF CSS REPORTS ON SWITCHING VIA THE DCC PORTAL

CHANGE REPORT	FINAL
DOCUMENT VERSION	1.0
ISSUED DATE	06/02/2024
DOCUMENT APPROVAL STATUS	POST-VOTE

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	AUTHORITY DETERMINED
PRIORITY STATUS	MEDIUM	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	15/12/2023

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

Current reports received by Ofgem from the Switching Operator (SO) cannot differentiate between internal transfers between MPIDs and therefore Switching numbers may be largely inflated. By receiving improved reports weekly, Ofgem will be able to monitor events closer to real-time and allow for a more accurate review of external Switching.

	High Impact: Ofgem
	Medium Impact: N/A
	Low Impact: Consumers, Suppliers

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RESPONSIBLE COMMITTEE DECISION

On 06 February 2024, the REC Change Panel voted unanimously to recommend that the Authority **APPROVE** Change Proposal R0115 for implementation on **08 November 2024**.

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BACKGROUND

1 SUMMARY

Ofgem currently receives Switching reports from the Switching Operator (SO), however, these reports were not able to separate internal transfers among Market Participant Identifiers (MPIDs) belonging to the same Supplier and therefore the total number of Switches may be substantially inflated.

Following the energy crisis, Ofgem is under more pressure to increase market monitoring capabilities. By receiving weekly reports via the SO, Ofgem will be able to monitor events closer to real-time and updated reports will allow for a more accurate review of external Switching. Current monitoring work includes individual Suppliers' Switching gains/losses and enables checks on whether Suppliers are compliant with sale restriction bans, can identify Suppliers with dormant licences which become active and understand impacts on the Market Stabilisation Charge (MSC) for Suppliers when they gain customers.

2 PROBLEM STATEMENT

Without appropriate reporting, Ofgem cannot effectively monitor the level of Switching in the market in a timely and accurate manner. This hinders its ability to act and inform any policy interventions in relation to market stability.

3 USER STORIES

REF.	USER STORIES
CONSUMER USER STORIES	
C1	As a Consumer, I want Ofgem to effectively monitor the market to ensure the right policy decisions are made.
MARKET PARTICIPANT USER STORIES	
M1	As Ofgem, I need accurate and timely data to ensure that I can make informed decisions on any interventions in relation to market stability.

PROPOSAL

4 SUMMARY OF ANALYSIS UNDERTAKEN

R0115 was discussed with Ofgem and the SO through the Technical Change Workshops on 27 June 2023 and 25 July 2023. A Preliminary Impact Assessment (PIA) response, based on the outputs of the workshops was then completed and received from the Service Provider on 21 August 2023. This PIA was based on amending 14 reports currently received by Ofgem to include a number of additional fields and to alter the frequency from monthly to weekly. Once reviewed by REC Technical Services, it was found that this solution was not satisfactory, and the costs were higher than anticipated. The solution was then revisited through discussions with

Ofgem on reducing the scope of the change and three further Technical Change Workshops were held to refine the requirements on 05 September 2023, 26 September 2023 and 10 October 2023. It was determined that only two of the 14 originally requested reports would need to be considered as part of the requirements and that these should be new reports rather amending existing reports. On 05 October 2023, an illustration of two options for a new Successful Switch Report and a further new report based on the Supplier Portfolio report was provided to Ofgem to seek feedback and confirmation that this would suit its needs. Both options were to be included in the Detailed Impact Assessment (DIA) with the Service Provider to ensure that the most appropriate solution could be determined.

5 PROPOSED SOLUTION

The Technical Design Authority proposed two options for the creation of a new Successful Switch Report and a further new report based on the existing Supplier Portfolio Report. These were developed and agreed with Ofgem and the Data Communications Company (DCC) and illustrations of these can be found here. The illustrations include the following:

- SuccessfulSwitch_W-Ofgem Option 1
- SuccessfulSwitch_W-Ofgem Option 2
- SupplierPortfolio_W-Ofgem

The illustration includes a description of the data which should be included in each of the columns.

The solution includes the following key features:

- The additional columns will enable Ofgem to see the flows of Switches between Supplier MPIDs and their corporate entities.
- The output of the report will be csv. format which is the same as the existing Central Switching Service (CSS) reports.
- The SuccessfulSwitch_W-Ofgem report is to be issued to Ofgem on a weekly basis, via the same mechanism as the existing CSS reports via ServiceNow.
- The SupplierPortfolio_W-Ofgem report is to be issued on a weekly basis and needs to be delivered via the same mechanism as the existing CSS reports via ServiceNow.
- The reports will be delivered to Ofgem only.
- Option 1 would provide a greater level of detail and require less manual intervention following receipt of the report.

The frequency of the above reports will be outlined within the Switching Operator Service Definition.

Note: The monthly SuccessfulSwitch_M-Ofgem and SupplierPortfolio_M-Ofgem reports will continue to be required as they are the root report for others that are disseminated to market participants. Ofgem will receive both the monthly and weekly versions of these reports.

Both Options 1 and 2 along with the SupplierPortfolio_W-Ofgem report were Impact Assessed. Option 1 was the preferred solution as the difference in costs detailed within sections 7 and 11 were negligible. Therefore, Option 1 will be the solution taken forward for this Change Proposal.

6 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0115 can be found here.

This legal text in section 7.3 of the Switching Operator Service Definition details the two new reports which will be provided to Ofgem only and their frequency of weekly.

7 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

7.1 SERVICE PROVIDER IMPACT ASSESSMENTS

A Detailed Impact Assessment was triggered on 23 October 2023 and received from the Switching Operator on 24 November 2023. The response provided the following information.

Switching Operator	• The Solution is viable and implementable. • Costs for design, build, test and deployment for Option 1 is £126,307.04 • Costs for design, build, test and deployment for Option 2 is £124,489.84 • These costs are based on a scheduled major release. • Both Options 1 and 2 would have a 6-month implementation timescale. • For report testing to take place in the SIT-B environment, there is a need to create a reporting database. This will be a new asset going forwards. • Ongoing costs - £33 per day for SIT-B report database.

8 DELIVERY AGAINST CHANGE PROPOSAL PLAN

All milestones of the Change Proposal Plan to date have been met. The Change Proposal Plan can be found here.

9 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

9.1 ASSUMPTIONS AND DEPENDENCIES

No.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
A1	The two new reports will not impact the receipt of any		Closed.

	other reporting received by Ofgem.		
A2	Any versions of the current reporting provided by the Switching Operator to all other Parties and Code Manager will not be impacted.		Closed.

10 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	08/11/2024

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

The implementation will require six months lead time and in order to achieve the cost savings of implementing at a major release, the November 2024 release is proposed. The technical solution and legal text updates will be implemented simultaneously.

11 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 15 December 2023 to obtain views on the Preliminary Change report. Two responses were received from Suppliers. The responses have been consolidated and comments provided by the Code Manager. This can be found here.

Both respondents agreed that the proposed solution addresses the problem statement, there are minimal impacts to REC Parties and that it should be implemented on 08 November 2024.

There was one query on whether there were plans to share these reports more widely with Suppliers as it was believed that it would help reduce the number of mismatches with the Electricity Enquiry Service (EES), the Gas Enquiry Service (GES) and CSS. The Code Manager advised that this Change Proposal only provisions access to these reports to Ofgem. However, where there are benefits to other industry parties, this can be progressed through a further Change Proposal.

12 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

No amendments were made following Consultation.

13 BUSINESS CASE ASSESSMENT

13.1 COSTS

	DESIGN/ BUILD COSTS	TEST COSTS	OTHER	ONGOING OPERATIONAL COSTS
Switching Operator (Option 1)	£71,096.01	£36,550.09	£18,660.94	£12,045 per annum (£33 per day)

REC BUDGET APPROVAL SECURED FOR CENTRAL SYSTEM COSTS	16/01/2024

13.2 BENEFITS

No tangible benefits have been identified in the development of this Change Proposal. The case for change is based on the intangible benefits that will be received by the Authority in monitoring the market.

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
IMPROVED MARKET STABILITY	By increasing the frequency of the reports to weekly as well as ensuring the data within it is reflective of actual market conditions, Ofgem can act more quickly and effectively to inform any policy interventions which improve market stability.
SIT-B REPORTING DATABASE	A SIT-b reporting database is required for R0115 however, will be a new useful asset when Switching Operator report development is required in future.

13.3 COST BENEFIT ANALYIS SUMMARY

It is not possible to summarise the tangible benefits against the costs of this change. Ofgem needs this reporting to enable it to form future policy positions and ensure a stable retail energy market. Ofgem has wider statutory duties to ensure that competition is maintained alongside ensuring that consumer interests are at the forefront. Ofgem needs to satisfy these criteria and the investment in this reporting covered by REC parties brings wider benefits to the industry.

14 CASE FOR CHANGE

14.1 AUTHORITY DETERMINATION

The Code Manager believes that R0115 better facilitates the following REC Objectives:

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION

To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[1]	Positive	This change better facilitates the achievement of the REC mission statement by providing a more accurate view of external switches which allows for better policy decisions to be made based on actual data and close to real-time.
To ensure customers interests and data is protected in the operation of the REC	Positive	This change has a key impact on Ofgem's ability to monitor the level of switching in the market. This will allow Ofgem to effectively act and inform policy interventions in relation to market stability for the benefit of all consumers.
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Positive	Data on the current baseline is key to driving continuous improvements and efficiencies within the market.

15 CODE MANAGER'S RECOMMENDATION

The Code Manager recommends that the Change Panel recommends that the Authority:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 08 November 2024.

16 RESPONSIBLE COMMITTEE DECISION

The Final Change Report was discussed at the REC Change Panel meeting on 06 February 2024.

The REC Change Panel voted to recommend that the Authority:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 08 November 2024.

17 APPENDIX

[1] REC Mission Statement

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Link
SOLUTION DOCUMENTS	Solution Requirements Matrix Report Templates

18 GLOSSARY

TERM	DEFINITION
Consumers	means any person supplied (or seeking a supply) of Energy at an RMP (whether or not that person also exports or is seeking to export electricity at an RMP).
Data Communications Company (DCC)	means the person holding the DCC Licence.
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Market Participant Identifier (MPID)	means the unique identifier by which a Market Participant is identified.
Market Stabilisation Charge	means, in respect of a Domestic Consumer who has Switched, the amount (in £, if any) payable by the Gaining Supplier in accordance with Condition 24A of the Gas Supply Licence or Condition 24A of the Electricity Supply Licence (or, if such an amount is payable under both the Gas Supply Licence and the Electricity Supply Licence, the aggregate of such amounts). In the case of gas and/or electricity (as applicable) such amount is calculated as the product of: the Gas Market Stabilisation Charge Value and the Domestic Consumer's Annual Quantity; or the Electricity Market Stabilisation Charge Value and the Domestic Consumer's Estimated Annual Consumption.
Office of Gas and Electricity Markets (Ofgem)	Ofgem is the regulator for Britain's gas and electricity industries, overseen by the Gas and Electricity Markets Authority (the Authority).
Switch	means a change to the Registered Supplier for an RMP.
Switching Operator	means the DCC in performing the role of managing the co-ordination of the CSS Provider and the other Switching Data Service Providers, including the

TERM	DEFINITION
	mechanisms for Users to report incidents and access service management support, from the CSS Go-Live Date.