RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination and publication.

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	PRELIMINARY
DOCUMENT VERSION	1.0
ISSUED DATE	15/12/2023
DOCUMENT APPROVAL STATUS	PUBLISHED FOR CONSULTATION

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

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	15/12/2023

LEAD CHANGE ANALYST



Elise Handy

Click to send an email

020 7898 9740

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.

TECHNICAL LEAD

Caroline Milner

Click to send an email

ASSURANCE LEAD

Lakshna Murali

Click to send an email

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

CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0115 is **APPROVED** for implementation on 08 November 2024.

CONTENTS

BACKGROUND		
1.	Summary	3
2.	Problem Statement	3
3.	User Stories	3
PROPOSAL		
4.	Summary of Analysis Undertaken	3
5.	Proposed Solution	4
6.	Draft Legal Text	5
7.	Summary of Impact Assessment Activity	5
8.	Delivery Against Change Proposal Plan	5
9.	Key Risks, Assumptions, Issues and Dependencies	5
10.	Proposed Implementation Date and Approach	6
11.	Business Case Assessment	7
12.	Case for Change	7
13.	Code Manager's Recommendation	8
14.	Consultation Plan and Next Steps	8
15.	Appendix	9
16.	Glossary	10

BACKGROUND

1 BACKGROUND

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 27/06/23 and 25/07/2023. A Preliminary Impact Assessment (PIA) response, based on the outputs of the workshops was then completed and received from the Service Provider on 21/08/2023. 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 05/09/2023, 26/09/2023 and 10/10/2023. 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 05/10/2023, 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 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 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 RISKS AND ISSUES

No.	RISK	NOTES	MITIGATION
R1	There is a risk that the Switching Operator's commercial agreements		The Code Manager will ensure budget approvals are secured and provide updates as soon as

	will not be in place when required which will delay the implementation date.		possible to the Switching Operator so that they can stand up their teams. Any delays in commercial arrangements from the Switching Operator side should be communicated to the Code Manager promptly so that mitigations can be made.

9.2 ASSUMPTIONS AND DEPENDENCIES

No.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
A1	The two new reports will not impact the receipt of any other reporting received by Ofgem.		Closed.
A2	Any versions of the current reporting provided by the Switching Operator to all other Parties and Code Manager will not be impacted.		Closed.

No.	DEPENDENCY	NOTES	STATUS
D1	The proposed implementation date is dependent on commercial agreements being in place for the Switching Operator.		Open.

10 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	08/11/2024	PROPOSED IMPLEMENTATION APPROACH	BIG BANG

The CSS Provider has advised that they cannot commit to a delivery date for this change until the CSS Service Provider has an approved CAN (Change Approval Notice) in place to deliver the change.

The implementation will require six months lead time and in order to achieve the cost savings of implementing at a major release, either the June 2024 or November 2024 release is proposed.

The exact implementation date will be confirmed following additional discussions with the CSS Provider. The technical solution and legal text updates will be implemented simultaneously.

11 BUSINESS CASE ASSESSMENT

11.1 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)

11.2 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.

11.3 COST BENEFIT ANALYSIS SUMMARY

It is not possible to summarise the tangible benefits against the costs of this change. Ofgem have the need for this reporting to enable them to form future policy positions and ensure a stable retail energy market. Ofgem have 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 that the investment in this reporting covered by REC parties brings wider benefits to the industry.

12 CASE FOR CHANGE

12.1 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.

13 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.

14 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report for R0115 will be published on the REC Portal on 15/12/2023 and closes on 19/01/2024.

Following Consultation, the Code Manager will produce an updated version of this Preliminary Change Report (referred to as the Final Change Report). This will include the outcome of the consultation, setting out a summary of the consultation submissions and the Code Manager's response.

The Final Change Report will be issued to the Change Panel to make its recommendation to the Authority on 06/02/2024.

[1] REC Mission Statement

15 APPENDIX

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

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