

Change of Supplier Expert Group – Terms of Reference v3, Agreed by COSEG 10 June 2013

1. Purpose

1.1. The longer term objective of the Change of Supplier Project is to deliver:

“a fast, reliable and cost effective change of supplier process that will facilitate competition & build consumer confidence.”

1.2. To assist Ofgem in meeting this objective, the Change of Supplier Expert Group (COSEG) is required to provide expert advice on the options for reforming the change of supplier process. These options, and their assessment, will form the basis of an Ofgem consultation on improving the change of supplier process to be issued in Q1 2014.

1.3. Ofgem will record any potential “quick wins” identified by COSEG. These will also be set out in the Q1 2014 consultation and parties will be free to raise modifications (where applicable) to seek their early implementation.

1.4. The role of COSEG is to:

- Identify the key aspects of the change of supplier process that should be subject to review to deliver the longer term objective.
- For each of the reform areas identified, critique any options presented by Ofgem against agreed evaluation criteria.
- For each of these reform areas, identify any further options and assess these against the agreed evaluation criteria.
- Identify links and dependencies between reform options and any other relevant part of the industry regulation and design that may impact or otherwise constrain their successful deployment.
- Identify appropriate end-to-end proposals for the change of supplier process that Ofgem could use as the basis for its Q1 2014 consultation.
- Solicit and represent the views of the constituencies that Ofgem has asked individual members to represent (where applicable).

2. Scope of the Change of Supply Project

2.1. The project scope covers all phases of the change of supplier process from the point when a customer elects to change supplier (eg contract signed) until they have received a closing bill from their old supplier and an opening bill from their new supplier. For the avoidance of doubt, the scope does not include the processes and practices around customer acquisition or any changes to existing or proposed legislation on the customer cooling-off period, but will include the interaction between the switching process and the cooling-off period.

2.2. The scope covers all customers including: gas and electricity; domestic and non-domestic; all meter types (eg traditional, smart and un-metered); and customers supplied on independent and licence exempt networks.

2.3. Based on the above constraints around scope, the following areas have initially been identified as significant areas of policy to explore further:

- Core change of supplier phases (eg making a change of supplier request, nominations in the Larger Supply Point gas market, objections, the gas confirmation window, obtaining/estimating opening and closing meter reads, erroneous transfers as well as data quality and access/transfer). For clarity, the merits of removing objections, other than a technical examination of the impact on the transfer process, is not currently included within scope.
- Case for centralising registration services under the DCC.
- The arrangements for suppliers to access the metering data that they require on change of supply to bill customers and provide consumption data to settlements. This will include the case for centralising data processing and data aggregation (DP/DA) services in the gas and electricity markets (NB the scope will not include reforming the nature of the DP/DA services but focus on how and by whom they are provided).

3. Resources

- 3.1. The COSEG will be led by Ofgem.
- 3.2. Ofgem will chair the group. The secretariat function will be discharged by Ofgem.
- 3.3. Other than when facilities are not available, we aim to hold all meetings at Ofgem's offices at Millbank, London and in Glasgow.
- 3.4. The resource commitment of COSEG members is discussed in the section below.

4. Membership

- 4.1. Membership is by invitation only and shall be named individuals. A named alternate for each member shall be identified to ensure that meetings can take place where members are not able to attend.
- 4.2. Membership of COSEG is at the discretion of Ofgem and will reflect the purpose of the group and the scope of its remit.
- 4.3. The Change of Supplier Project is likely to be of direct relevance to a large number of industry participants. For the purposes of practicality, membership, other than for gas and electricity suppliers, has been limited so as to make most efficient use of the time available. On that basis, COSEG members (or their alternates) are required to solicit the views of any constituency that they have been asked by Ofgem to represent and represent these at the relevant COSEG meeting. For clarity, all suppliers are able to request an invitation to attend the meetings (although some may still choose to nominate a representative).
- 4.4. For consistency, members are asked to make every effort to attend in person. Alternates shall only attend when the member is not able to attend.
- 4.5. Ofgem will have the discretion to invite interested parties on an ad hoc basis to attend any meeting to discuss specific issues.
- 4.6. A list of COSEG members and alternates are set out in Annex 1.

5. Methodology

- 5.1. Ofgem proposes to provide papers on the reform options identified. Following introduction and summary of these papers at a COSEG meeting, members will be asked to review their content against agreed evaluation criteria and solicit the views of constituents (where applicable). Views will be discussed at a following COSEG meeting and Ofgem will minute these discussions for inclusion on our website.

6. Review

- 6.1. The Terms of Reference and membership of COSEG may be reviewed at any time to ensure that they remain appropriate for the requirements of the Change of Supplier Project.

7. Rules of Participation

- 7.1. Any discussion in meetings and views expressed or implied in such discussion or associated documents are without prejudice to, and shall not limit Ofgem's discretion with regard to its consultation proposals or final decisions. Equally, views expressed by participants during meetings will not be taken as the formal position of the company or constituency that they are representing, and will in no way prejudice consultation responses.

8. Transparency

- 8.1. Meeting papers, including papers on the reform options identified, will be provided to members at least five working days in advance of the meeting. Where possible, an initial summary of the topics to be covered at the COSEG will be provided further in advance.
- 8.2. Agreed terms of reference, the schedule of meeting dates, agendas and minutes will be published on the Ofgem website.
- 8.3. Minuted discussion at the COSEG will not be attributed to an individual or organisation unless specifically requested or in relation to an action that has been agreed to be taken.

9. Meetings and frequency

- 9.1. COSEG will meet around every three weeks between May and October 2013 at either Ofgem's London or Glasgow offices. The inaugural meeting will be held on 20 May 2013. Details of meetings and papers will be circulated to relevant people in advance.

10. Background

- 10.1. The roll-out of smart metering can be a catalyst for change in the energy sector, helping to create 'smarter markets' that are more efficient, dynamic and competitive, delivering better outcomes for consumers. However, without changes to market arrangements the potential for market development will be constrained.
- 10.2. On 31 July 2012, Ofgem published a work programme setting out the steps we will take to help drive reforms.¹ The change of supplier process is one of four areas that we have prioritised. The others are: electricity settlement arrangements, the regulatory and commercial framework around demand-side response and the arrangements that govern how consumers engage with the market. We have

¹ *Promoting smarter energy markets: a work programme*, Ofgem, July 2012.

established the Smarter Markets Programme to manage these projects in a coordinated way.

- 10.3. The programme has a wide range of stakeholders, from industry, consumer groups and others. We are committed to engaging effectively with our stakeholders from an early stage. The establishment of COSEG is part of our approach to stakeholder engagement.

Annex 1 – Members and alternates

Company	Member	Alternate	Representing (if different from company)
Hudson Energy	Jackie Street		Supplier Forum
Cornwall Energy		Chris Hill	
Consumer Focus	Richard Hall	James Court	
Waters Wye Associates	Gareth Evans		ICOSS
Corona Energy	Peter Olsen		
Electricity North West	Paul Bircham	Tony McEntee	ENA
Energy UK	Julian Anderton Jason Stevens		
BGT	Kevin Woollard		
EDF	Paul Saker		
E.ON	Alex Travell		
N.Power	Andy Baugh		
SSE	Adam Carden		

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SP	David Rodger		
Xoserve	Steve Nunnington	Paul Orsler	
Gemserv	Andy Knowles		
Electralink	Paul Gath	Mark Pearce	
Elexon	Jon Spence		
GTC UK	Gethyn Howard		AiGTs &CNA
ES Pipelines		Adam Pearce	
DECC	Teresa Camey	TBC	
Northern Gas Networks	Joanna Ferguson		GDNs
Which?	Ashleye Gunn	Fiona Cochrane	