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4th January 2018

Dear Colleague

**MARKET INTELLIGENCE SERVICE (MIS) DEVELOPMENT – OPEN LETTER;
RESPONSES DUE BY 31st JANUARY 2018**

Gemserve (in its role as the central Code Administrator for the Master Registration Agreement) and Xoserve (in its role as the Central Data Service Provider for the Uniform Network Code), have entered into a collaborative arrangement to facilitate the development of the dual fuel MIS under industry governance. Accordingly, the MRASCo Board (i.e. the Master Registration Agreement) and the Uniform Network Code (UNC) agreed the constitution of a Joint MIS Development Group (JMDG¹) to help move this forward.

On the 27th November 2017, JMDG held its inaugural meeting. At that meeting JMDG agreed to consult with the wider energy stakeholder community to help give shape to the development and vision of the services that will comprise the MIS. This open letter is the first stage of that consultation process.

We are therefore inviting your comments, views and ideas on the MIS development, its vision and what might constitute its first set of deliverables.

Background

- On the 21st September 2017, Ofgem published “*Delivering Faster and more reliable Switching: proposed new switching arrangements*”². This is a programme for the delivery of faster more reliable switching, including next day switching. In that consultation, Ofgem’s ‘minded to’ decision was to progress on the basis of Option 2a. The new dual fuel central switching system is to be provisioned with harmonisation (where possible) of gas and electricity switching processes. It is understood the Central Switching Service (CSS) will operate on a calendar day, with some transactions and updates required in “real time”³.
- Faster switching and dual fuel operations create a demand for much more improved data provision (and other) services to industry participants. These services are collectively known as the MIS.

¹ JMDG is a formally constituted electricity and gas industry governance group formed under the auspices of the Master Registration Agreement (MRA) and Uniform Network Code (UNC) respectively

² <https://www.ofgem.gov.uk/publications-and-updates/delivering-faster-and-more-reliable-switching-proposed-new-switching-arrangements>

³ The switch will take a minimum of 1 working day although a switch can take place on any calendar day, The real-time elements will be response notifications from the CSS.

- Gemserve and Xoserve are supporting the industry in taking forward the MIS under the auspices of industry governance. Ofgem support the initiative and are participating at JMDG and the MIS Programme Board (MPB).

In June 2017, Gemserve and Xoserve signed a Statement of Intent to evaluate the opportunities for dual fuel MIS solutions, and to do so in a manner that advances the development of the MIS as described in Ofgem's Faster and More Reliable Switching Request for Information (RFI).

What is the MIS?

Fundamentally, the MIS can be whatever stakeholders believe would be helpful supporting the energy market and its consumers.

In Appendix A, we have provided a few indicative candidate functions that a MIS vision might embrace. We welcome comments on the ideas and any other suggestions that have not yet been considered.

A few considerations of the primary aims of the Market Intelligence Service (MIS) to consider when reflecting on the MIS vision might be:

- Improve reliability of the switching process such that Ofgem's aims for faster and more reliable switching can be achieved.
- Ensuring the required data is available to the people/parties that need it, at the right time and in their preferred manner of delivery / usage.
- Scoping the MIS functions could be many and varied, e.g. it might even centrally manage priority services data and, potentially by extension, maybe even providing a customer portal for customers to manage and update their own information, such as passwords and special needs (e.g. midata⁴).

We must always be mindful of the data protection, information and cyber security needs of any MIS development work. We believe that an incrementally developed solution will allow for risks to be managed and for use cases to be built around properly articulated opportunity and problem statements. This enables targeted impact and cost/benefit assessments to be undertaken, and where necessary, action taken (such as Privacy Impact Assessments) and development work accordingly prioritised. It may also be necessary to engage with the Information Commissioner's Office (ICO) from time to time.

Initial JMDG feedback indicates that the first step might be to extend the API service to suppliers based on the PCW data set. Nonetheless, we are interested to hear from any stakeholders that might have an interest in accessing gas and electricity data from the MIS, including gas and electricity distribution businesses and consumer advocacy bodies, as well as any other potential service users (e.g. metering agents and other innovators in the market).

We are also interested in hearing what the first MIS deliverable should entail, and where respondents are able to, what data are required to meet that requirement.

How might it be delivered?

We anticipate the MIS would evolve over time, delivering solutions potentially as early as the summer of 2018 (if not earlier) subject to industry requirements.

From the outset, the MIS development will be under the auspices of the electricity and gas governance frameworks. Accordingly, we have agreed with the relevant codes the constitution of a single dual fuel development group (see Appendix B). This will enable the work to be kick started and facilitate progress of early MIS deliverables during 2018.

Initial JMDG feedback suggests that the MIS vision should be unconstrained at this stage, notwithstanding the need to be complementary to Ofgem's Faster and Reliable Switching Programme. Accordingly, Gemserve and Xoserve are closely tied into the programme which will ensure there is strong alignment with respect to Ofgem's programme objectives.

In light of an unconstrained development principle, it is possible that the MIS vision may embrace aspects that are not traditionally thought of as retail market needs. We welcome your views on this principle i.e. not to limit the scope at this stage to retail markets.

An unconstrained approach may mean that, over time, we will need to carefully consider how and where MIS functions might be governed. As we move forward, we believe there is a potential role for the Retail Energy Code (REC)⁵ with regard to many of the MIS functions. Our understanding will evolve as the MIS develops in parallel and as the REC scope becomes clearer under the Ofgem's Faster and Reliable Switching Programme.

Funding

We anticipate at the outset that funding will be driven ostensibly under the MRA and UNC governance frameworks. However, this does not preclude providing a range of investment recovery methods. For example, funding by organisational category such as PCWs, Suppliers, Networks, or by any other means. Many of these methods are already in play across codes today.

We welcome your views on the funding and recovery approaches that should be considered as we go forward, noting that it will very likely need to flex around where the benefits will ultimately fall.

Next Steps

We are inviting comments on the MIS and ask that respondents articulate their thoughts in terms of the opportunities that will help markets deliver better solutions and/or problems that need to be solved. Gemserve and Xoserve will continue to work closely with Ofgem's Faster and Reliable Switching Programme to avoid replicating functions that are already underway and to also identify any requirements that might assist the Programme better meet its objectives.

A list of questions identified in this Open Letter are contained within Appendix C.

⁵ The Retail Energy Code (REC) is a dual fuel code which will contain the switching arrangements for the electricity and gas markets and will evolve to support future retail market needs.

Respondents are invited to reply by 31st January 2018⁶ sent to the dedicated email boxes via either: mis@gemserve.com or box.xoserve.ServiceD@xoserve.com

Respondents are invited to note that a report will be submitted to JMDG summarising in a non-attributable manner, all the responses. We may also share the original responses, in an attributable manner, with JMDG, and/or publish them more widely. If you do not want your submission shared in an attributable manner, please mark your response as '**confidential**'.

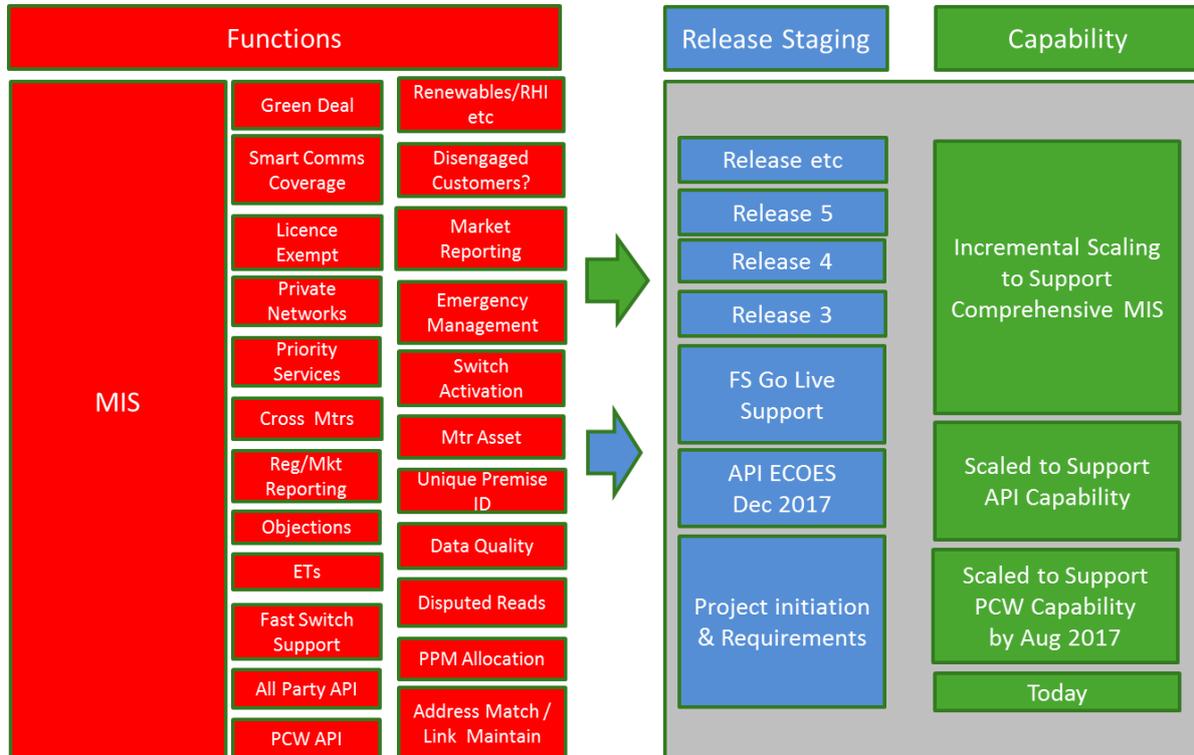
We look forward to working with you on this innovative programme of work. Please do not hesitate to contact either Gemserve or Xoserve if you have any immediate questions in formulating your response.

Kind regards

Tony Thornton (Gemserve)
Andy Miller (Xoserve)

⁶ This is before Ofgem publish its decision on RP2a.

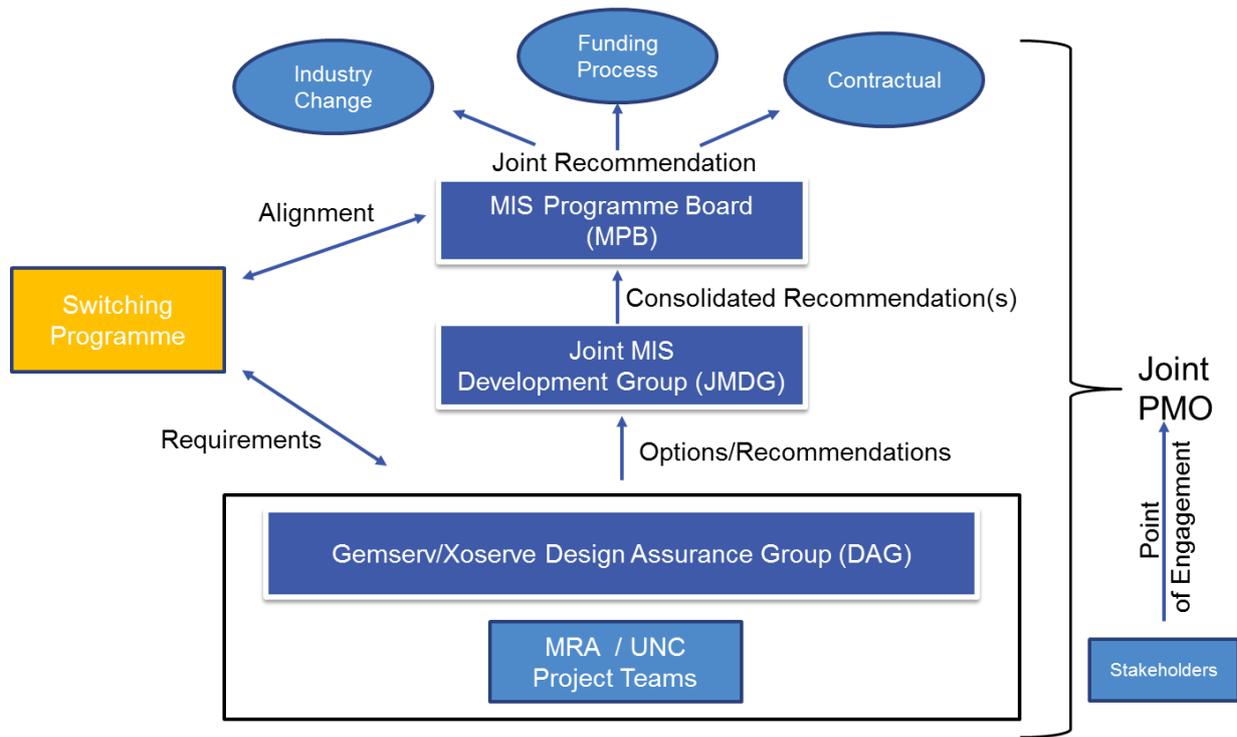
APPENDIX A – MIS CANDIDATE EXAMPLES ONLY



Supporting Notes:

- Address matching and any data quality functions will need to be complementary to the work being taken forward under the Ofgem Faster and Reliable Switching Programme
- There is the opportunity to consider work flow type mechanisms to help manage the customer journey, e.g. with respect to Erroneous Transfers (ETs)
- The functions listed above are drawn from current energy market challenges, however we are becoming aware of new ideas such as possible support for aspects of Smart Metering. No doubt more ideas will emerge following this Open Letter
- Market reporting could be handled for this single source. This could be to assist with general market trends, individual company performance, or even regulatory and governance compliance evaluation
- Disengaged customers may continue to be managed via Ofgem but could in future be supported by the MIS

APPENDIX B – MIS DEVELOPMENT GOVERNANCE FRAMEWORK



APPENDIX C – OPEN LETTER QUESTIONS

1	We are inviting comments, views and ideas on the MIS development and its vision
2	We welcome comments on the ideas and any other scoping suggestions that have not yet been considered.
3	We are interested to hear from any stakeholders that might have an interest in accessing gas and electricity data from a central source, including consumer advocacy bodies, as well as any other potential service users (e.g. metering agents and innovators in the market).
4	We are interested in hearing what the first MIS deliverable should entail, and where respondents are able to, what data is required to meet that requirement.
5	We welcome views on the unconstrained principle i.e. not to limit the MIS vision at this stage to retail markets.
6	We welcome views on the funding and recovery approaches that should be considered as we go forward, noting that it will very likely need to flex around where the benefits will ultimately fall.

Your response might also draw out:

- The specific areas of the consumer switching process that present issues for your business, consider this from the end to end process e.g. consumer engagement with PCW/Supplier to closing and opening statements from old and new Supplier.
- How business processes / interactions for consumer switching may be improved by, for example, more timely provision of data, additional data, different means of delivery etc.
- From your perspective, what are the most common causes of delayed, cancelled or erroneous switches. What might the solutions to these be?
- Respondents might like to draw out the potential opportunities that a MIS could support.