

Code bodies, network operators,
metering agents, suppliers and
and other interested parties

Direct Dial: 020 3263 9675
Email: Angelita.Bradney@Ofgem.gov.uk
Date: 24 March 2015

Dear colleagues

Industry data quality, ownership and governance

We thank industry for its reports¹ on data quality, ownership and governance in response to our request of June 2014.² This letter sets out our response and asks industry to establish the proposed Dual Fuel data workgroup(s).

Delivering a fast, reliable switching process for consumers requires access to accurate metering and address data. It is important that industry acts upon its findings in order to achieve this objective.

Background and report findings

At the Change of Supplier Expert Groups held in 2014, participants identified data quality in both the gas and electricity sectors as an issue for fast, reliable switching. In response we requested that industry provide an evidence-based assessment of relevant data items (e.g. metering and address data), ownership and governance by the end of 2014.

We received the findings at the end of 2014. The workgroup discussions that informed the reports concluded that further (unplanned) improvements to the governance, monitoring and enforcement arrangements are unnecessary. However, they identified opportunities for incremental improvement through the establishment of Dual Fuel workgroup(s), mainly to improve the accuracy of address data.

The reports explained that data quality has continuously improved over time, but noted the potential for larger benefits through, for example, a future central registration service and the adoption of smart meters. They noted that faster switching may exacerbate data quality issues, which in turn may be detrimental to the consumer experience of switching, and that smart meter roll-out may create both opportunities and risks.

Our response

We welcome industry's commitment to act upon all the findings in the reports and develop workplans, and we look forward to clear progress being made against these. We agree with the recommendation to set up Dual Fuel workgroup (s) and ask that industry make the necessary arrangements to establish these in April 2015.

¹http://www.mrasco.com/admin/documents/Electricity%20Data%20Quality%20Working%20Group%20Report_v1.0.pdf
<http://www.spaa.co.uk/upload/spaa/Operational%20Information/Data%20Quality%20WG%20Final%20Report%20v1.0.pdf>

² <https://www.ofgem.gov.uk/ofgem-publications/88308/industrydataqualityownershipandgovernance.pdf>

Dual Fuel address data workgroup and faster switching

We recently published our decision to move to reliable, next day switching³ and would like the findings of the Dual Fuel address data workgroup to contribute to the business process design for our next-day switching programme. We would therefore welcome the group's first report on this before the end of 2015.

Alongside our decision to implement next-day switching we consulted on how the new arrangements are expected to work (at a high level) in our Target Operating Model⁴. We look forward to receiving thoughts on how faster switching using centralised registration can be designed to maximise data quality. We also encourage active participation by industry in our next-day switching programme and will provide more details of these opportunities later this year.

Improving data quality in the context of industry change

It will be important for industry to address issues in a timely and proactive way, working together and sharing best practice where relevant. For example, we expect parties to use the opportunity presented by the roll out of smart meters to tackle data quality issues. This includes addressing issues relating to meter asset providers and meter asset managers, for which no recommendations were made in the reports, and tackling any problems highlighted by the new 17-day switching arrangements. Tackling data quality issues effectively requires an appropriate understanding of the harm caused to consumers. While processes can be complex and lead to difficulties in obtaining evidence of harm, this is not an insurmountable barrier to progress, which could include more effective monitoring and enforcement where appropriate. We expect ongoing work undertaken by industry to take these factors into account.

We will continue to monitor consumer outcomes through the ongoing tracking of erroneous transfer rates and switching timescales. We have not ruled out enforcement action if we see repeated poor performance in these areas.

Next steps

We are working with the relevant parties to develop the terms of reference for the Dual Fuel workgroups. We also welcome responses to our consultation on the next-day switching target operating model by 10 April 2015.

If you have any queries about this letter, please contact Ciaran MacCann at ciaran.maccann@ofgem.gov.uk.

Yours faithfully,

Angelita Bradney
Head of Smarter Markets

³ <https://www.ofgem.gov.uk/publications-and-updates/decision-moving-reliable-next-day-switching>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-next-day-switching-consultation-target-operating-model-and-delivery-approach>