



Energy Enquiry Services Evolution Project

Business Case Briefing

Strategic Priority - Service Excellence | Budget Allowance - £300,000 | Delivery Date - 31st March 2025

Contents

Executive Summary	1
Problem Statement.....	2
Project Overview & Background	2
Impacted Stakeholders	3
2023 Business Case	4
<i>Assessment Finding Themes.....</i>	<i>6</i>
<i>Most Feasible Pathways.....</i>	<i>9</i>
<i>Initial-term Decision Making.....</i>	<i>10</i>
Project Plan	12
<i>Enquiry Services Plan on a Page 2024/25</i>	<i>13</i>
Benefits Statement	14
<i>Expected Benefits</i>	<i>14</i>
<i>Consumer Benefits</i>	<i>15</i>
Stakeholder Engagement Plan	16

Executive Summary

The Enquiry Service comprises the Electricity Enquiry Service (EES) and the Gas Enquiry Service (GES). Both the infrastructure and contract used to deliver the EES is also used for the Secure Data Exchange Portal (SDEP) and Green Deal Central Charge Database (GDCC). For the purposes of this review, any reference to the Enquiry Service will include the SDEP and GDCC.

The Enquiry Service is a critical tool to enable the economic and efficient operation of the retail energy market, and in supporting individual Enquiry Service user's operational requirements. The Enquiry Services contracts have an initial term expiring in July 2025 which RECCo can extend, at its discretion, to July 2027.

The Enquiry Services contracts transitioned to REC governance in 2022, and since then usage demands have increased significantly. We have also seen the introduction of new user types and data use cases due to changes implemented on access rules in 2023¹. We expect the move to an 'open data' taxonomy² plus a return to historic levels of consumer switching to drive further demands on the service, and as the energy landscape is transforming with the implementation of the Central Switching Service and the current deployment of the Market-wide Half Hourly Settlement system, RECCo and the broader industry stand at a crossroads.

Although each of these elements could be considered at a tactical level through system change control, RECCo has determined that, given the contract end date of July 2027, it should strategically consider the long-term service options available and which option(s) are best suited in the industry context.

Our 'Evolution of the Enquiry Services Project' established in 2023 ensured that Enquiry Service users and consumers needs over the medium- to long-term are prioritised. We developed a business case which delved into the best strategic direction for the evolution of the ES, leading up to the contract 2025 & 2027 milestones.

Using robust and high-quality stakeholder engagement, industry indicated their preference that, initially, a low-risk approach should be adopted to the future of the ES. Therefore, RECCo will offer the incumbent service providers an opportunity to provide a compelling proposal for the extension of their contracts beyond 2027. Should this not crystallise then RECCo has sufficient time to conduct a full market procurement in readiness for contract expiry in July 2027.



The Enquiry Service is a critical tool to enable the economic and efficient operation of the retail energy market...

¹ <https://recportal.co.uk/group/guest/-/review-of-schedule-12-and-processes-to-manage-access-to-data>

² <https://recportal.co.uk/group/guest/-/introduction-of-classification-based-access-model-into-the-rec-in-support-of-open-data>

Problem Statement

The current Enquiry Services (ES) contracts are set to expire in July 2025, with an option for RECCo to extend them until July 2027. As the energy landscape evolves with the implementation of the Central Switching Service and the ongoing deployment of the Market-wide Half Hourly Settlement Service, it is crucial to determine the best strategic direction for the evolution of the Enquiry Services leading up to the 2027 contract milestone and the final expiration of the current contracts.

Project Overview & Background

In September 2021, the EES was migrated to RECCo as part of Retail Code Consolidation. In July 2022, the GES, developed as part of the Ofgem led Faster Switching Programme, in support of the deployment of the Central Switching Service, was also migrated to RECCo alongside an enhanced EES. Together these, with the SDEP and GDCC, constitute the Enquiry Services.

The Enquiry Service is a tool allowing organisations to access gas and electricity market data where they are entitled to do so in accordance with the data access and service specifications set out in the REC. Data is sourced from existing industry systems and the Enquiry Service does not prescribe any further validation of those Data Items. The Enquiry Service is the only means by which industry and broader stakeholders can access registration information relating to Registered Meter Points across the whole market. There are currently in excess of 30 different classes of entities who can access the ES.

A centralised Enquiry Service is essential to the operation of the market as a whole e.g. supporting change of supply for consumers while also supporting crucial components of individual organisations operational delivery e.g. call

centre operations and increasingly machine-to-machine communication via Application Programme Interfaces (APIs). Looking to the future, the electricity elements of the Enquiry Service will be a key component of MHHS.

The Enquiry Service contracts have an initial term of 3 years to July 2025 and can be extended at RECCo's sole discretion for a further 2 years to July 2027.

Since go live, we have taken action to ensure costs are economic and efficient. We have implemented re-use of the EES infrastructure to deliver GDCC, and negotiated a significant reduction in the GES charges. Together these improvements will deliver c£1.5m per annum cost saving to industry.

In less than 2 years since go live, we have witnessed a significant increase in Enquiry Service usage alongside the emergence of new use cases e.g. research bodies, local authorities to meet government sustainability obligations, government initiatives to support vulnerable customers, housing associations etc. Looking to the future we expect usage to further increase on the introduction of an "open data taxonomy" and a return by consumers to historic levels of switching.

In our role as intelligent customer on behalf of industry and reflecting stakeholder priorities of enabling efficient operation of the market as well as their own individual company operations, it is opportune that RECCo considers the longer-term future of the ES. The development of a business case in 2023, delivered a comprehensive assessment of the options available and provided recommendations and considerations for the evolution of the Enquiry Service.

Below we set out the foundational work done in 2023 (Project Cost: £168k) and the activities we will undertake in 2024 (Project Budget: £300k) to safeguard the future operation of the industry critical ES. Any Budget spending is subject to scrutiny through RECCo's project governance

structures and processes, as well as the Board approved, scheme of delegated authority within RECCo.

The core driver for this business case is to establish the best strategic direction for the evolution of the ES. We will do this by firstly seeking to establish whether the incumbent service providers can deliver a compelling economic, technical and service provision case which demonstrates the development of an Enquiry Service over the near term to meet the known current and future market needs and have sufficient elasticity to continue to develop and grow within a changing and evolving market. In the event they are unable to do so, RECCo will have sufficient time to conduct a competitive market procurement in advance of contract end in July 2027.

Impacted Stakeholders

All Enquiry Service Users including licenced market participants such as: Energy Suppliers, Energy Distributors, and non-licenced entities such as metering organisations, Third Party Intermediaries, government and local authorities, research bodies, consumer interest organisations. The list of authorised Enquiry Service User categories is set out in the respective EES and GES Data Access Matrix on the REC Portal³.

During the summer 2023, RECCo conducted several open day stakeholder workshops in London, Birmingham, and Glasgow. Stakeholder feedback identified several user experience improvements that could be implemented

in the short term, as well as the need to develop a flexible, adaptable, and elastic service to meet the changing needs of users longer term. Feedback also identified that a low-risk approach should be adopted for the Enquiry Service given the general satisfaction with the service and its essential role in Supplier operations.

Our [2024-2027 Forward Work Plan](#) reflects this feedback of an enduring need for the ES, that the service functions and performance must be fit-for-purpose. Stakeholder feedback indicated, initially, a low-risk approach should be adopted to securing that future.

³ <https://digital-navigator.azurewebsites.net/dataspec>

2023 Business Case

A comprehensive business case was developed, the output of this was:

- High-level requirements definition of the Enquiry Services;
- Scenario identification of available routes to RECCo for evolution;
- Market engagement through a request for information (RFI) process;
- Architectural modelling, including baseline assessment and optioneering;
- Cost estimation and financial modelling, with industry-impact assessment;
- Comprehensive assessment through 7-Business Case Methodology cases of each scenario; and
- Detailed calculation of risks, assumptions, issues, impacts and dependencies located within a Findings Catalogue.

The findings of the above resulted in an independent view of recommendations and considerations for the most successful Evolution of the ES, considering all opportunities and constraints.

Figure 1 shows the options considered for meeting customers' and consumers' needs over the medium to long-term and the outputs against which each option was considered.



“

Stakeholder feedback identified several user experience improvements that could be implemented in the short term, as well as the need to develop a flexible, adaptable, and elastic service to meet the changing needs of users longer term.



Identifiable Pathways

- **Four key scenarios** were identified as available pathways for the evolution of the Enquiry Services.
- With each scenario, several **different permutations** were identified.
- The permutations demonstrated how each scenario may be delivered, either **by solution or by supplier(s)**.
- These were then assessed against the **seven business case components**, identifying the following findings to consider.

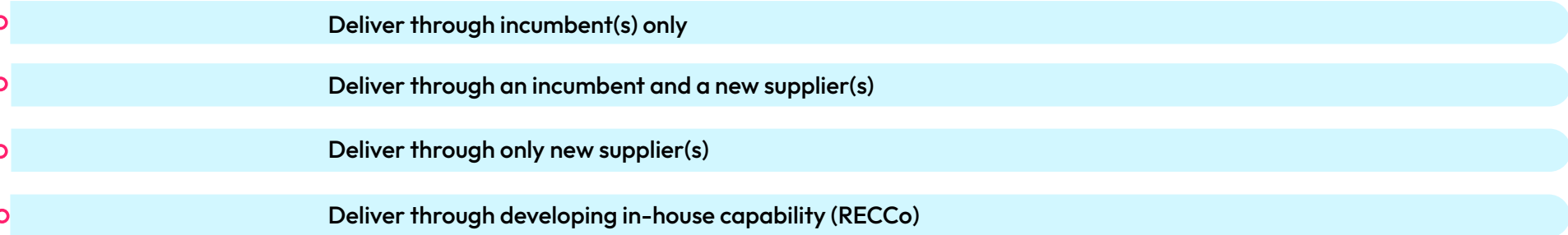


Figure 1: Option Analysis

Assessment Finding Themes

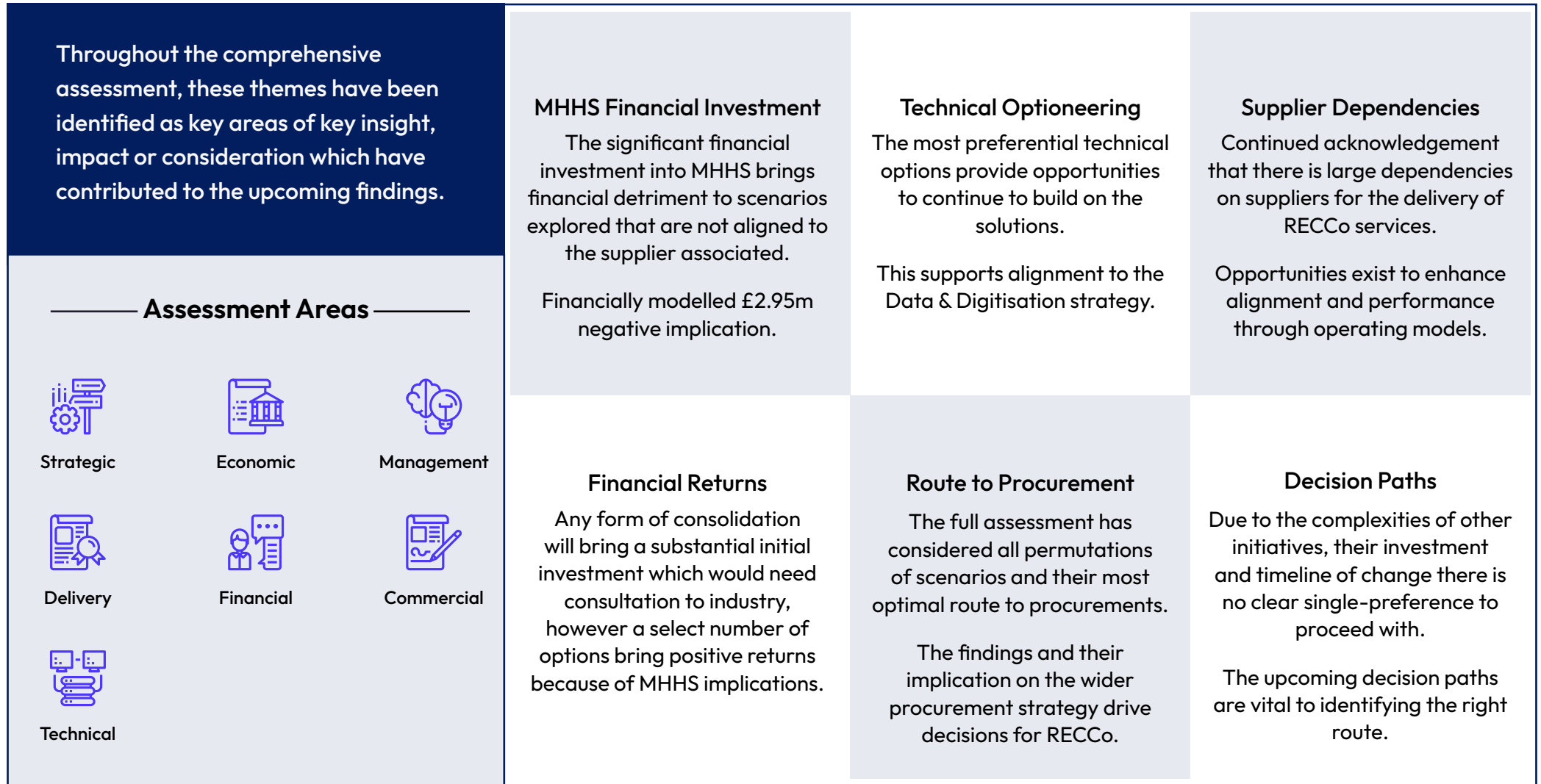


Figure 2: Themes against which option was assessed

Using the themes identified above two options, #1 and #3 as set out in Figure 1, were discounted and Figure 3 shows the rationale for this.

Unavailable Pathways

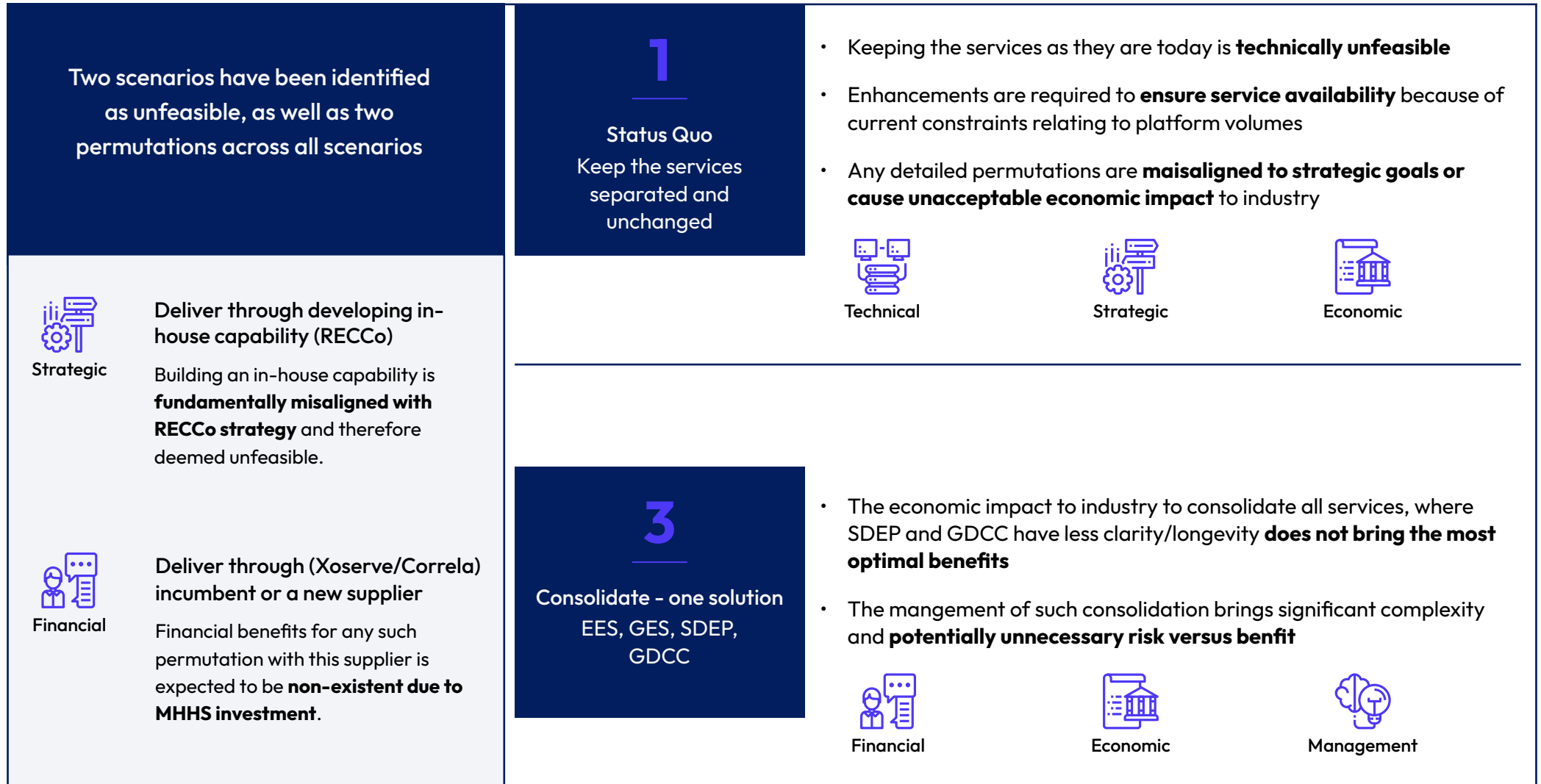


Figure 3: Discounted Options

Financial Model Summary

To support the financial and economic assessment of the business case, a detailed cost-estimation was made to inform a re-usable financial model.

Overview	Assumptions	Exclusions
<p>Cost-estimation and financial model includes:</p> <ul style="list-style-type: none"> • Procurement and project timelines • Internal and external resource • Costs and forecast of dual run • Cost of change • Impact to industry costs • Monthly breakdown/payback • Input taken from FRI engagement, industry baseline costs and RECCo procurement timelines • MHHS implications/cost risk at £2.95m as a mid-ground of provided costs 	<ul style="list-style-type: none"> • Baseline operating costs are £4M • Earliest procurement is Jan'24 • The re-solutioning GES and EES are the same • Dual-running costs operate at existing op-ex costs • New baseline costs replace old at go live • £150K assumption for any IPR dispute resolution • £200K licence costs for UK Link • Cost of procurement is built into RECCo operating costs 	<ul style="list-style-type: none"> • To demonstrate scenario comparison, no CPI/inflation rate has been overlaid, however a mechanism to input this into the model is included. • The service operating costs exclude the current rate of change (forecast at ~£600K) • No supplier discounts nor improved contract commercials have been included, which may bring additional benefits if they engage in activity

Figure 4: Financial Model Summary

The assessment identified the two most favourable pathways that are the most feasible and financially beneficial for the initial term decision making. There was a consistent theme in that the two most favourable pathways are able to act as stepping stones to support the wider and longer-term strategic goals of moving to a microservice based architecture.

The decision-making process to support the identification of the best pathway for industry is illustrated in **Figure 5**.

Most Feasible Pathways

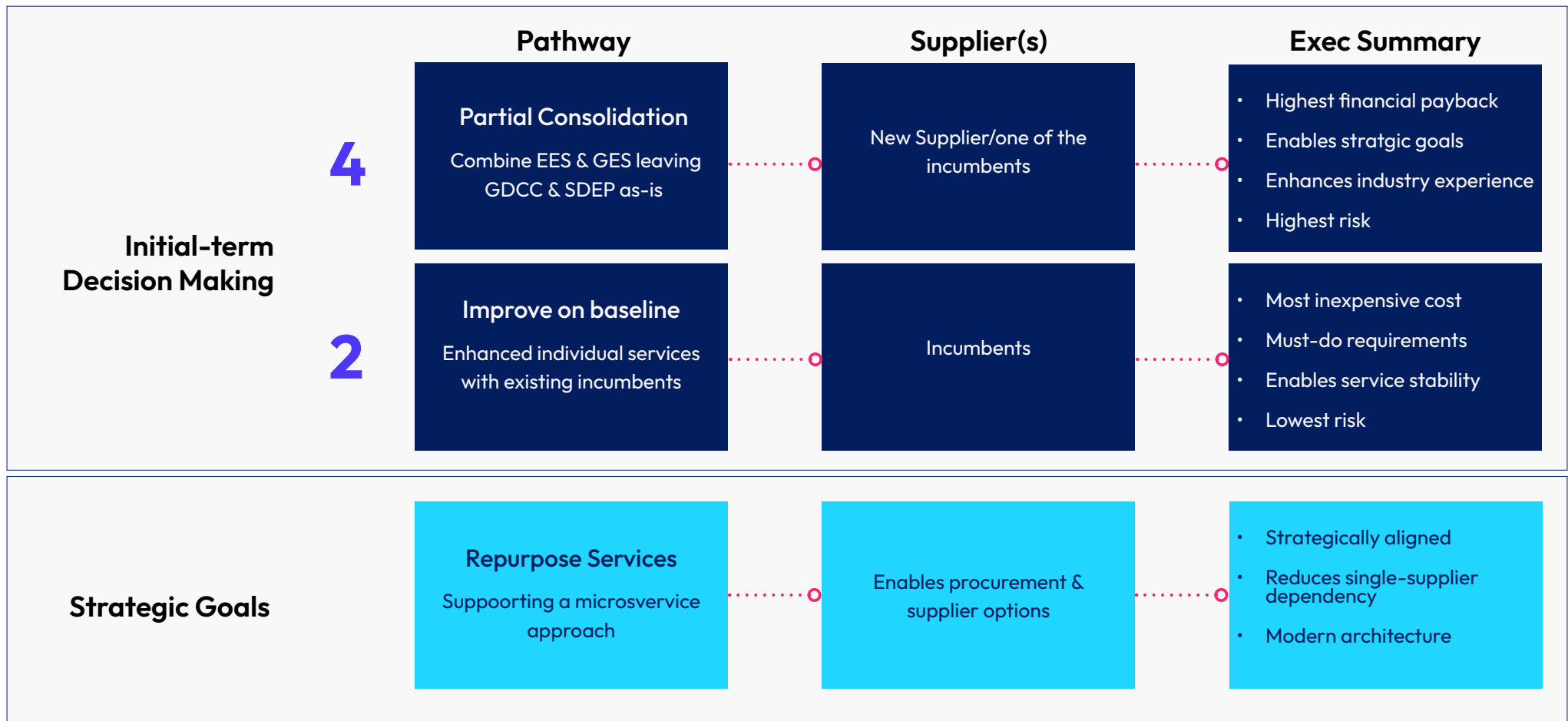


Figure 5: Most Favourable Pathways

For the two identified most favourable pathways the benefits, risks and costs were assessed and these are shown in **Figure 6**.

Initial-term Decision Making

Pathway	Key Benefits	Key Risks	Financial Overview
4 EES/GES Consolidation (incl. SDEP & GDCC)	<ul style="list-style-type: none"> • Operational improvement in alignment with D&D strategy • Operationally efficient solution through partial consolidation • Opportunity to enhance UX & address other technical constraints • Highly cost-effective pathway • Does not risk MHHS investment • Procurement routes to enable competition/maximise benefits 	<ul style="list-style-type: none"> • Complex technical changes and service disruption through delivery • Substantial initial investment to be consulted with industry • Time constraints of delivery & MHHS Go-Live dependency • Single supplier dependency, implications on competitive procurement and service delivery 	Implement Estimate: £4m
			Operate pa: Estimate £3m
			Savings pa £0.6m
2 Enhance existing services with incumbents	<ul style="list-style-type: none"> • Operational efficiency through a mature and stable service • Least service disruptive route • Service becomes operationally fit-for-purpose • Cost-effective approach for initial term decision making • Does not pose risk to significant MHHS investment • Technologically uncomplex 	<ul style="list-style-type: none"> • Missed opportunity for financial benefits, maintaining dual services • Some benefits aren't possible to be achieved until MHHS go-live • Will still require contract refresh to benefit RECCo terms • Initial investment cost burden with no payback 	Implement Estimate: £1.2m
			Operate Estimate: £4m
			Savings pa: £0

Figure 6: Benefits and Risks of the most Favourable Pathways

The outcome of the Business Case was that both options were feasible. Option 4 delivered potential cost savings and a net positive return on investment, but when weighted against the risks arising from a competitive procurement, deployment and migration programme it was not the preferred option.

Therefore, Option 2 was determined the initial preferred option as it offered the lowest risk, protected the investment in MHHS and while it assumed a worst case no return-on-investment scenario we will seek cost savings through negotiation with the incumbents.

The Business Case demonstrates:

- A structured, robust and recognisable approach for comparing investment options;
- Confirms the underlying assumptions used and describes the inputs used to determine the best customer and consumer outcomes;
- The risks associated with delivery and the proposed approaches to mitigating those risks;
- That the proposed investment represents value for money for customers and consumers; and
- The expenditure profile.

“

...Option 2 was determined the initial preferred option as it offered the lowest risk, and protected the investment in MHHS...

Project Plan

Looking to 2024-25, building on the foundation work in 2023, we have included an allowance of £300k in the 2024/25 to pursue the preferred option detailed above. Our Plan on a Page (POAP) is shown in Figure 7, page 13. There will be 4 key phases to the project:

1 Requirements Development

This will be a 3-month period and, utilising internal and external expertise, we will develop a “model answer” against which the incumbent’s proposals will be assessed. This model answer will be a view of what the market would return if a competitive procurement was carried out e.g. contract T&Cs, service level agreements, performance regime, technology options, delivery structures, service provider capabilities etc.

2 Request for Proposal Stage

This will be a 3-month period and will include the development of an RFP which the incumbent will be asked to respond to. During this stage we will carry out dialogue sessions with the incumbent to ensure our requirements are fully understood and also allow for their input.

3 Service Provider Proposals

The incumbents will have 3-months to develop their responses to our RfP.

4 Assessment Phase

In the final quarter of 2024/25 we will formally assess the incumbents pricing and quality response to our the RfP. The outcome of this assessment will be a decision whether to contract with the incumbents for a longer period past 2027 or just to 2027. In the event of the latter, we will then initiate a full market procurement project.

Enquiry Services Plan on a Page 2024/25

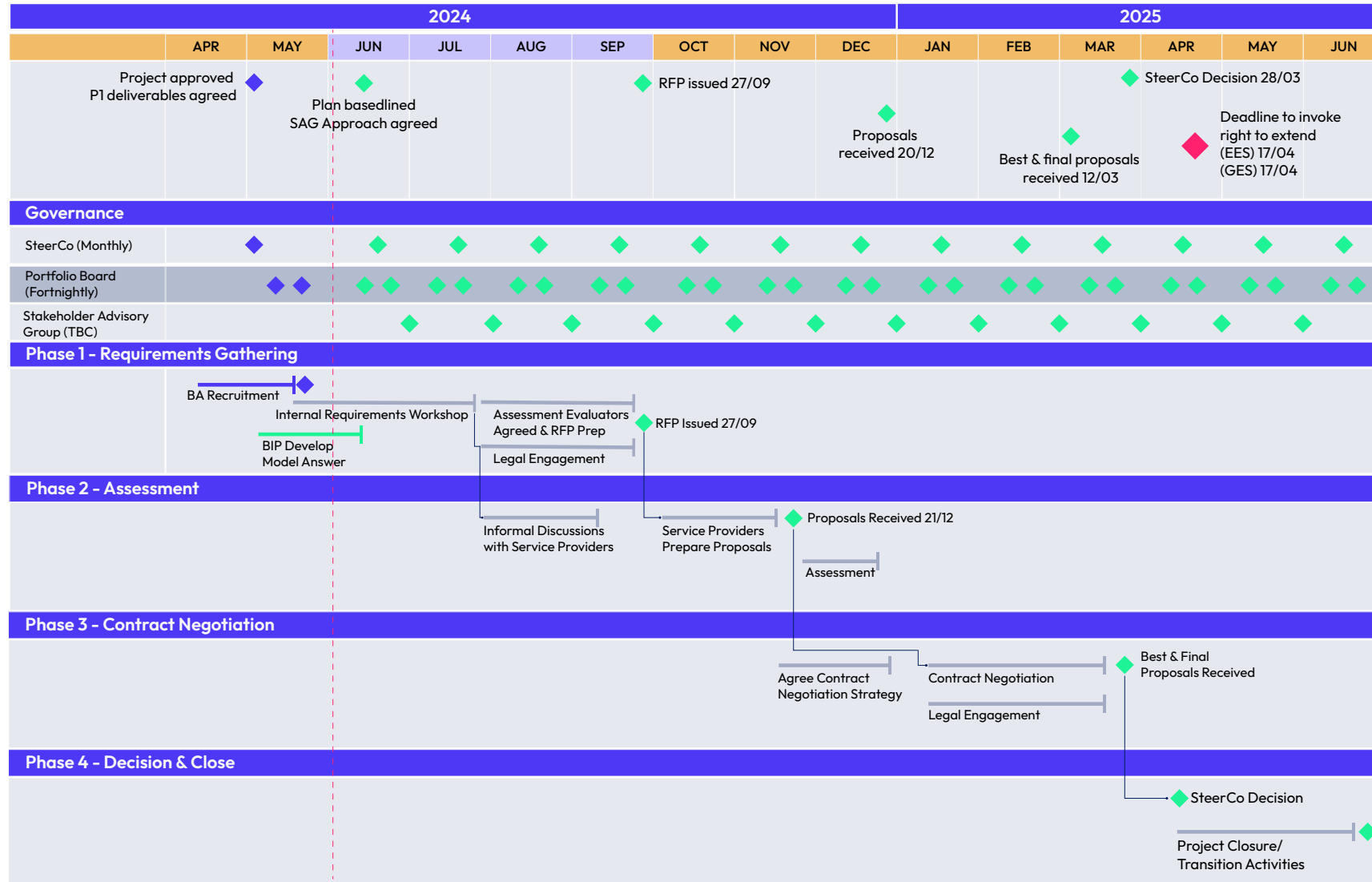


Figure 7: 2024/25 Plan on a Page

Benefits Statement

Expected Benefits

The key benefit of this project is that by 31 March 2025 RECCo will have clarity on whether the incumbent service providers have offered a compelling proposal to support an extension of their contracts beyond July 2026.

This in turn will determine whether RECCo needs to commence a service replacement procurement activity in 2025.

There are also several benefits to our proposed approach, including:

Cost Savings

Estimated savings due to improved operational efficiencies and reduced service provider costs.

Service Stability

Ensured continuity of high-quality enquiry services with minimal disruptions.

Stakeholder Satisfaction

Enhanced user experience and satisfaction due to streamlined processes and improved service delivery.

Market Efficiency

Supports market efficiency by providing timely and accurate enquiry services.

Consumer Benefits

The project aims to provide significant benefits to consumers by improving the quality, efficiency, and accessibility of enquiry services. These enhancements will lead to better consumer satisfaction, cost savings, and support for a sustainable energy future.

Improved Service Quality

- **Accuracy and Reliability:** Enhanced enquiry services will ensure that consumers receive accurate and reliable information about their energy consumption, billing, and related queries.
- **Timely Responses:** The evolution of enquiry services is likely to reduce response times, providing consumers with timely solutions to their queries.

Enhanced User Experience

- **User-Friendly Platforms:** The project aims to implement more intuitive and user-friendly enquiry platforms, making it easier for consumers to access and understand their energy information.

Enhanced Security and Privacy

- **Data Protection:** Improved enquiry services will include better security measures to protect consumer data, ensuring their personal and usage information remains confidential.

Cost Savings

- **Lower Energy Costs:** By improving the efficiency of enquiry services, the project can contribute to overall cost reductions, which may be passed on to consumers in the form of lower energy bills.
- **Reduced Service Charges:** Enhanced operational efficiency can lead to reduced service charges for handling consumer enquiries.

Increased Transparency

- **Clear Information:** The evolution of services will likely include improvements in how information is presented to consumers, making it easier for them to understand their energy usage and billing details.

- **Compliance with Regulations:** The project will ensure that all consumer data handling complies with relevant privacy and security regulations, providing consumers with peace of mind.

Stakeholder Engagement Plan

In 2023, we carried out robust and high-quality stakeholder engagement. Stakeholders confirmed their priority for the Enquiry Service was to ensure its functions and performance met their requirements for the short-to-long term. They confirmed the importance of the Enquiry Service to the efficient and economic operation of the market as a whole and their own business. They also confirmed that RECCo should adopt a low-risk approach to securing the future of the service.

In 2024, it is crucial that stakeholders play a key role in the strategic development of the Enquiry Service which RECCo in its role as intelligent customer on behalf of industry will procure.

Our stakeholder communication and engagement plan set out how we will conduct robust and high-quality engagement with stakeholders throughout 2024. We will actively seek views from stakeholders to ensure that the evolution of the Enquiry Service is informed by the feedback. We will seek diverse perspectives on future requirements, foster collaboration

and enhance transparency to ensure project outcomes are economic and effective.

Our expenditure plans and investment options will reflect stakeholders' priorities and we will create a mechanism whereby any reasons why stakeholder feedback is not incorporated into the content are transparent and clearly communicated to stakeholders.

We will establish a Stakeholder Advisory Group (SAG) and Figure 8 details our approach.

<p>1. Define the Purpose & Objectives</p>	<ul style="list-style-type: none"> • Identify Goals: Clarify why we need a stakeholder advisory group. Indicative objectives to include gathering diverse perspectives on requirements, fostering collaboration and enhancing transparency. • Scope of Work: Define the scope of the group's activities. Determine the specific activities on which the group will advise.
<p>2. Identify and Select Stakeholders</p>	<ul style="list-style-type: none"> • Stakeholder Mapping: Identify potential stakeholders using a stakeholder mapping process. Consider those who are impacted by the Enquiry Services project, those who have influence over outcomes, and those who possess valuable expertise. • Criteria for Selection: Develop criteria for selecting members, ensuring a diverse representation in terms of expertise, demographics, and stakeholder groups (e.g., customers, employees, industry experts). • Outreach and Invitations: Approach potential members with clear information about the group's purpose, expectations, time commitments, and benefits of participation.

3. Establish Structure & Governance	<ul style="list-style-type: none"> • Roles and Responsibilities: Define roles within the group, including a chairperson, facilitators, and members. Clearly outline the responsibilities and expectations for each role. • Terms of Membership: Decide on the duration of membership terms and the process for renewing or replacing members. • Governance Policies: Develop policies for the group’s operation, including decision-making processes, meeting frequency, and conflict resolution mechanisms.
4. Plan Logistics & Support	<ul style="list-style-type: none"> • Meeting Schedule: Set a regular meeting schedule that accommodates members’ availability. Plan for both in-person and virtual meetings if necessary. • Resources: Ensure members have access to necessary resources, including background information, data, and administrative support. • Budget: Allocate a budget for the group’s activities, including meeting logistics, travel expenses, and any other necessary expenditures.
5. Facilitate Effective Meetings	<ul style="list-style-type: none"> • Agendas: Develop and distribute meeting agendas in advance, clearly outlining topics for discussion and objectives for each meeting. • Facilitation: Appoint skilled facilitators to guide discussions, encourage participation, and keep meetings focused and productive. • Documentation: Record meeting minutes and key takeaways, ensuring they are shared with all members promptly.
6. Engage & Communicate	<ul style="list-style-type: none"> • Transparency: Maintain transparency with both the advisory group, the wider project team including Steerco and/ or Portfolio Board. Share updates on how input is being used and any decisions made as a result. • Feedback Loops: Create mechanisms for ongoing feedback between the advisory group and the Enquiry Services project to ensure continuous improvement. • Recognition: Acknowledge and appreciate the contributions of advisory group members publicly.
7. Evaluate & Improve	<ul style="list-style-type: none"> • Regular Reviews: Conduct regular reviews of the group’s effectiveness and its impact on the project. Gather feedback from group members and other stakeholders. • Adaptation: Be willing to adapt the structure, processes, and membership of the group based on feedback and changing project needs. • Reporting: Provide regular reports to Steerco and/ or Portfolio Board and the advisory group itself on the outcomes of the group’s work and any actions taken based on their advice.

Figure 8: Stakeholder Advisory Approach