

Standing Issue

Standing Issue Title:

Improving the Quality and Accuracy of Data Flows

Issue:

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Basic issue and impact

Approximately 80% of data flows do not have a Service Level Agreement (SLA). Delayed or missing flows clearly have impacts on:

- A. Settlement performance and risk.** Although settlement performance is gradually improving missing, late and invalid flows lie at the heart of some of the top remaining risks. For example SR0010 – the risk that supplier agents do not provide specified information to the supplier, or SR0069 – the risk that Market Domain Data is invalid resulting in system problems for Parties and data not entering settlements, as well as potential problems with conflicting data being used in settlements.
- B. Supplier overheads and profitability.** We estimate that the industry employs **at least 500 FTE solely** to chase missing/late flows or to ask for invalid flows to be corrected and sent again. These FTE and other costs must of course be added to suppliers' overheads (i.e. recovered from paying customers).
- C. Customer:** Missing, very late and inaccurate flows are a key cause of late bills, estimated bills, and bills that may never be sent to customers (e.g. Due to disputes around an unrecorded meter exchange). In four of the last five years the energy industry has topped the list of least accurate bills, in 2010 being surpassed only by the Inland Revenue. A survey by U-switch concluded that 27% of people say they were incorrectly billed in the last two years, with 14% of customers advising that this has occurred more than once. ([U-switch survey 2011](#)).

Where SLA's do exist, we believe they (or an alternative) could be far more effectively enforced and could include incentives as well as penalties.

Key focus areas

E.ON has undertaken some analysis and our figures demonstrate that around 7% of D149/150 flows are currently not sent on time. We have identified **8 flows** that appear critical to improving settlement risk and billing performance. Inaccuracy – flows that are sent on time but are wrong or incomplete – compound the issue but may still appear to be 'compliant'. Based on data from several sources we estimate that approximately 35% of the manual work performed on customer accounts is as a direct result of missing or invalid data flows.

Data flows and the future – an example:

If the current level of fallout that we see at E.ON on the D149/D150 flows alone continues throughout the Smart meter rollout, approximately 1 million UK households could have their Smart meter installation blighted by data quality issues or missing flows.

Our work so far

We have attempted to rank the 200+ existing industry data flows and we believe that the following have the most potential to improve both settlement risk profile and the customer experience:

- D0149
- D0150
- D0086
- D0152/D0010
- D0010
- D0170
- D0300

These flows are used mainly during change of supplier process but some are also vital after a meter exchange.

Our proposal

We propose the setting up of an issues group to examine:

- The impact of invalid, missing or late data flows on Settlement risks. To consider also how these impact customers and billing. We believe that a good starting point would be our initial ranking which we are happy to provide to the group.
- To confirm the materiality and scale of the problem.
- To consider how we can improve the current performance measures, (an option may be to establish a fairly simple, cost-effective supplier incentive regime, perhaps focused initially on these key flows).
- To determine whether we are measuring the right things, at the right time, to ensure optimum performance ongoing.

Costs and benefits of a Supplier Incentive Regime

While there will be modest staff costs to implement and run such a scheme, we believe high IT costs can be avoided and significant benefits could be realised which will far outweigh this cost; we believe this will:

- Reduce the impact of risk to settlements
- Improve the industry data quality
- Make more effective use of resources - avoiding inefficient activities such as chasing late, missing and inaccurate flows.
- Reduce instances of late, inaccurate or estimated bills (reducing calls, debtor days and instances of rebilling)

Background

E.ON has carried out more detailed analysis that looks specifically at the impacts of the D0149/D0150 and D0152/D0010 and the costs associated with wrong or late information in these flows, which we are happy to share on request.

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