

# OFGEM Case Study

## Situation

Ofgem (Office of Gas and Electricity Markets) is an independent regulatory authority which acts to protect the interests of UK consumers and runs on behalf of the Department of Energy and Climate Change (DECC) energy related environmental programmes.

In 2011, DECC appointed Ofgem to implement and administer the Renewable Heat Incentive (RHI) scheme. The RHI is a Government environmental programme that provides financial incentives to increase the uptake of renewable heat. To administer the scheme Ofgem were required to set-up an IT system and operation to process RHI applications including the payment of RHI subsidies. The forecasted value of these subsidies was £1 bn per annum.

## Action

Obrar's Senior Consultant, Richard Hampson, was appointed by Ofgem to advise on the procurement of the RHI payment system and to establish a contact centre (outsourced or in-house) with the associated IT and telephony systems for up to 60 FTE.

The main challenges of this programme were:

- Ofgem only had a small customer contact team (4 people) and required strategic and financial advice on whether to outsource the RHI contact centre or develop their own contact centre;
- there was a lack of experience within Ofgem on contact centre technology and whilst some investigations had been carried out there was no agreed strategy;
- the scheme was due to go live in eight months' time and this limited the procurement options open to Ofgem due to the Public Contract Regulations;
- the potential take-up of the RHI scheme by participants was unknown and therefore the payments and contact centre solutions needed to be flexible;

## Results

To address these challenges, Richard carried out an in-depth analysis of the options for the payments solution and the RHI contact centre. This included presenting the recommended solution to Ofgem's directors and DECC. The recommended solution was accepted and Richard was then asked lead this part of the RHI implementation programme. This included the following activities:

- procurement of a SUN Accounts payment module using a framework contract;
- process integration of the SUN Accounts module with the in-house RHI system;
- setting-up of an in-house contact centre including the recruitment and training of staff and creating a RHI knowledge base;
- procurement of the ACD and CRM systems for the contact centre;
- setting-up of the ACD and CRM systems with the supplier and process integration with the RHI system.

As a result of Richard's work, the RHI scheme successfully went live on-time and within budget. The payments and contact centre solutions which Richard put in place then supported a rapid increase in the growth of the RHI scheme including the launch to domestic participants in 2014.