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<u>Switching Programme Significant Code Review: Retail Energy Code v3.0</u>
<u>Consultation Response</u>

Octopus Energy is a leading challenger UK energy retailer and a technology disruptor. Since market entry in 2016, our award winning platform, Kraken, has allowed us to:

- grow rapidly to hold over 8% of market share,
- provide fantastic customer service (we are the only energy supplier recommended by Which? three years running and maintain a Trustpilot score of 4.8)
- set a new bar in retail cost efficiency; and
- lead the way in rewarding tens of thousands of customers for using energy when it is cheapest and greenest, and providing this flexibility to support the energy system.

We have licensed Kraken to local and international energy retailers, including EONnext in the UK and Origin in Australia. We completed the nPower customer migration to Kraken for EONnext in a record breaking 11 months and this is already delivering lower costs and vastly improved customer satisfaction. Kraken will shortly support over 17m accounts world-wide.

Kraken is constantly evolving, with multiple changes under development at any point in time. We update it frequently, with changes deployed in a gradual, agile way, to reflect learning, business need, regulatory and energy industry changes and the evolving requirements of our customers. With the transition to a low carbon energy system, and to provide the flexible energy system envisaged in last week's document from BEIS and Ofgem, we expect the pace and scale of change to our platform will need to accelerate.

With this background, we are deeply concerned about the proposal to introduce a requirement for suppliers to provide a Maintenance of Qualification Submission to the Code Manager in circumstances set out in paragraph 1.6 of the Quality and Maintenance Schedule.   These requirements are very loosely defined and open to a wide range of interpretations.   As they stand, they could result in the reporting and Code Manager approvals process severely delaying migrations and slowing down the evolution of systems and processes. This would add costs, hold up the continual service improvements we are all required by licence to make and slow

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down innovation in smart tariffs for customers. These requirements, as drafted, could have the unintended consequence of transferring responsibility for technology system design from retailers/DNOs to the Code Manager unless there are very much stronger definitions and tighter parameters placed around them.

We seek greater clarity in the following areas within paragraph 11.6 of the Quality and Maintenance Schedule:

- **The rationale informing the provision and need for change in this area.**
- **The circumstances where a Maintenance of Qualification Submission will be required from a Qualified Energy Supplier.**
- **The tests to be applied by the Code Manager in assessing submissions.**
- **The timelines which the Code Manager will need to comply with for testing.**

Rationale: We have not been able to find any record of the rationale for these provisions or of the consultation that has led to the current drafting. We would be grateful if the relevant documents could be sent to us. If they do not exist we ask Ofgem to set out a detailed statement of the problem that this provision is seeking to avoid.

Circumstances: If these requirements are to be put in place, we urge Ofgem to define very tightly the circumstances in which suppliers/DNOs would need to make a submission to the Code Manager. The current drafting - *'a change to Systems and/or processes (that may impact interfaces with the CSS Provider or other Market Participants)'* - is highly ambiguous and could capture changes which place little risk on the industry. The definition needs to provide a set of requirements that are proportionate and give consideration to the serious impact that frequent, extensive reporting and subsequent testing could have on businesses, customers and the transition to net zero.

Further, clarity on the circumstances in which submissions are required is essential to ensure consistency among Energy Suppliers and DNOs and to avoid disputes between the Code Manager and supplier/DNO parties. Consultants supporting the Code Manager may have a commercial incentive to widen the scope of changes requiring approval, and a tighter and clearer definition which avoids the current subjectivity will be essential to avoid this.

Tests: We require greater detail about what tests the Code Manager will apply where a submission has been made. Again, we seek reassurance that these tests will be proportionate to industry risk and retain responsibility for system integrity with the industry parties.

Timelines: Finally, if these requirements are to be introduced there needs to be some binding commitments from the Code Manager on the deadlines they will work to for system testing. We note the recent 12 month period for CSS testing. It is important that the scale and intensity of testing matches the risk that the system change might pose to the industry overall.