

OVO Energy, REC Board, REC
Code Manager, REC Parties and
other interested parties

Email: industrycodes@ofgem.gov.uk

Date: 24 August 2023

Dear Colleague,

Decision to reject an appeal by OVO Energy against the Self-Governance decision of the REC Technical Expert Panel to reject REC Change Proposal R0009: Introduction of SDEP and EES USER Maintenance API

On 22 March 2023, we received an appeal from OVO Energy (the appellant) regarding the decision of the Retail Energy Code (REC) Technical Expert Panel (TEP) to reject REC Change Proposal (CP) R0009: Introduction of SDEP and EES User Maintenance API.^{1,2}

Having considered the arguments and evidence submitted by both the appellant and the Code Manager, we have decided to reject the appeal. This letter sets out our reasoning for our decision.

Background

The Secure Data Exchange Portal (SDEP) module of the Electricity Enquiry Service (EES) is a secure online platform designed to facilitate a standardised method for REC Parties to communicate with one another when resolving missing or disputed data, escalations and other queries. Energy Suppliers and Distribution Network Operators (DNOs) are required under the REC to use it when sending operational queries and escalations across the industry.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work.

² The appeal was made in accordance with Clause 22 of the REC Change Management Schedule.

However, whilst prior to the development and introduction of SDEP, Parties were able to automate the sending of messages via email, the SDEP does not contain automation functionality and all communications must be raised manually.

In addition, within the EES, certain parties, ie a Master Administration User (MAU) or Authorised Persons with maintenance permissions assigned to them, can manage permissions for Users manually through an interface known as the Graphical User Interface (GUI). However, there is no mechanism that allows changes to be made to a large volume of accounts in bulk, meaning changes need to be made manually for each individual account. This can lead to inefficiencies when there is a need to make a high volume of changes at one time.

The Change Proposal

R0009 was raised by the Code Manager on 8 September 2021 and the Code Manager determined that it should be progressed as a Self-Governance Change.³ R0009 seeks to introduce an Application Programming Interface (API) to allow the following functionality:

1. To allow SDEP Users the ability to send, receive, and respond automatically to messages through the SDEP
2. To allow EES and Secure Data Exchange Service (SDES) Users to carry out automated EES Authorised Person Maintenance

R0009 was developed from two transitional issues which had originally been raised under the Master Registration Agreement (MRA):

- MIF322 - Automated Sending of Bulk Communications via SDEP, and
- MIF340 - Bulk Change of ECOES User Information.

Following the consolidation of provisions of the MRA into the REC as part of the REC v2.0 release on 01 September 2021,⁴ MIF322 and MIF340 were combined and moved forward as a single REC CP, R0009. As both changes were impacting a single Service Provider, combining them into one CP was deemed by the Code Manager to be more efficient than treating them separately.

³ In accordance with Paragraph 9 of the REC Change Management Schedule.

⁴ [Decision on Retail Energy Code v2.0 and Retail Code Consolidation Consultation | Ofgem.](#)

REC Responsible Committee decision and subsequent appeal to the Authority

The TEP was identified as the Responsible Committee for R0009 in accordance with the REC Baseline Statement.⁵ The Final Change Report (FCR) for R0009 was shared with the TEP for decision by ex-committee on 23 February 2023, and on 28 February 2023 a majority of the TEP voted to reject R0009 on the basis that the business case for approving the CP had not been made. This was consistent with the Code Manager's recommendation.

On 15 March 2023 the TEP's decision was appealed to us by the appellant. This appeal was sent to us by the Code Manager on 22 March 2023, alongside a referral letter from the Code Manager and other supplementary information.

Our decision

We have considered the issues raised within the FCR dated 01 March 2023,⁶ and within the appeal documentation submitted to us. We have considered and taken into account the responses to the industry consultation and impact assessment, which are available via the REC Portal. We have also had regard to the eligible grounds for appeal in this matter⁷ as well as our principal objective and statutory duties.⁸

We have concluded that implementation of R0009 would not better facilitate the achievement of the REC Objectives.⁹ We also do not consider that suitable evidence has been presented to demonstrate that the appellant is likely to be unfairly prejudiced by the non-implementation of R0009. We agree with the original decision of the TEP, and the associated Code Manager recommendation, and have therefore decided to reject the appeal and uphold the original Self-Governance decision.

Reasons for our decision

The Self-Governance decision was based on an assessment of the business case for the change, rather than on the REC Objectives. In reaching our decision, we have assessed R0009 against the eligible grounds for appeal of a REC Self-Governance CP, as set out at

⁵ The Technical Expert Panel is established and constituted pursuant to and in accordance with the REC.

⁶ REC change proposals, change reports and representations can be viewed on the [REC Portal](#).

⁷ As set out at Electricity Supply Standard Licence Condition 11B.11 and Gas Supply Standard Licence Condition 11.11. Licence conditions can be found on our Electronic Public Register: <https://epr.ofgem.gov.uk/Document>. See also Ofgem guidance on self-governance modification appeals: https://www.ofgem.gov.uk/sites/default/files/docs/2013/10/ofgem_guidance_-_self-governance_modification_appeals_process.pdf.

⁸ Electricity Act 1989 s.3A and Gas Act 1986 s.4AA.

⁹ As set out in Standard Condition 11B.6 of the Electricity Supply Licence and Standard Condition 11.6 of the Gas Supply Licence.

electricity supply standard licence condition (SLC) 11B.11 and gas supply SLC 11.11. This includes, among other things, an assessment of R0009 against the REC Objectives.

In summary, we do not consider that we have been presented with sufficient evidence to suggest that R0009 would better facilitate any of the REC Objectives. We also do not consider that the appellant is likely to be unfairly prejudiced by the non-implementation of R0009. The FCR sets out the business case for the change, which highlights significant uncertainty surrounding the potential benefits, with the cost benefit analysis findings ranging from a possible cost of £387k to a possible benefit of £247k. We are therefore not satisfied that the potential industry and consumer benefits of R0009 would outweigh the possible costs.

We note the challenges faced by the Code Manager in obtaining input from Parties on the costs and impacts associated with the CP. The Code Manager highlighted this as one of the key reasons that it was unable to build a positive business case for R0009.

In this instance, we are satisfied that the Code Manager has followed the process set out in the REC Change Management Schedule in relation to developing the CP, and that it has exhausted all available mechanisms to obtain input from Parties on the R0009 solution and business case. We therefore do not consider that utilising our powers to direct additional steps in the development of the CP would enable a more compelling case for change to be established.¹⁰

We would encourage Parties to continue to engage with the development of REC CPs in order to ensure that their views can be considered and taken in to account. We would also encourage the Code Manager to continue to consider how input on CPs can be more effectively collected and incorporated from Parties moving forward.

Finally, we note the recent holistic SDEP review undertaken by the REC Technical Design Authority. We would encourage the Code Manager to consider how the issues highlighted by R0009 could be addressed in parallel with the delivery of other improvements being progressed as a result of the findings of this review.

¹⁰ Where the Authority considers that it is unable to form an opinion on a Change Proposal, we can issue a direction specifying any additional steps that we require in order to form such an opinion, in accordance with Paragraph 21.3 of the REC Change Management Schedule.

Decision notice

In accordance with Standard Condition 11B of the Electricity Supply Licence and Standard Condition 11 of the Gas Supply Licence, the Authority has decided to reject the appeal made by Ovo Energy regarding REC Change Proposal R0009: Introduction of SDEP and EES User Maintenance API.

Melissa Giordano

Deputy Director, Retail Systems and Processes

Signed on behalf of the Authority and authorised for that purpose