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**Re: Ofgem Open letter consultation: Code Administration Code of Practice**  
**Ofgem Ref: 45/10**

Dear Catherine,

Please find below the MRA response to Ofgem's open letter in respect of the Code Administration (CA) Code of Practice (CoP).

**1. Introduction**

Whilst the Master Registration Agreement (MRA) is not within scope of Ofgem's Code Governance Review, the MRA Executive Committee (MEC) has determined that it may be beneficial to both affected Code Administrators and other interested parties for MEC to present its views on the Code Administration CoP.

**2. Background**

The MRA is the agreement which governs the transfer of customers between Suppliers in the GB electricity retail market, and all Suppliers and Distribution Businesses operating in this market are required to be Parties to this agreement. The MRA and its associated products have evolved over many years to provide a clear and inclusive framework that provides good governance for Parties, whilst maintaining processes for market entry, market assurance, change management, information provision, and compliance monitoring.

As such the MRA meets many of the objectives of the CA CoP, and MEC's response reflects that position.

### 3. Responses to Consultation Questions

#### Q.1 Do you agree with each of the principles listed in the CoP?

Our response to this question will consider each of the principles in turn in order to provide a comprehensive and balanced response

##### ***Principle 1 Code Administrators will be critical friends***

The MRA already supports the role of 'critical friend', and as such will always endeavour to assist Parties in the development of changes<sup>1</sup> to the MRA or its products, by means of help with drafting, clarification of processes and informal review of draft change proposals.

Clearly defined Issue and Change Processes exist as MRA Products, such that all changes raised are discussed and considered by appropriate groups.

Small Suppliers and Independent Distribution Network Operators (IDNOs) have specific representation on relevant bodies such that their interests are represented alongside those of larger organisations.

The MRA also ensures that, where relevant, other codes and agreements are consulted to highlight cross-code dependencies and impacts which might result from any changes raised by Parties. Further to this, the MRA seeks to provide representation at relevant meetings of other codes and agreements and would welcome explicit reference to cross-code co-operation and sharing of expertise in the CA CoP.

MEC has found the role of 'critical friend' to be very useful in assisting all MRA Parties and based on this experience therefore fully endorses this Principle.

##### ***Principle 2 Documentation published by Code Administrators will be in clear English***

MEC would welcome the establishment of a cross-code group to provide an agreed and consistent glossary of industry terms so that all Parties to codes and agreements can be confident of the meaning of key terms.

MEC also welcomes feedback from Parties and other interested groups regarding change documentation, and always seeks to provide documentation in clear, coherent, and consistent formats.

##### ***Principle 3 Information will be promptly and publicly available to users***

Again, MEC fully supports this Principle and actively seeks feedback from users of its Products and website.

This ensures that any recommendations for improvement raised by Parties and other Interested Industry Participants (IIPs) are addressed and, where practical, implemented.

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<sup>1</sup> Note that the MRA uses the term 'change' where other codes and agreements may use the term 'modification'

***Principle 4*** *This Code of Practice will be reviewed periodically and subject to amendment by users*

MEC would prefer the amendment process to include input from other industry representatives with relevant experience of codes and agreements such as SPAA and MRA. This will help to provide a consistent and high quality approach to governance across all codes and agreements.

***Principle 5*** *Code Administrators will support processes which enable users to access a 'pre-Modification' process to discuss and develop Modifications*

MEC agrees with this Principle. Indeed, there are already robust MRA processes relating to issues and change assessment.

Issues raised by Parties are circulated via an MRA Issue Form (MIF) to all Parties and Interested Industry Participants (IIPs), with all responses being taken into account in any resultant Change Proposal.

In addition, where there are several potential solutions to an Issue, a Solution Pre-Assessment Form (SPF) is circulated to Parties and IIPs such that feedback can be provided to the Change originator prior to a Change Proposal (CP) being formally raised.

Whilst these pre-change processes may delay the raising of the final CP, it is MEC's view that the total elapsed time from an issue being raised to implementation of change can be significantly reduced by providing Parties with a route to develop and help shape proposals prior to entering the formal Change Management process.

***Principle 6*** *A proposer of a Modification will retain ownership of the detail of their solution*

MEC supports the view that the proposer of a change should retain ownership of that change but, as noted elsewhere in this response, believes that a collaborative approach to the development of changes produces more effective results.

For example, the 'critical friend' may suggest changes which are more aligned to the overall effective operation of the market, but may diverge from the original change as drafted by the proposer. However, it is recognised that the originator should always agree any variations to the proposed changes.

***Principle 7*** *Code Administrators will facilitate alternative solutions to issues being developed to the same degree as an original solution*

Within MRA processes, the use of the Issue Resolution Expert Group (IREG), the SPF and input from MRASCo's service provider help to ensure that any practical alternatives are fully considered, and the relative merits of these alternatives understood.

***Principle 8*** *Implementation cost estimates will be produced and consulted upon prior to a Modification being recommended for approval*

From MEC's experience of dealing with change involving changes to IT systems (be it Participants' systems or the Electricity Central Online Enquiry Service "ECOES"), it is apparent that there is a risk that changes will not be progressed due to uncertainty over costs, be these central costs or those likely to be borne by Participants as a result of the change being approved.

For this reason, it may be appropriate to agree the desired change in principle and then obtain IT costs prior to a final decision being made on progression. By extension, this may lead Participants to consider other options for change which would be otherwise discounted.

***Principle 9*** *Legal text will be produced and consulted upon prior to a Modification being recommended for approval*

MEC supports the intent of this Principle, but suggest it be amended to state that:

*"Where appropriate, Legal text will be produced and consulted upon prior to a Modification being recommended for approval."*

This would allow for changes where legal text is not required to be identified and progressed appropriately. For example, changes to the MRA would require legal text, but the amendment of a data flow within the DTC would not.

It may also be appropriate to reference legal advice in this Principle, such that the legal position regarding, for example, the Utilities Act 2000, or the Data Protection Act 1998 is fully understood in relation to any change raised.

***Principle 10*** *Modifications will be consulted upon, be easily accessible to users and allowing proportionate time for responses*

The MRA Change Process is already aligned to this principle.

MEC suggests that "Consultations will be open to all, not just direct code users" might be modified to read that "Consultations will be open to all *parties who may be impacted or have a legitimate interest*, not just direct code users."

This amendment would ensure that the change process is not impacted due to unaffected parties raising queries and, potentially, objections to modifications, whilst ensuring that affected participants have a fair input into any change.

By way of example, the MRA includes a number of IIPs that receive information regarding all changes and therefore have the opportunity to comment on any changes prior to formal Change Proposals being agreed.

***Principle 11*** *There will be flexibility for implementation, to allow proportionate delivery time and realisation of benefits*

The MRA change process is already aligned to this Principal and ensures that all aspects of the impact of changes are fully considered.

It may be beneficial for the CA CoP wording to ensure that changes which have a cross-code impact are aligned such that they can be implemented in a co-ordinated way as occurs with changes that affect both MRA and BSC.

***Principle 12*** *The Code Administrators will annually report on Key Performance Indicators (KPIs)*

Whilst supportive of the need to have measures that provide information relating to the effectiveness of the implementation of key processes under codes, MEC is not entirely aligned with the view that common KPIs across all codes are a workable solution.

MEC monitors performance and feedback throughout the year and requires its Service Provider to commission a satisfaction survey, which is carried out by an independent body. The survey asks a range of questions, some provide a comparative measure of year-on-year performance, whilst others relate directly to changes and improvements to processes and products in preceding years.

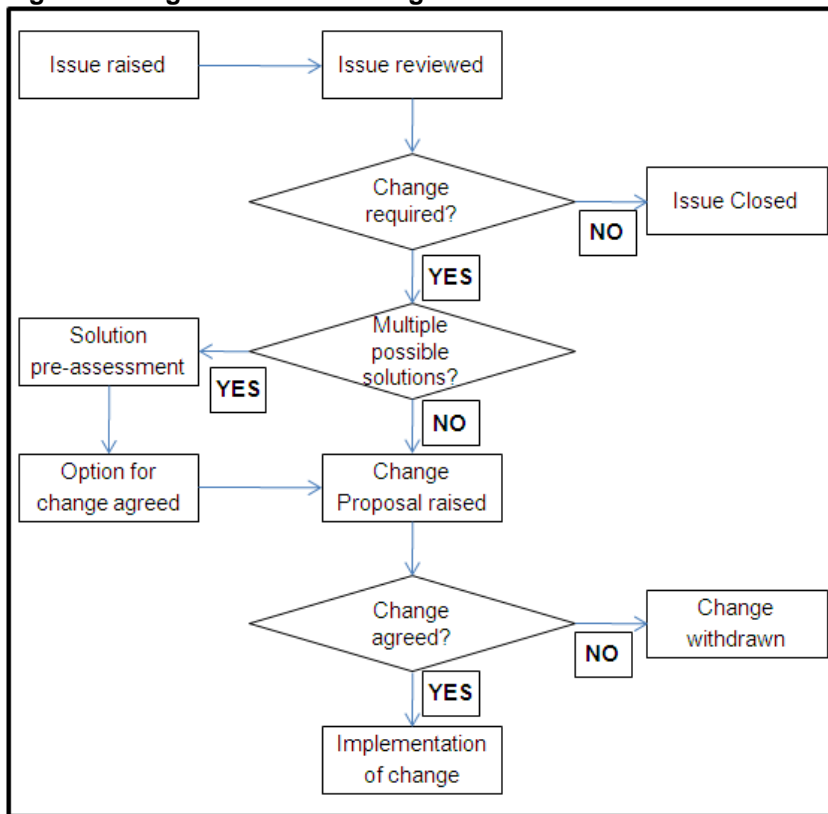
MEC would recommend that this flexible approach to KPIs be adopted by codes which are under the remit of the CA CoP along with rules regarding the mix of comparative measures and satisfaction with any changes to code processes etc. Any such survey should be carried out by an independent third party which does not have any specific industry vested interest.

## **Q.2 Is the description of the change process in the CoP sufficiently detailed?**

The change process described in the CoP is closely aligned with the process followed by the MRA, and is one which we have found to be very effective.

MEC has found that where a change may have multiple options, it is beneficial to add an extra step between issues being raised and changes being proposed. In MRA processes this is the Solution Pre-assessment stage. Thus, at a high level the process follows the steps laid out in Figure 1 overleaf.

**Figure 1 – High-level MRA Change Process**



**Q.3 Is there anything missing from the CoP that you feel should be covered?**

Subject to the suggested amendments outlined within this response, MEC’s view is that the CoP is aligned to the needs of the market.

**Q.4 Do you agree that the CAs should be required to report on their KPIs?**

Whilst MEC agrees that measures of the effectiveness of delivery are required for CAs and service delivery partners, it believes that each code should have flexibility in setting KPIs with a report of achievement against these being reported to the regulator. The MRA Administrator (Gemserv) is already required to provide annual reports to both MEC and MRA Parties and these provide accountability as well as a checkpoint on the administrator’s performance.

**Q.5 Do you agree that those KPIs should be set out in the CoP?**

MEC’s view is that aligned and agreed KPIs that can give comparable measurement should be included in the CoP. The inclusion of common KPIs should not, however preclude individual codes or agreements having specific additional KPIs as appropriate.

## **Q.6 Should the results of the KPI reporting influence future revisions to the CoP?**

Whilst the results of KPI reporting should influence changes to the processes for administration of the codes themselves, MEC would suggest that only areas where common trends emerge would necessitate changes to the CoP.

## **Q.7 Do you have any comments or suggestions on the proposed KPIs?**

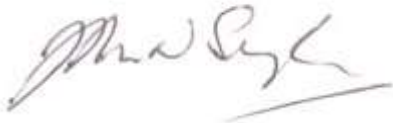
Whilst at a high level the KPIs appear sensible, we would suggest that the CA and the relevant panel or board should have the flexibility to set their own KPIs as outlined in our response to the proposals for Principle

## **4. Summary**

MEC agrees that guidelines for the administration of codes and agreements in the industry are a positive step forward, but believes it is essential to maintain a balance between protecting the interests of consumers and those of the participants in the various codes and the pragmatic operation of same.

MEC believes that the model adopted by the MRA achieves this balance, provides accountability and transparency, and is indeed closely aligned to the proposed CA CoP. We would be happy to provide any assistance to Ofgem and/or CAs in the further development of this document.

Yours sincerely



John Sykes

Chairman, MRA Executive Committee