

Response to Further review of industry code governance

Dear Maxine,

I would like to thank you for this opportunity to respond on behalf of the MRA Executive Committee (MEC) to the Ofgem open letter published on 15th May 2015.

The three questions posed in the letter are targeting the users of the codes rather than the panels and code administrators running the codes. However, as the Master Registration Agreement (MRA) work on the Code Governance Review (CGR) Phase 2 draws to a close¹, MEC consider that further work on CGR at this time may be counter-productive as the recent changes will bed in over the next 12 months.

The review of the MRA governance arrangements has recently been completed. MEC has committed significant resource over two years to the CGR Phase 2 exercise and recognise the support lent to it from MRA parties (including smaller participants). During the course of 26 well attended meetings, MRA parties have developed and voted on the following changes, either into the MRA governance or directly into business processes through 18 Change Proposals by the MRA secretariat (Gemserv Ltd):

- Introduction of Materiality Criteria
- Introduction of MRA Objectives
- Changes to terminology, including a review of Panel Body definitions
- Introduction of Change Reports
- Changes to the Appeal Criteria and Self-Governance Appeals
- Introduction of Send Back Powers
- Introduce a process for Modification raising during a Significant Code Review (SCR)
- Alignment to Code Administrators Code of Practice (CACoP)
- Review of Code Administrator Role

Further to this MRA parties has reviewed the constitution of the change board under the MRA (the MRA Development Board (MDB)), proposing to add an additional smaller Supplier and change the Distribution Business representation to align with the larger Supplier arrangements. MRA parties have also developed the use of alternatives in its change process which has already been used effectively as part of the winter storms work.

As part of setting up the original CGR Phase 2, MEC noted from the letter dated 26th April 2012 that the particular focus of the review was to reduce regulatory burden and code fragmentation whilst increasing industry self-governance. The MRA has been a market leader in self-governance since its inception and continues to act as a successful model for other codes. Furthermore MEC are confident that the MRA arrangements are fit for purpose and aligning the MRA with all other industry codes may have detrimental impacts on the core operations of the code, such as delaying change and adding unnecessary cost.

¹ The MRA Code Review Expert Group (CREG) will submit its closure report to MEC on 28th July 2015 and will be forwarded to you separately from this letter.

MEC note that MRA parties are currently working through a number of projects as the market gears up for smart metering, such as:

- Supporting the work on the Competitions and Markets Authority (CMA) Theories of harm
- Further development to help facilitate the success of the Green Deal
- A further address data quality review to support Ofgem's next day switching work
- The ongoing smarter markets work for smart metering including centralised registration
- A review of the security arrangements for MRASCo systems
- Business Process Modelling Review
- Managing a significant pre-payment allocation

In addition to this, MRA parties are experiencing elevated numbers of changes, a total of 82 last year. This number includes changes to the Master Registration Agreement (MRA), the MRA Agreed Procedures (MAPs), the Data transfer Catalogue (DTC) and the MRA Working Practices. Furthermore, of these 82 changes only 2 were rejected, 4 required Authority consent (not including Secretary of State consent for Green Deal changes) and 1 was appealed.

The volume and complexity of this ongoing work, is challenging to manage and is stretching our parties' resources available to attend meetings. MEC are also cognisant of the work being conducted under the CMA which is due to publish its initial findings in the near future and its final report in November 2015. It may therefore be prudent to not undertake a further review of CGR at this stage.

We would welcome the opportunity to discuss this further and would like to invite you to a future MEC meeting. The next MEC meeting is scheduled for 28th July 2015, please contact Andy Knowles (andy.knowles@gemserv.com) if you would like to attend.

Best Regards,



Alex Travell
Chairman of the MRA Executive Committee