

SUMMARY POLICY ISSUE PAPER – FOR EDAG REVIEW

Title of Paper	CRS management of a supplier of last resort event		
Issue Ref	N/A	Date:	1 September 2016
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Discussed at User Group	July 2016	Discussion at EDAG	15 September 2016

Summary and recommendation

1. The issue addressed by this paper is what processes and functionality should suppliers and the new CRS undertake to manage a supplier of last resort (SoLR) event.
1. The TOM v2 indicated that *“the CRS will support the ability to appoint a Supplier of Last Resort quickly and efficiently. We will examine if the CRS should have functionality to quickly and efficiently split the portfolio of a failed supplier between more than one supplier of last resort”*.
2. Under current SoLR arrangements, Ofgem must gather information from various market participants in order to assess the situation and take the appropriate course of action. This means that Ofgem will need to gather information on the failed supplier’s customer portfolio to determine whether to enact the SoLR.
3. Currently, Ofgem will seek to effect a SoLR event within a very short period, approximately 24 hours. This involves obtaining the failed supplier’s customer portfolio, validating this information against information obtained from the registration service providers, appointing the SoLR and ensuring the failed supplier’s meter points have been allocated to the SoLR.
4. Currently, to effect the transfer of responsibility to the SoLR, the new supplier may adopt the market participant identification code (MPID) of the failed supplier or send through registration requests for each of the relevant meter points.

EDAG are invited to comment on the following recommendation:

5. The SoLR should send through full registration requests to adopt the failed supplier’s meter points.
6. The CRS must include the functionality to readily produce a supplier portfolio report at short notice following an information request from Ofgem.

7. To ensure that the SoLR can configure the smart meters as soon as possible after they are appointed the DCC must be able to view the updated CRS as soon as practicable. Currently the DCC receives an overnight download of the current registration systems data. Where a SoLR event has taken place there may be a need for the DCC to have access to the updated CRS more frequently than overnight to enable the smart meter access control process to happen at a faster pace.

Analysis

8. As with the current arrangements it will be necessary for the new CRS to produce supplier portfolio reports at short notice so that Ofgem can validate some of the data received from the failed supplier and to provide an accurate representation of the failed supplier's portfolio to potential SoLRs.
9. To minimise the financial exposure of other market participant the SoLR process seeks to constrain the timeframe for the appointment of the SoLR and the transfer of the meter points from the failed supplier. We considered two options to address the latter issue:
 - a. Option 1 - Do nothing: allow the suppliers to choose the process by which they take over the meter point; absorbing the failed supplier's MPID or registering the individual meter points.
 - b. Option 2 - Require the suppliers to submit complete registration requests for each meter point.
10. Option 1 posed a number of issues that rendered the absorption of MPIDs ineffectual as some supplier's system has been designed such that absorption of MPIDs would be rejected. Also this process would not enable the SoLR to access the meter any faster as the security rules on the smart meter would not enable the SoLR to use the failed supplier's MPID to access the meter.
11. Although Option 2 may prolong the process to update the CRS it is a more secure process. That said the CRS will need the capability and capacity to manage bulk registrations especially in the case of collective switches.

Summary of key points from stakeholders

12. One stakeholder noted that the MPID does not identify a market participant in the electricity market. To identify a market participant accurately a combination of MPID and role code is required because of historic sales and acquisitions the same MPID can relate to completely different companies for different roles.

13. Another stakeholder indicated that their in-house systems have been designed in such a way that they cannot absorb the MPID of another organisation.
14. EDAG supported the recommendation that the CRS must include the functionality to readily produce a supplier portfolio report. The attendees also agreed that there should be engagement with the Smart Metering team on this. Members also agreed that, for the purpose of the RFI, the system should have the flexibility to enable the SoLR to send through full registration requests to adopt the failed supplier's meter points or be able to utilise the failed supplier's MPID. The SOLR will pick up liability from the SoLR Direction date and the MPID/switching issue is about how the SOLR normalises their supply arrangements at the supply point.

Recommendation

15. Following discussions with SMIP colleagues it was made clear that the adoption of the failed supplier's MPID or the submission of a registration request will not have any adverse impacts on the SoLR accessing the smart meter.
16. Further, given that absorptions of a failed supplier's MPID is only an issue for a small number of energy suppliers, it would be reasonable for the SoLR to determine the appropriate mechanism to take on the failed supplier's portfolio in the most efficient manner, either absorbing the failed MPID or submitting registration requests.