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ElectraLink's response to Switching Programme Consultation

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FS 559738 EMS 559739 IS 619353

Rachel Clark
Programme Director
Ofgem
10 South Colonnade
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E14 4PU

Dear Rachel,

Re. ElectraLink Response to Ofgem's Switching Programme: Regulation and Governance - way forward and statutory consultation on licence modifications

ElectraLink welcomes the opportunity to respond to Ofgem's 'Proposed modifications to regulation and governance' consultation, which sets out proposals in relation to the three versions of the Retail Energy Code (REC).

In our consultation response, we have focused on the need for a robust performance assurance framework that utilises market data and is based on consumer outcomes. This framework should be underpinned by a comprehensive risk register identifying the key risks in the retail market with sufficient flexibility to adapt to changes in retail systems, processes and the performance of market participants.

We strongly support the development of a code digitisation strategy and recognise that digitalisation applies far beyond the code level, as it is required to support parties in understanding processes, compliance and providing industry assurance. The REC will be a complex code, containing multiple provisions and requirements, some of which may only be required in certain situations. Digitalisation of the code should enable parties to engage with the REC in a simple and transparent manner so that they can understand their obligations and processes for the specific area that they are interested in. This could include the entire end to end switching process or a particular sub-process such as the erroneous transfer. This should help to improve compliance with the detailed processes, remove a barrier to entry and combined with a data driven assurance process improve the overall customer experience. With each Party having a relevant, data-driven, risks-based view of compliance, we have an opportunity to support those participants by creating a code that is customer-centric, that improves the service to consumers and provides the end-to-end processes required for the industry in a way that encourages innovation.

From a customer perspective, the establishment of an industry wide data catalogue will significantly simplify the data landscape, with market participants being able to focus on a single framework when developing systems to manage communications under the UNC, REC and BSC. As a dual fuel code, we believe the REC is ideally placed to host the new industry wide data catalogue. We would encourage Ofgem to consider the relationship between the REC and the UNC and BSC to ensure the data flow provisions links between the codes. Furthermore, we believe that SPAA and MRA data catalogue provisions should be migrated as part of REC V2. Inclusion within REC V2 will ensure a link with the Switching Programme and that the development of the data catalogue will be consistent with the other provisions included in the REC Technical Specification.

We note that Ofgem has identified the areas for migration into REC Version 3 and support the proposed code consolidation exercises associated with these, such as the consolidation and transition of theft arrangements, and enquiry services. We would highlight that careful consideration should be given to how these arrangements are incorporated into the REC so that at CSS go-live, the relevant expertise is available to aid the transition. We would further encourage Ofgem to consider that not all provisions should be assumed to be best placed in the REC. While the REC aims to be an all-

encompassing code for retail provisions, we do not think the scope naturally extends to metering technical processes.

For all of the above, we recognise that the REC provides a mechanism to enable positive change in the industry. ElectraLink strongly support the collaborative approach Ofgem has led across industry codes and look forward to the creation of a code that inspires innovation, is driven by data and has the customer at the heart of the process.

We would be delighted to discuss our response and views in more detail. Please contact Stephanie.catwell@electralink.co.uk for further information.

Yours sincerely,

Stefan Leedham
Director of Governance Services

ElectraLink Response to Ofgem's Switching Programme: Proposed modifications to regulation and governance

Question 4.1

We would welcome views on whether Ofgem should have an ongoing role in ratifying RECCo Board appointments after the appointment of the first board.

Ofgem has stated that the principles of the UK Corporate Governance Code should apply to RECCo Ltd. To achieve this a Nomination Committee should be established to oversee the appointment of the Board, the decisions of which should be ratified by Shareholders at a General Meeting, in accordance with Company Law.

Whilst it may be pragmatic for Ofgem to ratify the interim Board (as there will be few shareholders, if any other than Ofgem, at the date of their appointment) this would not align with good governance for the enduring Board. The role of Ofgem in ensuring the composition of the Board meets the aspirations identified in the consultations, could be best achieved by participation or representation in the Nomination Committee or the development of Terms of Reference for the Nominations Committee.

Question 4.2

We would also welcome views on whether the REC parties should have a role in ratifying the first and/or subsequent boards.

Further to Q4.1 above, REC Parties ratifying the decision of the Nomination Committee goes against a fundamental principle of Company Law, however a Party representative could be invited to sit on the Nomination Committee if appropriate. Alternatively, Ofgem should recognise that that becoming Shareholders of RECCo Ltd will allow Parties a say in the appointment (and removal) of Directors.

Question 4.3

Do you agree that the REC should place less reliance on face to face industry meetings for modification development and instead empower the REC Manager to develop and analyse proposals, procuring expert support as and where required?

The REC Manager should be proactive, focussed on delivering the strategic vision of the RECCo Board and empowered to lead proactive reviews of the REC, develop proposals for change and analyse modifications to achieve the best outcomes for consumers.

Many of the existing modifications processes are slow and resource intensive, largely dependent on the availability of industry members to participate in meetings which negatively impacts progression timetables. We agree that much of the development and analysis of solutions could be better carried out by the REC Manager, allowing industry parties to focus on delivery. ElectraLink most recently applied this approach to define the implementation method for the new Debt Assignment Protocol

solution, progressing a modification within short timescales with industry input through a Request for Information which clearly set out the options for industry consideration, enabling the working group to agree the preferred approach and ratify the draft legal text in a single meeting.

Consideration should also be given to tasking the REC Manager, working alongside the RECCo Board, with prioritising change that is most likely to deliver the greatest benefits to end users. Furthermore, the role of the REC Manager in pursuing innovation and implementing changes in the optimum timeframe should be developed. They should be empowered not only to manage the implementation of code changes efficiently but to oversee a more agile implementation of system changes as well.

It is important not to discount the valuable expertise that industry members bring to the development of solutions and assessing change, however we consider that input should be gathered by more efficient means than face to face meetings. Not only should this increase the pace of change, but it should reduce overall costs, travel and the carbon footprint, and make the change process more accessible to smaller or challenger parties who are not always able to intend industry meetings.

Where meetings of industry participants are required, the REC Manager must make it easier for parties to engage, using suitable technology, and ensuring the meetings are effectively managed. This should include establishing a clear work plan which sets out the number of meetings required and the objectives to be met at each session, thereby setting expectations of timescales and commitment required from industry members.

In moving the balance of power and responsibility for progressing change from industry to the REC Manager, the RECCo Board must ensure there are suitable checks and balances in place to ensure the REC Manager remains focused on delivering beneficial and timely change, and that it does not become unwieldy or, unaccountable central organisation, generating work and undue cost burden on industry.

Question 4.4

Do you consider that a recommendation to the Authority should be made by the RECCo Change Panel, with reference to the REC relevant objectives, or based on a vote of REC parties?

ElectraLink agrees with the proposal to implement change management processes that allow for both a self-governance route for non-complex changes, and a different route for those changes requiring Authority Consent.

Our experience of managing SPAA and DCUSA shows the many benefits of a voting system that allows parties a direct voice in the outcome of modifications, so long as the process is equitable and cannot be influenced by, for example, party size. We would therefore recommend a change mechanism that provides an opportunity for a vote by Parties. In order to achieve the objective that decisions for all routes of modification are made on the same criteria, the Change Panel could have a role of ratifying the decision of voting Parties, so long as it considers the REC Objectives have been met.

Ultimately, we consider this a matter for Ofgem and REC parties to determine but are clear that regardless of the mechanism selected, the following principles should be applied to the REC change management function:

- A procedure that adheres to the CACoP Principles
- A transparent, robust and efficient process to enable modifications to provisions included within the main body of the code, as well as any code subsidiary documents.

- A procedure that ensures that each modification is issued for a consultation period that takes account of the complexity of the issue being considered.
- A mechanism that allows party views to be considered in the decision-making process (be it a referendum or Panel based model).
- Delivered in a manner that avoids unnecessary regulatory burdens.
- A REC Manager that is empowered to develop industry solutions, and assess whether changes meet the relevant objectives of the REC.
- A route of challenge and robust appeals mechanism.

Question 4.5

Do you, in principle, support the approach to performance assurance outlined?

ElectraLink is fully supportive of the proposed approach to performance assurance. We believe the REC should include a robust performance assurance framework which focuses on consumer outcomes. The performance assurance framework should be underpinned by a comprehensive risk register identifying the key risks in the retail market. Provisions should have enough flexibility to enable risk ratings, and associated mitigating activities, to adapt to changes in retail systems and processes and performance by market participants and service providers.

We believe the appointed REC Manager will have a critical role in both developing the enduring performance assurance methodology, and implementing it post CSS go live. The REC Manager will need to act as both a critical friend, in supporting new and existing market participants' understanding of REC obligations; and an effective enforcer, when dealing with non-compliance and escalation. The Performance Assurance Board (PAB) will have overall responsibility for the REC performance assurance framework and above all, must act fairly and impartially. This may be achieved through the appointment of individuals associated with existing market participants, however, we believe that given the consumer focus, membership should also include representation from Citizens Advice and/or another equivalent consumer body.

Access to data is key to the development of any performance assurance techniques. We support Ofgem's statement that the PAB should be sufficiently empowered to commission whatever reporting and analysis it reasonably requires. We believe the focus should initially be on the identification of the key retail risks and then the identification of data that can be used to monitor performance / compliance in this area; rather than simply reporting on areas where data is readily available. Access to data should be extended beyond the PAB, to include the REC Manager, enabling them to carry out analysis and support remedial activities so that the PAB can focus on material performance issues and overall trends in data.

ElectraLink agrees that the performance assurance framework should extend beyond market participants and include performance by service providers. We understand that service levels will be agreed with service providers procured by DCC to deliver the registration and address services. These should be reflected within the Service Management Schedule to ensure transparency and enable monitoring by the PAB. Equally requirements on other service providers should be clearly documented either within the relevant REC Schedule or the associated technical specification. This should include service levels associated with the resolution of issues, delivery of change and provision of reports.

With regards to Ofgem's statement that development of reporting requirements could be progressed through existing governance; ElectraLink has been working with industry to develop a process for monitoring performance in relation to Erroneous Transfers. We are keen to understand the root cause

to facilitate the prevention of Erroneous Transfers, alongside monitoring to enable individual suppliers to compare their performance against their peers. In addition, we have recently led a review of the Retail Gas Metering Arrangement (RGMA) to ensure the obligations relating to the transfer of metering data are clear and transparent. We are looking to take this work forward to the next stage to address compliance issues and improve data quality in this area.

Question 5.1

Would you support the development of a REC digitalisation strategy?

ElectraLink supports the development of a REC digitalisation strategy, agreeing it is important to make the distinction between digitisation and digitalisation. Digitalisation applies far beyond the code level and provides the mechanisms to change the way the REC is managed as well as how it is received by licensed Parties.

The digitalisation of any code needs to be customer-centric, protecting and improving service to consumers while allowing for competition and innovation at an unparalleled time for such. This strategy must precipitate the REC's ability to be a flexible organism that is accessible to all and clear and simple to change.

The REC is more than a legal framework, it is a valuable information source that applies to stakeholders at all operational functions and organisational levels. It should therefore be engaging and dynamic and be set up in a way that change can be made and absorbed incrementally and easily.

The main principles should include plain English drafting, immersive training material and a personalised user experience. Timely and succinct data feeds from the industry are paramount to deliver real-time quality and compliance assurance. This supports a retail energy market behaving in synergy and improving the overall customer journey.

With an increasingly complex network of inputs and outputs of varying technicality across our gas and electricity landscape, we should strive towards high-quality data that is secure and aligned across all market participants. The REC must facilitate that this data, together with industry transactions and relationships, are flexible and efficient.

With each party having a relevant, data-driven, risks-based view of compliance, we have an opportunity to support those participants that are falling below standards by ensuring that intervention is incremental and proportionate, thereby reducing the regulatory burden and customer impact.

ElectraLink has introduced a Flow Builder to support the digitalisation of code governance. Flow Builder is a graphical tool enabling users to create new flows based on the Data Transfer Catalogue (DTC), and then to use the new flows on the Data Transfer Service, utilising the full suite of existing auditing, translation and validation tools. Whilst Flow Builder can be used to create bespoke flows for use on a bilateral commercial basis with industry partners, it also provides the ability for users to use Flow Builder to prototype DTC change proposals before submitting them for formal change approval.

Question 5.2

Do you agree that the draft Registration Services Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

We agree that this Schedule reflects policy decisions to facilitate faster more reliable switching, including Consumer focused provisions relating to objections, withdrawals and annulments to prevent erroneous switches. We believe that each obligation is clearly documented including details of the party(s) responsible, in line with Design Baseline 4. This REC drafting provides a clear, easily understandable set of requirements which can be transformed by the REC Manager through digitalisation.

Question 5.3

Do you agree that the draft Address Management Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

The Schedule introduces a robust process to manage address data which should improve the quality of address data, preventing erroneous switches and improving the overall Consumer experience.
We believe that each obligation is clearly documented including details of the party(s) responsible, in line with Design Baseline 4. This REC drafting provides a clear, easily understandable set of requirements which can be transformed by the REC Manager through digitalisation.

Question 5.4

Do you agree that the draft Data Management Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

Having a robust process for managing switching related data is crucial for ensuring the reliability of the new switching arrangements and preventing negative Consumer impacts. We believe that the provisions in this Schedule reflect a robust process and each obligation is clearly documented including details of the party(ies) responsible, in line with Design Baseline 4. This REC drafting provides a clear, easily understandable set of requirements which can be transformed by the REC Manager through digitalisation.

Question 5.5

Do you agree that the draft Interpretations Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

The inclusion of a stand-alone Interpretations Schedule will improve visibility of REC definitions and therefore facilitate the overall usability of the REC. We believe the content reflects Design Baseline 4 and can readily be transformed into a digitised format.

Question 5.6

Do you agree that the draft Entry Assessment and Qualification Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

We agree that the proposed entry assessment process provides comfort that suppliers can deliver services in accordance with the requirements of the REC and manage exception processes for dealing with various exception scenarios, ensuring a positive Consumer experience. We believe that each obligation is clearly documented including details of the party(s) responsible, in line with Design Baseline 4 and therefore meets the required standards set out in the Regulatory Design Principles.

However, we feel that further consideration should be given to the interaction between the REC entry assessment requirements and the provisions in other codes, specifically the MRA. We understand that REC Version 2 is only expected to include entry assessment provisions relating to the new CSS requirements and therefore existing MRA provisions will remain in place. Given the significant duplication between the arrangements, and specifically the documentation to be provided by new suppliers as part of the self-assessment return, we believe this decision should be explored further. We do note that the remaining MRA provisions are expected to migrate as part of the REC Version 3 implementation which Ofgem are expecting to be implemented at the same time as REC Version 2. However, if these two implementation dates are not linked, then we believe there will be confusion and potentially duplicate effort in the interim period.

Question 5.7

Do you agree with our proposals that:

a) PAB, as part of its role in mitigating risk to consumers and the market, should provide information to the REC Manager on the specific risks that it wants to be mitigated and assured against through Entry Assessment and Re-Qualification;

ElectraLink agrees that the entry assessment arrangements should be clearly linked to the overall performance assurance framework. The entry assessment and re-qualification processes are intended to minimise the risks posed by new entrants or those that have undergone material system changes. It therefore follows that the assessment and any associated testing requirements should link back to the key risks in the retail market, as identified within the risk register. This information can either be provided explicitly by the PAB to the REC Manager; or identified by the REC Manager with PAB ratification on the areas of focus.

b) The Code Manager should have clear obligations to support the Applicant and coordinate with other code managers; and

The REC Manager should have clear obligations to support the Applicant, as highlighted in our response to question 4.5. Ensuring that new entrants understand the obligations that they are required to comply with will help mitigate future non-compliance.

We also agree that co-ordination with other code managers is important to minimise duplication and ensure that the entry requirements do not act as a barrier to entry. The REC entry assessment provisions have been designed to be risk based, with the level of testing based on the systems and processes being used. Where equivalent requirements are included in other industry codes, the REC Manager should co-ordinate activities to ensure that parties are only required to provide information once and all testing is carried out at the same time. ElectraLink has a dedicated Data Transfer Service (DTS) Team that guides new entrants through the connection to the DTS and the configuration of the service to best meet their needs. There is a suite of documentation and video resources that can be referenced at any time by the personnel of the connecting parties. Support from the ElectraLink team is available through multiple channels including webchat, phone, email and self-service portal in working hours.

Furthermore, we are in the process of streamlining accession across our codes, such as SPAA and DCUSA, and the DTS to simplify the accession process and ensure that new entrants only need one point of contact for all three bodies. We believe this process should be extended to other code providers.

c) Suppliers that undertake a material change to their systems, processes or people should undertake Re-Qualification?

Suppliers that undertake a material change to their systems, processes or people, for example moving from an outsourced, third party service provider to in-house operation should undertake Re-Qualification. We are aware of concerns with the process for identifying whether a change to existing systems requires Re-Qualification as it relies on parties flagging a change that they believe to be material, prior to implementation. We believe further clarity could be provided with the introduction of system accreditation. This will preclude suppliers that are using 'accredited' systems, which have previously been assessed, from undergoing additional testing. Details of the 'accredited' system will be retained by the code manager, identifying those aspects where a change would result in Re-Qualification.

Question 5.8

Do you think that PAB and the REC Manager should work with service providers to identify and mitigate risks associated with material changes to their systems, processes or people?

The REC entry assessment provisions are intended to mitigate the risks that new entrants bring, for example erroneous switches occurring because the party does not have robust systems and processes. Given the importance of service providers in delivering the end to end switching arrangements, it seems sensible that material changes to central systems and processes should also be considered as part of the performance assurance arrangements.

As part of the implementation of the CSS, all service providers (CSS Provider, Gas and Electricity Retail Data Service Providers, Switching Network Service Providers and Smart Communication Service Provider) will be required to participate in a comprehensive testing phase. Going forward, each of these service providers should be captured by the performance assurance framework, with the PAB retaining overall responsibility for assessing the risk posed by any changes to the status quo.

ElectraLink has extensive experience managing technical service providers including 20 years with responsibility for delivery of the DTS and more recently the procurement, implementation and ongoing management of the Theft Risk Assessment Service (TRAS). The DTS has undergone several significant changes over the years and the importance of ensuring that material changes are adequately tested cannot be overstated. Some testing can be undertaken by the relevant service provider once evidence of a suitable testing regime has matured, however for any material changes, or changes which directly impact interfaces, industry testing is also invaluable. This can be achieved in different ways. For example, ElectraLink provides tools within the DTS to facilitate testing and consideration should be given to procuring similar tools within the CSS services. These include the ability to segregate test data from operational data (this is done using Test Flags on the DTS), the ability to manage process versioning (this is done using Flow Version Numbering on the DTS) and the ability to design and test new and amended business processes (done using Flow Builder on the DTS).

Question 5.9

Do you agree that the draft Service Management Schedule meets the required standards set out in the Regulatory Design Principles including whether we have set out clear and workable roles and responsibilities for Market Participants, service providers and the Switching Operator that will support the effective operation of the new switching arrangements? If not, please describe how you think it should be improved?

The Service Management Schedule ensures a clear and consistent approach is taken to service management to support the overall switching arrangements, which in turn will improve reliability and Consumer outcomes. We believe that the high-level obligations are clearly documented including details of the party(s) responsible, in line with Design Baseline 4. This REC drafting provides a clear, easily understandable set of requirements which can be transformed by the REC Manager through digitalisation.

Whilst we agree that the schedule sets out clear obligations for the Switching Operator and other service providers, we believe further details are required to reflect the lower level operational procedures and to define the associated service levels that apply to the existing service providers, for example timescales for providing reports, capacity thresholds etc. We also note that Switching Network access arrangements are still to be developed, alongside more detailed operational procedures setting out the interactions in relation to incident, availability and change management.

As a Switching Network Service Provider, ElectraLink looks forward to discussing these technical and operational provisions in more detail over the coming months.

Question 5.10

We also welcome views on the draft service levels set out in Appendix B of the draft Service Management Schedule.

We recommend that further consideration is given to tightening the definition of the Service Level principles, including, for example:

- Identifying who has overall responsibility for ensuring SLAs where there are multiple service providers involved;
- Giving choice to service users over the means by which they interface to the help systems – mandating a single means of communication, for example email or portal, could disadvantage certain industry participants;
- Clear, unambiguous definitions of types of incident etc e.g. Major Incident;
- Clear, open communication for management and reporting of Major Incidents;
- Clear, unambiguous definition of SLAs;
- The inclusion of Target SLAs and Minimum SLAs to encourage a high level of service provision above and beyond the absolute minimum;
- Clarity on who can raise Changes and the process for doing so;
- Who will assess whether an individual service provider will be impacted by a Change – it may not be possible for the raiser of the Change to understand who will be impacted; and
- Consideration to how individual REC Parties can raise change appeals.

Question 5.11

Do you agree that the draft Switch Meter Reading Exceptions Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

We agree that this Schedule sets out the process for managing Switch Meter Reading exceptions, facilitating the resolution of issues within defined timescales, therefore minimising the risk of negative Consumer impacts. We believe that each obligation is clearly documented including details of the party(ies) responsible, in line with Design Baseline 4 and therefore meets the required standards set out in the Regulatory Design Principles. This REC drafting provides a clear, easily understandable set of requirements which can be transformed by the REC Manager through digitalisation.

Question 5.12

We welcome views on whether we should retain or amend the remit of the proposed Switch Meter Reading Exception Schedule beyond domestic consumers and electricity NHH consumers.

ElectraLink supports the amendment of the remit beyond domestic customer and electricity NHH consumers on the basis that for consistency, all parties should use the Data Transfer Network (DTN). This would allow for a uniform framework for industry. The REC Code is designed to be equitable for all suppliers, so it would be sensible if the same provisions applied to both domestic and non-domestic, as both would have a say in governance regulations. Under the REC, it is also the intention for services like Green Deal and TRAS - which affect all the industry market - to be included. If provisions remain separate, there may be issues where if a consumer move from a domestic to non-domestic, information may get lost in this process and cause interoperability issues.

We do however acknowledge that the current processes are different for domestic and non-domestic suppliers and this is reflected in their licence, whereby the consumer focus is dissimilar.

Question 5.13

Do you agree that we should move any requirements to obtain and process meter reads for settlement purposes into the BSC and UNC?

ElectraLink supports the migration of requirements into the BSC and UNC. For the amendment of a switch meter read, the settlement processes are covered within the UNC and BSC respectively, so the processes should not be duplicated within the REC Schedule. It is recognised that currently, the UNC does not cover the Supplier focus and this should be absorbed into the UNC if requirements are transitioned into this code.

Question 5.14

We welcome views on whether the Switching Meter Reading Exception Schedule should make specific provisions for consumers with smart gas meters.

The MRA has several references to smart arrangements, whereas in SPAA Schedules, smart arrangements are not mentioned. In the MRA, MAP Change Proposal (CP) 0266 was raised in 2015 to incorporate smart arrangements as a result of BSC Modification P302. A subsequent SPAA CP (16/351) was raised but rejected on the basis that the solution being proposed would have a short shelf life solution in anticipation of the Data Communications Company (DCC) taking on the role of the Central Registration Service in the near future for the Faster Switching Programme.

As the REC aims to be an all-encompassing code, ElectraLink proposes that it is future proofed to accommodate smart meters and address the issues that are known to exist today. In particular, the smart gas meter reading provisions should be encompassed by the Switching Programme and incorporated into the Switching Meter Reading Exception Schedule to ensure that arrangements are in place to share meter register readings if needed or mandate the use of particular registers when setting tariffs on the smart meter.

Question 5.15

Do you agree that the draft Debt Assignment Protocol Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

We believe that the Schedule documents a robust process to enable Consumers to change Supplier even if they have debt scheduled for repayment on a Prepayment Meter. Harmonising existing provisions from the SPAA and MRA has enabled the provisions to be streamlined and re-drafted in a more user-friendly manner which we agree meets the required standards set out in the Regulatory Design Principles. This REC drafting provides a clear, easily understandable set of requirements which can be transformed by the REC Manager through digitalisation.

Question 5.16

Do you agree that the REC should refer to existing security standards rather than develop separate and bespoke ones?

ElectraLink agrees that the REC should refer to existing security standards. Best practice security standards such as ISO27001 (Information Security Management) and ISO27005 (Information Security Risk Management) are now well embedded across the industry amongst industry parties and third-party suppliers and accelerated for many through the roll out of smart metering under the determination that services fall into the scope of critical national infrastructure. Additional resilience measures have gone live during 2018 through the extension of data privacy protections under GDPR (General Data Protection Regulation) and infrastructure resilience set out in the NIS Directive (Network and Information Systems).

Existing standards provide a robust risk-based framework within which parties and third-parties can operate. On this basis, we therefore do not consider that the scope of services being delivered under the Switching Programme should be deemed within CNI scope on the basis of the technical and compliance measures and clear boundaries that have already been implemented. Notwithstanding this, appropriate risk-based controls can be established based on the standards and best practice referenced above which parties and third-party service organisations are already demonstrating operational compliance.

We would recommend that careful on-going consideration is given to the governance arrangements and a clear demarcation between the established scope of CNI and the switching capabilities being developed remains outside this scope. A risk-based approach is required, which while ensuring a clear line of operational sight across the end to end switching process is achieved, does not increase the complexity and costs of achieving faster switching in terms of technical solution and on-going management.

Question 5.17

Do you agree that a consolidated PPM Schedule should be developed and given effect as part of REC v2.0?

ElectraLink agrees that a consolidated PPM Schedule should be developed for inclusion within REC v2, rather than REC v3. In SPAA, a change implemented in November 2018 allowed for five prepayment Schedules to be consolidated into one prepayment Schedule. The next step would be to harmonise gas and electricity provisions, in order to migrate a set of dual fuel requirements into the REC. The rationale for including these processes within REC v2 is as follows:

- Supplier interactions with the Prepayment Meter Infrastructure Provider (PPMIP) – The provisions in SPAA Schedule 25 cover the customer facing aspects such as the provision of the Prepayment Device and messages to Consumers.
- Misdirected Payments – As this manages the misdirected payments process and Supplier communications with the Consumer, the inclusion of this element should minimise impacts on consumers when they are progressing through the exceptions process.
- Prepayment assurance – This links to the overall REC Performance Assurance Framework with suppliers being required to adhere and deliver against the requirements.
- Data Flow Catalogue – The expectation is that the REC will host the existing gas and electricity Data Flow Catalogues, which would include the prepayment flows.

For the smart provisions, it is noted that the current procedures in the SPAA and MRA can be amalgamated to ensure a fit for purpose smart Change of Supplier exceptions process.

All the above points feed into the core switching process and so would be best placed within REC v2.

Question 6.1

What do you think are the pros and cons of Model A and Model B and which do you think we should use to develop an Exceptions Schedule in the REC?

ElectraLink fully supports the development of a consumer-focused dual fuel exceptions schedule to emphasise the consumer outcomes, and to remove the duplication that currently exists from having multiple separately defined processes. The exceptions schedule should document the high-level consumer principles which apply across all exception processes such as: the ability for consumers to raise issues with the Gaining or Losing Supplier; the requirement on suppliers to keep consumers informed as they seek to resolve the issue; and requirement to prevent double billing of consumers whilst the issue is being resolved. We believe these fundamental principles should be reflected in the exceptions schedule, regardless of whether Model A or Model B is progressed.

We see the main difference between Model A and Model B as being the level of prescription around the specific step by step process required to resolve each issue. We do not feel that the two models described within the consultation document adequately address the key issues:

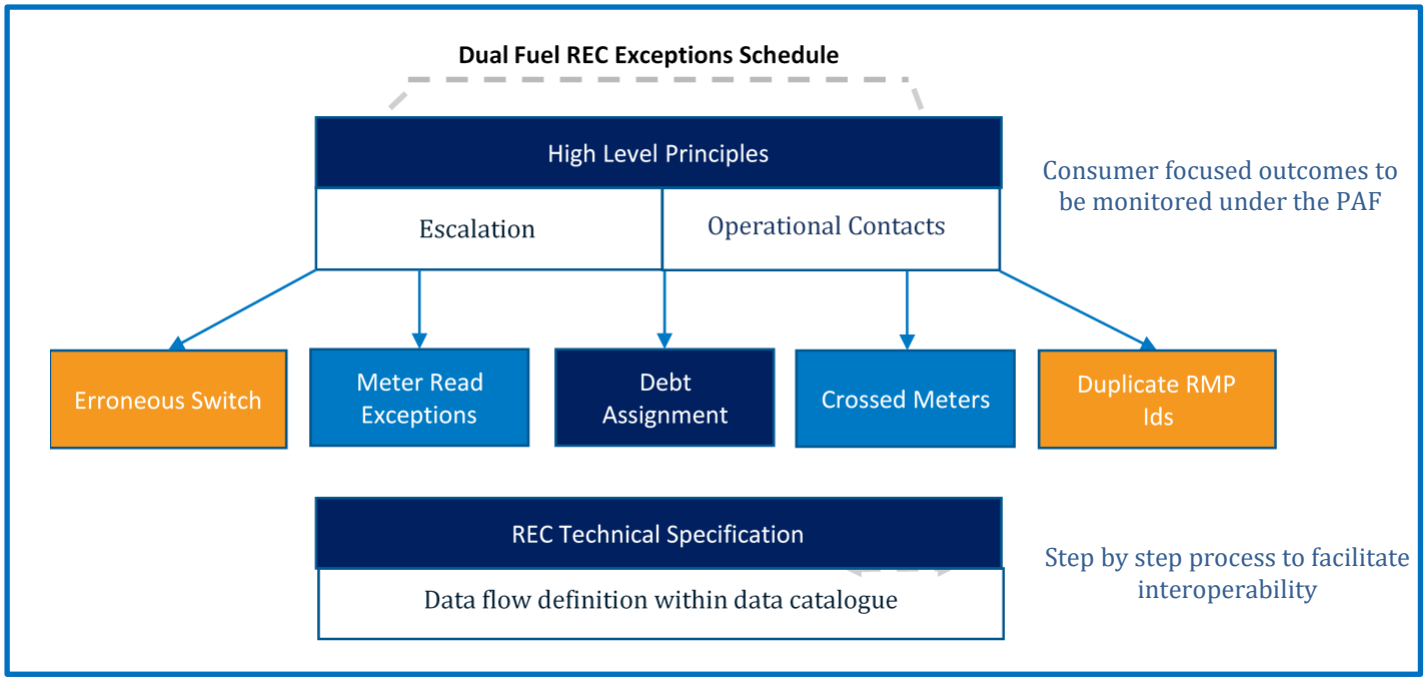
The REC exceptions schedule should include:

- a clear set out consumer outcomes which will enable monitoring of performance under the REC Performance Assurance Framework e.g. the relative timescales for resolution of Erroneous Switches following identification;
- a standard process for resolving exceptions to facilitate interoperability and prevent multiple bilateral arrangements between suppliers; and
- a link to standard file formats specified in the Technical Specification for sharing of information, to ensure consistency and enable data security / DPA requirements to be met.

Whilst Model A, covers the first bullet point, we believe further detail is required to define the protocols that suppliers should follow in order to resolve each specific exception in a robust and consistent manner. Compliance with these protocols should be mandated within the exceptions schedule to prevent suppliers having to participate in multiple bilateral arrangements. However, the focus of any performance assurance provisions will link to the overall consumer principles rather than ensuring each supplier is compliant with each individual process step. Where it is identified that the protocols are not sufficient to ensure the overriding principles are met, then the REC Manager should review the provisions and progress suitable amendments. Equally where a new or existing supplier believes that changes could be made to the protocols to improve the overall consumer outcomes, then changes to the provisions should be progressed.

The exceptions schedule should also include a single escalation procedure which can be used within each of the exception processes. This escalation process should focus on the overall consumer outcomes and provide a mechanism for suppliers to escalate issues where they believe the issue will not be resolved within the required timescales, without necessarily specifying the role that the contact holds within the organisation. Similarly, this exceptions schedule should include requirements on suppliers to provide operational contacts, enabling a central record to be visible to all suppliers to enable suppliers to contact one another bilaterally to facilitate the resolution of issues as they arise.

We therefore believe that the REC exceptions schedule should be developed as a combination of both Model A and Model B, as set out in the diagram below.



Question 6.2

Do you agree that the theft of gas and electricity provisions should be moved to the REC?

ElectraLink manages the theft of gas and electricity provisions on behalf of industry and we support the migration of the provisions into the REC. ElectraLink will proactively manage this process, ensuring the necessary novation clauses can be inserted into all theft related contracts when they come up for renewal to enable a smooth transition unrestricted by any potential delays to overall programme timescales.

Question 6.3

Do you agree that the REC Manager should undertake the (re)procurement of any services due to commence at or after REC v2.0 implementation?

ElectraLink agrees that any necessary re-procurement for services that will commence post REC V2.0 should be carried out by RECCo Ltd as the contracting body. However, we recommend that RECCo Ltd retains the option to appoint specialist advisers, with detailed knowledge of the incumbent service, to carry out the procurement and service implementation. This may offer a more cost-effective solution and more practical assignment of priorities for the REC Manager at a critical time for CSS service implementation.

Question 6.4

Do you support the establishment of an industry-wide data catalogue that all code bodies incorporate by reference into their own codes and collaborate on the maintenance of?

ElectraLink strongly supports the establishment of an industry wide data catalogue. We are currently working with Xoserve to develop a single gas catalogue which will incorporate the definition of data items and associated data flows used within the SPAA and UNC. Amalgamating this with the electricity Data Transfer Catalogue (DTC) and incorporating any new CSS messages will ensure a consistent set of publication principles and design standards are applied for nearly all gas and electricity transactions. From an industry perspective, this will significantly simplify the data landscape, with market participants being able to focus on a single framework when developing systems to manage communications under the UNC, REC and BSC.

Whilst initially, there may be differences between equivalent gas and electricity data items, for example the format of address data; having a single dual fuel data catalogue should facilitate harmonisation of gas and electricity data definitions, further simplifying the arrangements for market participants, particularly those that are active in both markets.

Both the electricity DTC and SPAA Data Flow Catalogues (DFCs) are currently provided as online tools, with information displayed in a similar way and a search functionality to improve usability. It is therefore suggested that the structure of the REC Data Catalogue should be consistent with these existing data catalogues and that the same terminology and presentation of flows should be used. However, we are aware that a review of the UK Link Manual is currently being undertaken. If this highlights improvements in the way in which data can be presented, then this may be reflected in the REC Data Catalogue. Similarly, the development of the CSS messages may highlight improvements that can be rolled out across the existing provisions.

Question 6.5

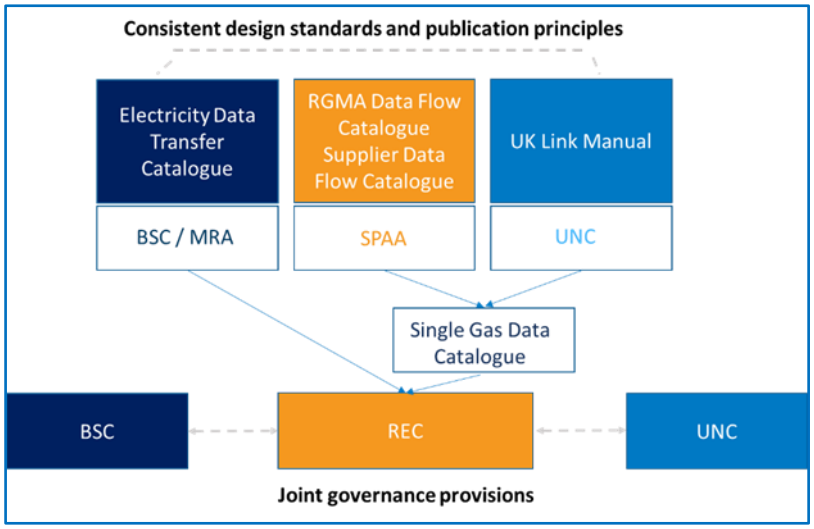
Do you think that the REC should have the responsibility of hosting the industry-wide data catalogue?

A large proportion of the existing industry data provisions are currently included in the MRA (electricity DTC) and SPAA (RGMA and Supplier DFCs). As the expectation is that these codes will be closed down within the same timescales as the implementation of REC V2, we believe the REC is ideally placed to host the new industry wide data catalogue.

In addition, several data flows utilised within the processes which are expected to migrate from the SPAA and MRA into the REC, are defined within these existing data catalogues, for example the Resolution of Erroneous Transfers, Debt Assignment Protocol and Supplier Agreed Read flows. Including the definition of these flows and instructions setting out how the flows should be populated within the REC Technical Specification, alongside the new CSS Messages will ensure a consistent approach to drafting which will aid usability.

We understand that both the BSC and UNC will utilise data items and data flows defined within the data catalogue and therefore the relationship between the REC and these codes will need to be further considered. At a high level we believe the existing governance provisions within the MRA, which take into account the role of the BSC as owners of several electricity data items and data flows, will need to transfer to the REC. Similar provisions will also be required to link the UNC and REC, ensuring that UNC Parties retain control over the data items and data flows used within the UNC.

This is demonstrated by the diagram below:



Question 6.6

Do you think that an industry-wide data catalogue should be developed for REC v2.0 (to enable REC CSS messages to be incorporated from day 1) or should consolidation be undertaken as part of REC v3.0?

ElectraLink believes that SPAA and MRA data catalogue provisions should be migrated as part of REC V2. This will ensure that the new data elements and messages being defined for CSS transactions can be incorporated directly into the REC data catalogue(s), rather than being defined separately and then having to be migrated at a later date. This should ensure consistency in the way that the information is defined and therefore aid usability.

In addition, we note that Ofgem's intention is to implement REC V2 and REC V3 in parallel, therefore regardless of which version of the REC the provisions are planned for, they will still need to be migrated within the same timescales. Inclusion in REC V2 will ensure a link with the Switching Programme and that the development of the data catalogue will be consistent with the other provisions included in the REC Technical Specification.

We do not believe that the electricity and gas provisions need to be consolidated from day 1; it may be preferable for the gas and electricity data catalogues to be migrated into the REC as separate entities. Ideally the provisions would be consolidated into a single REC data catalogue; however, we acknowledge that there are fundamental differences between some of the data items defined within the gas and electricity data catalogues. It may therefore take time to fully consolidate the provisions. We believe the REC Manager should be responsible for developing a plan for this consolidation exercise, to ensure that any functional changes required to party and / or service provider systems are fully considered and delivered as efficiently as possible.

Question 6.7

Subject to further development, assessment and consultation, would you in principle support aligning the gas and electricity metering codes of practice under common governance?

ElectraLink supports the principle of aligning gas and electricity metering codes of practice under common governance. Prior to SPAA being delegated as the authority over both MAMCoP and subsequently AMICoP, both Schemes were authorised by separate bodies. This led to concerns regarding the requirements that needed to be covered to ensure the safe operation of meter installations, which were addressed by duplicating the relevant obligations in both AMICoP and MAMCoP.

SPAA CP 17/407 – Alignment of Metering Code of Practices was raised in 2017, and the change was progressed to a Working Group for further consideration and development. The change seeks to clarify the accountabilities and responsibilities for both AMIs and MAMs through the amalgamation of the gas metering Code of Practice documents. The Metering Amalgamation Group (MAG) are expected to re-submit the SPAA Change Proposal in Quarter 4 2018, where a consolidated MAM and AMI CoP will be included.

As work to align the gas CoPs has already begun, the next step would be to compare the gas provisions with the electricity provisions held in MOCoPA, to allow for the creation of a dual fuel metering Code of Practice (CoP). This option would allow for a unified process, with a single assurance regime and change process.

Question 6.8

If yes, do you consider that the REC would be a suitable vehicle for such common governance?

There are two options for the metering provisions: migrate the gas and electricity metering CoP(s) into the REC; or establish a separate metering CoP to include both gas and electricity requirements.

ElectraLink believes that operational activities required to ensure a positive consumer experience should be included in the REC, regardless of whether they are being carried out by suppliers themselves, or their agents. As the processes required to appoint agents and communicate metering data between market participants will significantly impact the quality of data used for both customer billing and settlements, we believe these provisions currently in the Retail Gas Metering Arrangements (RGMA) baseline and relevant electricity Balancing and Settlement Code Procedure (BSCP514) should be included in the REC to ensure Energy suppliers can be held accountable for the compliance of their agents.

However, technical requirements relating to the installation and maintenance of metering equipment, as set out in the gas and electricity metering Codes of Practice, stretch beyond the requirements placed on suppliers to manage their agents. For example, Gas Act provisions allow consumers to directly contract to metering agents to manage their assets. Independent governance of metering, separate from the REC, would act to assure all parties that any Metering Equipment Manager, however contracted for, is competent to operate in its sector. This would make it easier for consumers to seek metering services separately from their energy supply and consequently may facilitate innovation and competition in those adjacent markets.

In addition, we acknowledge that migration of the gas and electricity metering CoPs into the REC, would allow for a unified process, with a single assurance regime and change process. However, governing the metering CoPs within a retail code could result in a double-layer of governance with the REC Change Panel being responsible for the overall governance and assurance provisions within the relevant REC Schedule; and the Meter Equipment Managers (MEMs) being responsible for the

accuracy of the technical requirements within the CoPs themselves. This could result in increased industry costs with additional administrative activities required and potential conflicts where suppliers and MEMs have different views.

The establishment of a separate metering CoP to include technical gas and electricity provisions would allow for the harmonisation of processes, consistent technical standards to be applied across gas and electricity metering provisions where relevant, cost savings with management by one body to ensure dual-fuel changes are aligned. It would also allow for technical information to be self-governed by MEMs.

Question 6.9

Do you consider that the SMICoP should be incorporated into an industry code, and if so, do you agree that this should be the REC?

As per the metering provisions, SMICoP could either be transitioned into the REC or transitioned into a separate metering code. SMICoP is primarily a customer facing code and the main objectives are to make sure that the consumer receives a high standard of service throughout the installation process, and knows how to use, and benefit from, the smart metering equipment to improve the energy efficiency of their home. As the REC is focused on customer centric principles, then SMICoP would be best placed within this Code though any technical requirements for the installers should be transitioned into the technical metering code as referenced in Q6.8.

SMICoP could have an enduring shelf life for SMETS2 and we suggest that a Schedule of the REC is created to discuss consumer interactions, which could be widened to cover the general installation experience.

Question 7.1

Do you agree with the five incentivised milestones identified? Do you think any milestone should be given greater importance and therefore a larger proportion of margin placed at risk?

ElectraLink is not best placed to comment on this question.

Question 7.2

Do you agree with our proposals for the shape of the margin loss curves. Do you have any suggestions for other margin loss curves which may better incentivise DCC to achieve its milestones in a timely manner while encouraging quality?

ElectraLink is not best placed to comment on this question.

Question 7.3

Do you agree with our proposal for a potential recovery mechanism? Please give reasons. What types of criteria could be considered for demonstrating clear, transparent communication and what portion of lost margin should be available to be recovered?

ElectraLink is not best placed to comment on this question.

Question 7.4

Do you agree with our proposals for a discretionary reward where it can be demonstrated that DCC has gone above and beyond established requirements for REL Address matching? Please give reasons.

ElectraLink is not best placed to comment on this question.

Question 8.1

Do you agree with the proposed collaborative approach to consultation and modification report production?

ElectraLink agrees with the collaborative approach as this allows for all Code Administrators to feed in and support the progression of key processes into the REC. It also ensures that following any code modifications, other industry codes remain fit for purpose and there are no inadvertent consequences.

Question 8.2

Would you in principle support REC v3.0 code consolidation being progressed as a SCR separate to, but run in parallel with, the Switching Programme SCR?

ElectraLink supports REC v3 code consolidation being progressed as a SCR because both strands of work under REC v2 and REC v3 complement each other and will share many common resources. Furthermore, if REC v2 and v3 are able to be implemented at the same time, this would allow parties to have more certainty over the processes and give a conclusive end date to the migration of provisions.