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Rachel Clark
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Email to: switchingprogramme@ofgem.gov.uk

16 November 2018

Dear Rachel,

SPAA Ltd.'s Response to Switching Programme: Regulation and Governance - way forward and statutory consultation on licence modifications

Further to our letter dated 30 July 2018, in response to Ofgem's Delivering Faster and More Reliable Switching: New Switching Arrangements Proposal ('the June Consultation'), the SPAA Board ('Board') remains fully committed to the development of the Retail Energy Code ('REC').

We consider that most of the matters set out in the current Consultation are best addressed by industry participants, however we would like to confirm our commitment to an orderly transition from the SPAA to the REC. One particularly important aspect of transition is the theft of energy provisions, and we have set out our response to the related Consultation questions below.

Theft of Gas and Electricity Provisions (Q6.1 and 6.2)

The Board supports the migration of the theft provisions in to the REC. Since 2014, the Board has worked alongside industry in developing a robust set of arrangements that facilitate the detection on energy theft by gas and electricity market participants.

The Board is minded to support the Authority's recommendation to commence an independent post implementation evaluation of the package of theft arrangements to ensure they are fit for purpose prior to any migration into the REC. This will be considered further, in discussion with DCUSA Ltd, as part of SPAA Ltd.'s 2019/20 strategy and budget planning activities.

The Board 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, recognising the specialist nature of this field, we recommend that RECCo Ltd retains the option to appoint expert 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.

Code Consolidation and SCR (Q8.2)

The Board is supportive of the proposal for REC v3.0 code consolidation being progressed as a SCR separate to, but run in parallel with, the Switching Programme SCR. We consider that this provides greatest certainty to industry and will allow SPAA Ltd to support Ofgem in the transition of the SPAA Schedules and manage the closure of SPAA Ltd.

The Board welcomes continued engagement from Ofgem and would be pleased to discuss this response and other related matters in further detail.

Yours Sincerely,



Dimple Gohil

SPAA Manager

On Behalf of the Board of Directors, SPAA Ltd