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Non-Confidential

Dear Rachel,

Switching Programme and Retail Code Consolidation: Proposed changes to licences and industry codes

Drax Group plc (Drax) owns two retail businesses, Haven Power and Opus Energy, which together supply renewable electricity and gas to over 350,000 business premises. Drax also owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8.3 million homes across the UK. This is a joint response on behalf of Haven Power and Opus Energy.

We are generally supportive of the Retail Energy Code (REC) and agree that this represents a great opportunity to rationalise and streamline codes. Implemented in an appropriate fashion, the REC should provide market participants with an accessible, comprehensive set of obligations that is easy to understand and adhere to.

Our responses to the highest priority consultation questions are appended, and we plan to provide more substantive responses to the remaining questions in line with the September deadline. We would be happy to discuss our response with you further if it would be helpful.

Yours sincerely,

Matt Young

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Appendix - Consultation Questions

Question 1.3: Do you consider that the methodology as set out above is appropriate?

Cross-code collaboration

We agree that cross-code collaboration in accordance with Code Administration Code of Practice (CACoP) principles is required to ensure an efficient and coordinated approach to industry change. Our experience indicates that the quality of code administration differs significantly between codes, in particular:

- Critical friends, including ease of availability and quality of impartial support;
- Websites and ease of locating modifications and obtaining contact details for lead analysts of individual change proposals; and
- Helpdesk facilities and the availability of support and response times for substantive responses.

We recommend that the services provided by existing code administrators are reviewed and best practice adopted by the REC Manager.

Future consolidation of the existing retail codes is an opportunity to enhance and streamline the efficient operation of the modification process, including considering impacts for electricity and gas concurrently. We agree that a schedule that sets out the anticipated scope of services to be delivered through the REC, with opportunities for interested parties to propose changes to the scope or delivery of the services, is a positive step to enable innovation and continuous improvement.

Independent, external support

We agree that the REC Manager should have appropriate access to internal and external resources to expedite Code development in a timely and efficient manner. However, the REC Manager should not use expensive external support (e.g. Subject Matter Experts or other advisors) as a primary resource. The use of external support may be appropriate from time to time, but REC parties should be able to approve where such support should be utilised. The implementation of the REC represents a significant challenge for the industry, and it is vital that suppliers are continuously engaged in the change process to ensure modifications are developed appropriately. The energy market is complex and therefore requires relevant expertise to fully understand the many and varied interdependencies. External support is unlikely to be familiar with individual supplier processes and systems, creating a risk that potential issues or opportunities may be missed.

REC parties should also not have to bear unnecessary costs for independent support when individuals in the industry may be better placed to develop proposals. The appointment of external advisers has the potential to add substantial costs to the modification process, so should be used prudently, efficiently and not as standard practice.

Question 1.4: Do you have any comments on the scope of services?

Whilst we have no comments on the scope of the services, we'd welcome greater detail on the *innovation* component of the key Code Manager services. Our assumption is that this means the adoption of sandbox arrangements to enable proof of concept testing for innovative products and business models in a live REC environment. In line with other industry codes, we would expect appropriate governance of any sandbox arrangements to ensure benefits are delivered for consumers and do not lead to undue market distortion.

Question 1.5: Do you agree with our outline proposals on the set-up of the REC Manager?

Yes.

Question 4.3: Which option outlined above do you think is best suited to govern MPAS (as defined above) once the MRA has closed, and why?

We believe that the Balancing and Settlement Code (BSC) is best suited to govern MPAS to harmonise electricity with gas where UK Link is governed under the Uniform Network Code (UNC). Given the BSC governs other key industry systems, principally electricity settlement, the governance framework is widely considered to be very effective.

Question 4.4: Do you have concerns about the suitability of any of the options for the future governance of MPAS, outlined above?

We do not have any concerns about the suitability of any of the options, but in line with our answer to Question 4.3, the BSC is our recommendation for future governance of MPAS.