

ElectraLink Ltd.

3rd Floor
Northumberland House
303-306 High Holborn
London WC1V 7JZ



Tel: 0207 432 3000
www.electralink.co.uk

ElectraLink's response to Switching Programme Consultation: Phase One



ElectraLink Ltd.

Registered No: 3271981 VAT Registration No: 698 2336 89.



FS 559738 EMS 559739 IS 619353

*Rachel Clark
Programme Director
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU*

Dear Rachel,

Re. ElectraLink Response to Ofgem's Switching Programme and Retail Code Consolidation: Proposed changes to licences and industry codes

ElectraLink welcomes the opportunity to respond to Ofgem's consultation, which sets out proposals in relation to the Retail Energy Code (REC), its schedules, and the licence changes required to deliver faster, more reliable switching and Retail Code Consolidation. We have focused our initial response to Phase One of the consultation relating to the REC Manager role and Meter Point Administration Service (MPAS).

We fully support prioritisation of the REC Manager role and feel this is critical to ensuring that a modernised code with structured agile governance arrangements are in place for April 2021. An empowered REC Manager will ensure that the intentions of the CMA are met and aligns with the direction of the code governance review. We would also note that the governance requirements of the energy industry have changed with the emergence of a diverse range of suppliers, network companies and innovators which the REC Manager should support. We also believe that prioritisation of the REC Manager will facilitate the delivery of the Faster Switching Programme by enabling the REC Manager to be involved in early decisions and start early engagement with the Centralised Switching Service (CSS), thereby avoiding some of the issues faced under the Smart Energy Code where there is limited management of the Data Communications Company (DCC).

We feel strongly that Distribution Connection and Use of System Agreement (DCUSA) should be the destination of the MPAS. We believe that incorporating MPAS into DCUSA will support delivery of faster switching and also support the realisation of smart grids and the Distribution Network Operator (DNO) to Distribution System Operator (DSO) transition. In order to facilitate this transition and ensure market participants have visibility of the service that is on offer, there is a need to maintain a register of behind the meter assets and services.

Data management via the DNOs ensures that, due to their direct relationship with the consumer, market participant's data is managed in a uniform way and avoids misaligned data management by multiple decentralised actors updating central systems. Moving the data within the control of the DNOs (within DCUSA) would move the UK closer to how data is managed in Europe, where the DSO is neutral market facilitator and data manager. By processing metering point data, DNOs within Europe facilitate significant consumer interactions in the market and DNOs can support coordinated interactions between market actors. In France, consumers are able to manage and access their data directly via a DSO web portal, which is similar to the work the UK is intending to do with Midata. DNOs can also support coordinated interactions between market actors as they go through market change; for example, the DNO data systems in Italy and Estonia are used as a single portal to manage consumer consent to share data to new or existing market actors. The management of this process by the DNO ensures neutrality over data management, as there are no vested interests involved with agreeing data sharing to support market entry to new market actors.

Whilst ostensibly the European market is different to the UK, as the meter management is performed by the DNO and not the supplier in Europe, this is not the case; the key data items central to switching (such as the MPAN) is almost always managed by the DNO across Europe and stored within DNO-

managed systems for use within the energy market. Moreover, the structure of the UK energy market is moving closer to the structures within Europe, where the DNO is more actively engaging with the consumer, with the move towards smart grids and the DNO moving towards the role of the DSO, where they are required to proactively manage the consumer information. Within the smart grid, the actors managing the consumers energy decentralises and this will result in the dissolution of the supplier hub energy market model within the UK; consequently, the role of the supplier as the a single point of contact for consumer information will decrease, rendering the DNO the only sensible remaining responsible party for consumer data items.

As stated in our October response 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. Through our delivery of Smart Metering Implementation Code of Practice (SMICoP) we have taken steps to deliver the first digitalised and digitised version of an energy code. Through digitisation we have ensured that the code is a consistent format and created golden threads so key terms can be identified throughout the code, and any consequential impacts of a change easily identified. This supports the change process, and makes easier for those who are actively engaged with SMICoP to identify the particular areas and text that they are interested in. At the same time, we are also aware that not all industry participants can indulge in regulation teams to engage with and understand the code requirements. Through digitalisation we have developed a simple interface so that different parties who are likely to engage with SMICoP can understand their obligations and requirements in simple plain English. Although this is a significant development with the first digitised and digitalised code, we do not believe this is the end of the journey and so we are looking forward to taking our other codes on a digitalisation journey that will realise real benefits across the industry and reform how code governance is delivered. We are organising a demonstration of SMICoP with Ofgem representatives and would be happy to extend this to those involved in the Faster Switching Programme.

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

Phase One: Questions 1.3, 1.4, 1.5, 4.3 and 4.4

Question 1.3

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

The idea of the proposed methodology for each service area - to enable potential service providers to offer flexible, innovative and best in class services - sounds sensible, however, in practice we believe that if this is to be successful, it is important to have a single point of contact responsible for managing all of the service areas. From our own experience, this will ensure that there is a common, consistent approach across all service providers and ensure wider considerations are taken into account rather than focusing just on the service being delivered. To reduce the resource burden from the RECCo. Board members themselves, and to ensure impartiality, we believe that the co-ordination and management role would be best filled by the REC Manager.

ElectraLink has previous experience of using multiple service providers and managers through the introduction of the Theft Risk Assessment Service (TRAS). At its inception ElectraLink was appointed as the TRAS service manager with the contract management role being filled by industry representatives. The intent was to ensure that the day to day running of the service was overseen by ElectraLink, including the change process; with the contract management being undertaken by industry to ensure that the interests of industry was protected.

Whilst the intent was good, in practice this meant that there was not a joined-up approach to the management of the service providers, resulting in delays to the process and inconsistent views across service and contract management provisions. It must be acknowledged that industry representatives are often stretched within their organisation and are not well placed to complete the contract management role so after the initial period. ElectraLink was appointed as the contract manager for theft in 2017. This has ensured a consistent approach across service delivery and management, ensured wider considerations are fed into the development of the service and enabled the service to evolve in line with wider industry requirements. This approach has also ensured that there is strong contract and service management, ensuring that the service develops in a timely manner in the best interests of industry, thereby avoiding the lengthy and costly change process that can be associated by disjointed contract management.

Question 1.4

Do you have any comments on the scope of services?

The scope of services for the Code Manager seems sensible as the majority of services align to areas already managed under the Supply Point Administration Agreement (SPAA), Distribution Connection and Use of System Agreement (DCUSA) and SMICoP. We are keen to continue developing the digitisation and digitalisation aspects that we have rolled out to SMICoP. We are also keen to continue strong cross code engagement as during this REC journey, we have held and chaired a number of cross code industry groups to ensure that the SPAA is ready to transition.

Question 1.5

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

ElectraLink is fully supportive of the proposed approach to the set-up of the REC Manager. We agree that it is integral that the REC Manager is able to work with Ofgem and the RECCo Board to support the implementation of the REC and the subsequent running of the Code. We would also echo that REC provides an opportunity for further code consolidation and believe this will be the first stepping stone to achieving wider industry best practice.

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 passionately believe that governance should be a facilitator to support and develop the industry codes and should be used as a blocker for change. As such we believe that DCUSA, or REC, could be easily amended so that the governance supports participation of Elexon in the change process – in the same way that the Master Registration Agreement (MRA) currently accommodates them. This is a relatively simple change to ensure that governance does not prevent the best solution for industry. We would note that the Data Transfer Service Agreement has been regularly updated to support the interests of new parties (including the Data Communications Company as the Central Switching Service provider) and we believe a model should be developed whereby governance supports the industry and not industry supporting governance.

We believe that DCUSA best meets the needs of the MPAS Provider moving forward. DCUSA like the MRA is a code that has been developed because of a Licence obligation placed on the Distributor to procure and maintain the code. The Metering Point Registration System (MPRS) that supports it is managed and maintained by electricity distributors through third party arrangements. DCUSA also governs how parties connect and use the system, central to this is a registry of whom is connected to their system, it is therefore reasonable to make a minor increase to the scope of MPAS to include the meter points that are connected to this system. Indeed, we believe that if DCUSA had existed when the obligation to create MPAS was implemented then governance would have been placed within DCUSA rather than the MRA.

As indicated in the consultation document the Metering Point Administration Number is produced by distributors when a new connection is made, and its energisation status is maintained until it is disconnected where there is no further use for that connection as stated by the Electricity Act. Such connection, energisation, de-energisation and disconnection processes are all included within the body of the DCUSA.

We would also highlight that including MPAS within DCUSA governance is also consistent with the direction of travel on smart grids and the DNO-DSO transition. In particular in order for the market to be able to access flexibility services from customers there is a need to understand the assets that sit behind the meter (such as electricity storage, solar panels, electric vehicles) and the services that the customer has agreed to provide. This helps with asset planning, system management and facilitates a distributed market whereby different parties can access a range of services to balance the market in the most economic and efficient manner. A DCUSA CP (350) has recently been raised to develop a register of behind the meter assets. We believe that inclusion of MPAS into DCUSA would enable the development of a single register of meter details, and assets behind the meter; supporting not just faster switching but also the realisation of a smart, flexible network.

Notwithstanding the obvious link with Distribution Use of System billing arrangements, it is anticipated that further distributor obligations, not catered for in this consultation document, could reside in DCUSA such as:

- Address maintenance;
- Connections;
- Disconnections;
- CMRS to MPAS Registration System Transfer;
- MPAS to CMRS Registration System Transfer; and
- Maintenance of Changes to Embedded Exemptable Generation Plant.

Finally, by placing all distributor accountabilities in DCUSA, it may help with further code consolidation and the potential for a network code similar to the Retail Energy Code.

Question 4.4

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

As stated in our response to question 4.3 above, a case can be made for any of the three with suitable governance arrangements being put in place together with the ability of impacted code administrators being able to raise change requests to other codes. What remains, once you take out the change of supplier processes, Electricity Central Online Enquiry Service and the Green Deal provisions seem in the main to be distributor accountabilities rather than settlements or retail.

The option of splitting the governance between the codes whose activities most closely relate to each requirement is probably the least favoured option and may prove difficult to achieve with arguments over each process being challenged since most of the data is being used for different needs potentially within each of the three codes. Also, with potentially three governance processes impacting the distributors' MPRS, it may introduce complexity to maintaining the system e.g. implementation complications.