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Switching Programme and Retail Code Consolidation: Proposed Changes to Licences and Industry Codes - Consultation Response

Dear Rachel

This is IMServ's response to Ofgem's consultation on Proposed Changes to Licences and Industry Codes as part of the Switching Programme and Retail Code Consolidation, a consultation document dated 17 June 2019.

IMServ is a provider of agent services to the electricity non-domestic sector, including metering as well as data collection and aggregation services. IMServ's main interest in this consultation is to maintain clear and unambiguous regulation that provides the backdrop for our service delivery. Any significant changes to this regulation need to be thought-through and maintain the knowledge and understanding that underpins the regulations.

Overall, we are supportive of the Retail Energy Code, but some of the proposals to sweep up other more technical metering codes into the same governance arrangement do concern us, as we do not think that the topics are readily compatible. For example, the topics of faster switching and health and safety at electricity metering installations are a long way apart, and we do not think that the current formation of the Retail Energy Code addresses the latter particularly well.

If you wish to discuss our response further, please do not hesitate to get in touch.

Yours sincerely



Paul Akrill

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Detailed Responses to Specific Consultation Questions

Note –IMServ has chosen to respond to those questions where we have a specific opinion to express.

Question 1.1: Do you agree that the mission statement and objectives encapsulate the functions of the code, can drive activity of the governance functions and assist decision-making on changes to codes?

Insofar as the proposals relate to faster switching, we do agree that the mission statement and objectives encapsulate the functions of a retail faster switching code.

With the proposed extensions into metering codes, this is extending the scope of the REC beyond its original intent. The mission statement and objectives do not encapsulate these extensions and fail to encapsulate the technical nature of these extensions.

Question 1.2: Do you agree with our proposals on the initial and ongoing appointment of RECCo Board Members?

Echoing our thoughts on question 1.1, the proposals on the appointment RECCo Board Members are ideal for managing a faster switching code, but fail to address the incorporation of metering codes. For example, the functional expertise listed in table 1 includes neither metering, engineering nor safety knowledge. Without this, the RECCo Board Members may lack the expertise to make decisions on technical matters. There is over-emphasis on skills and expertise related to faster switching matters to the detriment of these other areas.

Additionally, if MEMs are required to be signatories to the REC, then representation at the RECCo Board should be mandatory for this community and not bundled into the “Agents or non-traditional market role” bucket where it looks like an after-thought.

Without these changes, the concern is that this is a supplier-led, faster-switching dominated governance process, which may make poor decisions about technical and metering matters.

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

Again, metering and technical engineering are not mentioned in the objectives. The list of topics are very faster switching centric.

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

The scopes brought in the REC by adding in metering codes are absent. This highlights that adding in the metering codes is an afterthought, with the primary focus being on managing faster switching. All aspects of what the code intends to govern should be included when considering the setup of the REC governance.

1.7: Do you agree with our proposals on the set-up of the PAB? Do you foresee any problems with these proposals?

Yes, IMServ is supportive of the setup of a PAB to support the REC, although care should be taken to avoid overlap or contradiction with the pre-existing PAB. PAB members must include representation from all party types, not just energy suppliers to ensure a balanced view.

1.8: Do you agree that the inclusion of the principles outlined (as included in the draft change management schedule) should address some or all of the problems associated with existing code governance?

No IMServ does not agree that this will solve all of the problems associated with existing code governance. A lot depends on the quality of the code manager as to how easy it is to understand and engage with the changes, and we are finding that managing change across the plethora of governance

and regulation is an increasingly time-consuming exercise. We do not see how this problem is solved. We also have problems that are as a result of the quality of the governance – where specific changes are specified, but not to a sufficient level of detail that allows us to easily implement them. This is particularly apparent when interfacing our IT systems to those of the rest of industry. The governance processes proposed here suggest improvements to understanding the costs of central IT systems, but fail to address how market-wide costs are properly assessed and understood. There is also a lack of risk management in the approach: change often has consequential impacts that are not properly assessed and mitigated in advance.

Question 4.1: Do you agree that Ofgem should lead an end-to-end process to develop the code modifications to deliver retail code consolidation?

Yes, and this could be a mechanism to address some of our concerns above.

Question 4.2: Do you agree with the proposed scope of the Retail Code Consolidation SCR? Do you think any additional areas should be in scope?

IMServ is comfortable with the proposed scope.

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?

IMServ is uncertain as to the best way forwards to govern MPAS, and can see merits in all three routes discussed.

Question 4.8: Do you agree with our preferred option for governance of agent appointments and MDD, outlined as option 3 above?

No, IMServ's preference is for option 2. This leaves the arrangements for electricity metering as-is. We cannot see the benefits of bringing gas and electricity together, as at the detailed level, there are substantial differences to the working practices and processes for interacting with the industry systems and energy suppliers in the two utilities. We are also concerned that moving the electricity MO provisions out of the BSCPs will cause them to diverge from their close-relationship with those for the DC function. This close relationship between MO and DC is fundamental to the successful operation of the electricity settlement and has more impact on this than it does on retail switching. The risk to settlements of moving these responsibilities outweighs the perceived harmonisation benefits.

Question 4.9: Do you support our proposal for consolidating the metering CoPs into the REC?

We are concerned about the proposals to consolidate the metering CoPs in the REC. The proposal appears to be triggered by the need to find a new home for MAMCOP governance. Whilst there is nothing wrong with consolidating and improving governance, viewing gas and electricity as being similar is too simplistic, particularly at the technical level, so we are not convinced that there would actually be a simplification. We also worry that the expertise that has built up in these areas would dilute should they be absorbed into the REC. The governance around the REC is set up to suit retail switching, not metering.

Question 4.10: Do you think MEMs should be parties to the REC?

If the sole purpose of MEMs being parties to the REC is to be able to hold them to account, then no, we would not agree. If the purpose is so that MEMs can have a voice and their expertise is taken into account when setting the rules, in balance with taking accountability for their actions, then we would not have an issue with that.

Question 4.11: Do you think changes to the metering Schedule(s) of the REC should be progressed through the Change Panel only, or should there be an additional MEM Panel?

Given the different expertise needed, we would recommend establishing a separate MEM panel.

Question 4.12: Which of the requirements within SMICoP, if any, should extend beyond the initial installation of the smart metering system?

As a meter operator in the non-domestic electricity market, IMServ has carried out thousands of site visits to perform metering work without the need for regulation such as SMICoP. It is our opinion that SMICoP was created to serve a purpose, that purpose being the mass installation of smart meters, and once that purpose is served, normal practices can resume. During this period of mass installations, with the pressures to meet installation targets, the influx of new installers into the industry, additional protections were needed for customers. Once complete, good practice should be continued, but without the need for additional regulation.

Question 4.13: Which of the requirements within SMICoP, if any, should apply to installation of non-smart metering systems and other site visits required to carry out metering related work?

In line with our answer to question 4.12, IMServ believe that SMICoP was created to protect consumers during the mass installation of smart meters, and once that purpose is served, normal practices can resume. There is no need for additional regulation.

Question 4.15: What are your views on our proposals for the governance and assurance of the SMICoP provisions once migrated to the REC?

IMServ are positive about these proposals.