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9 September 2019

Dear Rachel,

### **Switching Programme and Retail Code Consolidation: Proposed Changes to Licences and Industry Codes**

Thank you for the opportunity to respond to your consultation in relation to the above<sup>1</sup>.

SGN provided an initial response to questions 1.3, 1.4, 1.5, 4.3 and 4.4 in line with the 29 July 2019 deadline, as requested. Below we provide an update to respond to the remaining consultation questions, in line with the 9 September 2019 deadline. For completeness, our initial July responses are included and where we have provided further comments, this is clearly indicated.

For the purposes of ease of comparison with other respondents, we have structured our response around the questions as posed in your consultation document.

#### **Chapter 1: REC Governance Arrangements**

##### **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?**

We are supportive of the amended mission statement as described in paragraph 1.2 and the associated objectives.

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

We agree.

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

July Response: Yes, we support the development of a draft schedule to further define the REC Manager role and consider that the inclusion of this schedule within the REC will create a level of visibility for all REC parties.

September Additional Comments: We remain supportive as per our July response, however, we would add that as the service areas are primarily qualitative descriptions of expected performance, clear measurements and success criteria will be required in order for the REC board and REC parties to truly be able to assess and manage the REC Manager's performance.

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

July response: In principle we support the scope of services as described, however we would welcome greater clarity on the details of each responsibility. For example, the suggested responsibility of "Party Management, Market Entry and Exit" presumably refers to management of the code accession process, rather than market lifecycle processes. We do not consider that the latter would be within the REC Manager's role.

We expect that the development of a draft schedule as discussed under Question 1.3 will provide greater clarity.

No further additional September comments.

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

July response: We agree.

No further additional September comments.

**1.6: Do you agree with our proposals on the set-up of the REC Change Panel? Do you foresee any problems with these proposals?**

We agree with the proposed role for the REC Change Panel as described in paragraph 1.23, however note that it would be worth clarifying, or adding a supplementary description, to link the Panel's decisions back to the REC relevant objectives. We would also suggest removing the reference to scope, as this will be enacted through the Panel's accountability to the RECCo Board and this phrasing may cause confusion. For example (additions shown underlined, deletions shown in strikethrough):

*"The REC Change Panel is responsible for reaching decisions on changes to the REC based on the REC relevant objectives, ~~where this is within scope~~, and recommending decisions on changes to the REC to the Authority where appropriate."*

We agree with the proposed set-up of the REC Change Panel.

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

We agree with the proposed set-up of the PAB, especially its establishment during the transitional period as discussed in paragraph 1.32. We also support further development of separation between the RECCo Board and the PAB as described in paragraph 1.5(g) as it is critical that the right balance of supervision and autonomy is achieved.

**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?**

We agree.

## **Chapter 2: Delivery Approach**

**Question 2.1: Do you agree with our proposed choreography of the Retail Code Consolidation SCR, Switching Programme SCR and associated licence changes, including our proposals that the Switching Programme changes will be introduced as ‘dormant’ before being made ‘active’ following Authority direction?**

We agree, noting that sufficient notice of changes becoming active will be provided, as described in paragraph 2.5.

**Question 2.2: Do you agree with the approach we have described for managing the delivery of the Switching Programme SCR and the Retail Code Consolidation SCR?**

We agree.

**Question 2.3: Do you have any views on the draft consequential changes to industry codes and work plans described in Appendix 5 that would help deliver the Switching Programme and Retail Code Consolidation SCRs?**

The Gas Transporters have jointly arranged for the UNC to be re-drafted to more closely follow the structure of the REC, in preparation for code consolidation. We are now planning to baseline UNC as per this structure in order that modifications which become effective in advance of CSS are applied to the re-structured text. As with any significant change to legal text, the process will require careful management in order to ensure that inflight changes are applied correctly.

## **Chapter 3: Switching Programme: REC Operational Arrangements**

**Question 3.1: 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.

**Question 3.2: 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.**

We agree.

**Question 3.3: 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.**

We agree.

**Question 3.4: Do you agree that the draft Service Management 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.

**Question 3.5: 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.**

As Gas Transporters are not party to this schedule we have no comment.

**Question 3.6: Do you agree that the draft Resolution of Consumer Facing Switching and Billing Problems Schedule meets the Regulatory Design Principles? If not, please explain how the Schedule could be improved?**

We agree.

**Question 3.7: Do you agree that we have adequately captured the requirements of the ETCC within the draft Resolution of Consumer Facing Switching and Billing Problems Schedule, taking account of the existence of Guaranteed Standards of Performance that cover engagement with the consumer and resolution of erroneous transfers?**

We agree.

**Question 3.8: Do you believe there is merit in extending obligations relating to the resolution of Erroneous Switches, Crossed Meters, Switch Meter Read Problems and Duplicate Meter Points to micro-business consumers or should these requirements more generally apply to all Non-Domestic Energy Suppliers? For Switch Meter Read Problems, should the scope be extended to cover domestic and micro-business consumers who are settled on a Half-Hourly basis?**

As these obligations primarily relate to Energy Suppliers, we have no comment.

**Question 3.9: Do you agree with our proposal to introduce a harmonised procedure for escalating delayed and disputed problem resolutions for all problem areas covered by the draft Resolution of Consumer Facing Switching and Billing Problems Schedule? If not, please explain how the approach for escalations could be improved.**

We agree.

**Question 3.10 Do you agree that the draft Prepayment Arrangements Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved.**

As Gas Transporters are not party to this schedule we have no comment.

**Question 3.11: Do you agree that the draft Related Metering Point Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved.**

As Gas Transporters are not party to this schedule we have no comment.

**Question 3.12: Do you agree that the draft Data Access 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 but would note that the Data Access Agreement as described in paragraph 3.59, and its supporting processes, will require robust design and governance to ensure that the security and protection of personal data, as defined by Regulatory Principle 7<sup>2</sup>, is maintained.

**Question 3.13: What changes would you make to best align the draft Data Access Schedule to the Energy Data Task Force recommendations?**

We support the work of the Energy Data Taskforce and consider that the first three recommendations<sup>3</sup> are of primary relevance to the CSS.

We consider that these recommendations can best be achieved through the processes by which data access is delivered rather than the schedule itself – for example the Data Access Matrix will clearly define the available information for each Enquiry Service User, which can easily adopt the ‘presumed open’ strategy as recommended by the Taskforce. Where information is not available to a given User, the Matrix (or a supporting document) can clearly articulate the justifications.

As per our response to question 3.12, it is important that clear and robust processes are in place to ensure that personal data is secure and protect, as defined by the Regulatory Principles.

**Question 3.14: Do you agree that obligations should be placed on networks and suppliers to ensure that RECCo procures gas and electricity enquiry services and that obligations in the Gas Transporter and Distribution Licences can be removed?**

We agree.

**Question 3.15: Do you agree that the RECCo should be able to appoint either the Code Manager, Enquiry Service operator or a third party to act as the Enquiry Service Administrator for the purpose of monitoring compliance and managing Data Access Agreements?**

We agree, although as per our response to questions 3.12 and 3.13, there must be robust processes in place to ensure that any personal data is secure and protected.

In our response to the July 2018 consultation (question 4.2), we highlighted our view that responsibility for data items should remain with the data master, with its governance remaining with the associated industry code. We maintain this view and would seek to ensure that the Enquiry Services Administrator reflects this arrangement in order to ensure that organisations not party to the REC are still able to exercise adequate control over the data items for which they are responsible.

**Question 3.16: 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.**

We agree.

However, in our observations included in our response to the July 2018 consultation, we noted our concerns in relation to paragraph 2.1 which places responsibility for Gas Retail Data Agent (GRDA) obligations and liability with the Gas Transporters. As highlighted in our response, Gas Transporters no longer hold sole influence over Xoserve (the GRDA) at either an operational or Board level, and as such we retain no singular ability to ensure that obligations are delivered or to manage this liability. We note that paragraph 2.1 remains in the Interpretation Schedule and as such is effective under REC V1.

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<sup>2</sup> [https://www.ofgem.gov.uk/system/files/docs/2016/06/switching\\_programme\\_design\\_principles.pdf](https://www.ofgem.gov.uk/system/files/docs/2016/06/switching_programme_design_principles.pdf)

<sup>3</sup> <https://es.catapult.org.uk/news/energy-data-taskforce-report/>

Upon discussing the above with Ofgem last year, it was confirmed that subsequent versions of the REC would no longer place this responsibility and liability on the Gas Transporters. We would welcome clarity on the intended timescale for such an amendment, or would welcome the opportunity to discuss alternative arrangements through which GRDA obligations could be managed in a manner more aligned with Xoserve's operational model.

**Question 3.17: Are there any other areas that you think should be covered in the REC to support the Switching Programme, other than those that will be included in the Technical Specification?**

None identified.

**Question 3.18: Do you have any additional comments on the drafting of any of the schedules, in particular in relation to whether they effectively achieve the outcomes described here and articulated in Design Baseline 4 or other programme documents?**

No further comments.

#### **Chapter 4: Retail Code Consolidation; SCR Scope, Process and Proposals**

**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?**

We agree.

**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?**

We agree.

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

July response: As SGN is not party to the MRA, we do not have a view.

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

July response: As SGN is not party to the MPAS provisions, we do not have a view.

**Question 4.5: Do you agree that the GDAA and Green Deal related provisions in the MRA should transfer to the REC?**

As SGN is not party to the MRA, we do not have a view.

**Question 4.6: Do you think GDAA parties should accede to the REC, or be engaged in governance through some other means?**

As SGN is not party to the GDAA, we do not have a view.

**Question 4.7: Do you agree that the requirements currently held in SPAA Schedule 22 and the RGMA Baseline related to gas meter agent appointments and MDD should be mandatory for domestic and non-domestic suppliers? If not, why not?**

We agree.

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

We agree, and note that complementary steps have also been taken to move the management of gas MDD from SPAA Schedule 18 to UNC through modifications UNC682, iGTUNC124 and SCP467<sup>4</sup>.

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

We agree.

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

We agree.

**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?**

We consider that the MEMs are best placed to indicate their preference, as this would assist in their own resource planning.

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

As we are not party to SMICoP, we have no comment.

**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?**

As we are not party to SMICoP, we have no comment.

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

As we are not party to SMICoP, we have no comment.

**Question 4.16: Do you agree with our proposal for incorporating PSR provisions in the REC?**

We agree.

## **Chapter 5: Licence Condition Changes**

**Question 5.1: Do you agree that Appendix 4 accurately describes all of the changes that should be made to licences to support the effective operation of the new switching arrangements?**

We agree.

**Question 5.2: Do you agree that Appendix 4 accurately describes all of the changes that should be made to licences to support Retail Code Consolidation?**

We agree.

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<sup>4</sup> <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-08/Ofgem%20Decision%20Letter%200682.pdf>

**Question 5.3: Are there any changes to licences that, if not made prior to the switching arrangements going live, would inhibit the delivery of the Switching Programme?**

None identified.

**Question 5.4: Do you think that we should remove licence obligations on GTs described in SLC 31 and DNOs in SLC 18 to provide one or more of the following services:**

- **Enquiry services;**
- **Maintenance of a register of data associated with a metering point/supply point; and**
- **Customer enquiry service?**

We agree.

Should you require any further information with regards to our response then please do not hesitate to contact me at [Hilary.Chapman@SGN.co.uk](mailto:Hilary.Chapman@SGN.co.uk)

Yours sincerely,

Hilary Chapman  
**Regulation and Codes Manager**  
**SGN**