

Rachel Clark
Switching Programme
Ofgem
9 Millbank
LONDON
SW1P 3GE

09 September 2019

By email only to: Switchingprogramme@ofgem.gov.uk

Dear Rachel,

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

Thank you for the opportunity to comment on the above consultation. This letter should be treated as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc.

Please see the appendix to this letter for our responses to the second set of questions in the above named consultation.

As we stated in our response to the first set of questions, we are fully supportive of the Switching Programme and recognize that is an important part of a wider set of arrangements to ensure better outcomes for consumers regarding their energy supply.

The arrangements you propose for the governance of the new Retail Energy Code follow industry best practice in this area and have been proven to work for other similar codes. We broadly support the approach presented in the consultation and have a few specific comments which are included in the appendix to this letter as responses to individual questions. Given that the requirements of this code will cover many important aspects of DNOs' processes and systems, it is important that representatives of the bodies proposed have the knowledge, experience and expertise in this area of the energy system to ensure the best enduring outcomes.

Some provisions within codes that are proposed to be dissolved will need to be accommodated in enduring codes. For provisions that directly relate to DNOs' processes and systems, we believe these are best accommodated within a code that has governance bodies with the relevant experience required to develop arrangements for electricity distribution. For this reason we believe these provisions should be transferred to DCUSA or REC. This is reflected in our response to the relevant questions in the appendix.



We welcome any further engagement on this topic. If you have any queries or questions regarding this response, please do not hesitate to contact Hazel Cotman in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Hope', with a stylized flourish extending to the right.

James Hope
Head of Regulation and Regulatory Finance
UK Power Networks

Copy Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks
Hazel Cotman, Income Systems Workstream Lead, UK Power Networks

Appendix

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 proposed mission statement and objectives as they will assist in development and change process of the REC. However we propose adding an additional objective that would focus on the environmental impact. This will help to support the ongoing change in the energy industry to meet government climate change targets.

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

To ensure that the Board continues develop and has the ongoing support of REC parties we support the codifying of the appointment of directors similar to the approach taken in Elexon P281. The mix of elected REC members and independent directors will result in a balanced board best suited to deliver the REC objectives.

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

Answered in previous response.

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

Answered in previous response.

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

Answered in previous response.

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 are supportive of the proposals for the REC change panel as this is similar to existing code panels which are working effectively. Given the focus of the proposed code on improving consumer outcomes, it will be important that consumer interests are represented on the relevant bodies proposed in this consultation.

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

We broadly support the proposals for the set-up of the PAB as they are similar to existing code committees. We believe that the following changes would support a more effective operation of the REC:

- To reflect the contractual relationship, the monitoring of the REC Manager should be the responsibility of the REC Board
- To ensure transparency of governance of the PAB, the REC Manager should be responsible for collating statics on the operation of the PAB. The REC Board should be made responsible for monitoring the performance and REC compliance of the PAB
- The REC Board taking on the responsibility for monitoring the REC Manager and the PAB proposed above will allow the PAB to focus on the performance of REC parties
- The PAB needs to be seen to be transparent and contain experienced members from across the industry. Therefore its terms of reference should ensure all types of REC Members are represented on the PAB

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 are supportive of the use of subject matter experts in the development and assessment of change proposals as this is a development of the Critical Friend approach in existence across the industry. Where the change will result in system or operational change to REC Members or third parties, an early review by affected parties will allow optimising of the original change proposal or early development of alternative changes.

2. Delivery Approach

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 support the aims of defining a choreography to ensure certainty over the governance arrangements and the proposed process would achieve this aim. In addition to the work required to ensure a smooth transition, the Code Manager would need to support and advise on both the current arrangements and the new provisions under the REC.

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?

Please note our response to question 2.2, however we are supportive of the other parts of the high level choreography and the SCR.

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?

We are supportive of the direction of travel of the draft electricity code proposed consequential changes described in Appendix 5. The draft changes cover the main areas of change required to deliver faster switching.

3. Switching Programme: REC Operational Arrangements

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 that the draft Registration Services Schedule meets the standards set out in the Regulatory Design Principles.

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 that the draft Address Management Schedule meets the standards set out in the Regulatory Design Principles.

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 that the draft Data Management Schedule meets the standards set out in the Regulatory Design Principles.

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 generally agree that the draft Switching Service Management Schedule meets the standards set out in the Regulatory Design Principles. However, we believe that there are two areas that can be improved:

- Major Incident – There is a requirement for parties when raising an incident to indicate that it is potentially a Major Incident but no guidance on scale or type of incidents that may be considered Major. We believe further guidance on this would be helpful.
- Given the importance of the Change Advisory Board to improve visibility, we believe that this group should be made a REC Sub-Committee.

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.

We generally agree that the draft Entry Assessment and Qualification Schedule meets the standards set out in the Regulatory Design Principles. However, we believe that there is an area that can be improved:

- The requirements of the REC Entry Assessment and Qualification process overlaps with the requirements of other codes Entry Assessment and Qualification process. To minimise duplication or conflicting requirements, the REC Code Manager should have a requirement to coordinate the process with other relevant code administrators.

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 have no comments to make at this stage.

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 have no comments to make at this stage.

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?

We have no comments to make at this stage.

3.9: Do you agree with our proposal to introduce a harmonise 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 have no comments to make at this stage.

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.

We have no comments to make at this stage.

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.

We have no comments to make at this stage.

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 that the draft Access Schedule meets the standards set out in the Regulatory Design Principles.

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

We are fully supportive of the recommendations from the Energy Data Task Force (EDTF). We are currently working both internally and with wider industry to put in place the actions required to achieve these recommendations. At this early stage in the process there is not yet sufficient detail to determine what changes will be needed to codes.

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?

Electricity Network Operators currently provide enquiry services to:

- consumers via a telephone enquiry service; and
- a limited number of commercial consumers (managed by electricity suppliers) via ECOES.

Furthermore, some Electricity Network Operators provide data via their websites.

The proposal is to place an obligation in the REC to require the RECCo to procure an energy enquiry service. The distribution business would have no direct control over the service therefore the licence obligation could be removed.

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?

On the grounds of efficiency we agree that to comply with its REC and legal data obligations, the RECCo should have the ability to appoint agents of its choice to act as the Enquiry Service administrator.

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 that the draft Interpretations Schedule meets the standards set out in the Regulatory Design Principles.

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?

No, we do not believe that there are any other areas that should be included in the Technical Specification.

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, we do not have any additional comments.

4. Retail Code Consolidation: SCR Scope, Process and Proposals

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

To ensure single ownership of the complex code modification process, we agree that Ofgem should lead an end-to-end SCR process.

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 support the proposed scope of the Retail Code Consolidation SCR. The proposed scope will deliver the objective of closing the MRA and SPAA and development of the REC. Any additions to the scope will increase complexity and risk to delivery of the SCR in step with the faster switching programme.

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?

Answered in previous response.

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

Answered in previous response.

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

We have no comments to make at this stage.

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

We have no comments to make at this stage.

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 have no comments to make at this stage.

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

We have no comments to make at this stage.

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

We support the proposal of consolidating the metering COPs into the REC given the important role of Multiple-Energy Microgrids (MEMs) in providing industry data and their close interactions with other REC parties including network operators.

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

We support the proposal that MEMs should be required to become REC parties. Along with consolidating the metering COPs into the REC this will enable this important area to be subject to the REC Performance Assurance Framework.

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 support the position that all changes to the REC and REC subsidiary documents should only be progressed through the REC Change Panel. This will minimise the complexity of the REC change process.

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

We have no comments to make at this stage.

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?

We have no comments to make at this stage.

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

We support the proposal for REC governance and assurance for SMICoP once migrated to the REC. This supports the principal of common governance and assurance across all processes encompassed by the REC.

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

We agree with the proposal to transfer PSR requirements into the REC. This will help the industry to continue exploring ways to better serve customers on the PSR by working together. Some of the activities required to facilitate this joint working may require code changes, therefore having them in one code which all companies involved are party to will help facilitate this.

5. Licence Condition Changes

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?

As far as it is possible to determine at that stage given the draft status of the code changes, we believe that the proposed changes to the DNO licence should support the effective operation of the new switching arrangements.

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?

As far as it is possible to determine at that stage given the draft status of the code changes, the proposed changes to the DNO licence should support Retail Code Consolidation.

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?

As far as it is possible to determine at that stage given the draft status of both the code changes and the details of faster switching design, there are currently no identified changes to the DNO licence that would inhibit the delivery of the Switching Programme if not made prior to the switching arrangements go live.

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?

As per our response to question 3.14 we agree that, subject to the procurement of replacement services by RECCo, the obligations under SLC 18 can be removed.