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26th July 2019

WWU response to Ofgem consultation Switching Programme and Retail Code Consolidation: Proposed changes to licences and industry codes

Dear Rachel,

Thank you for the opportunity to respond to the consultation. Wales & West Utilities is a gas transporter serving 2.5 million supply points in Wales and south west England.

This response contains our response to the questions for which the deadline is 29th July 2019. As WWU is a gas transporter we are not responding to the questions relating to electricity Meter Point Administration Service and therefore are only responding to the three questions on REC Governance Arrangements.

1. REC Governance Arrangements

Questions

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

We agree that the REC Co board should be responsible for procuring a REC manager. It is clear that efficient procurement requires clarity on the services that the REC manager is expected to provide. It is therefore essential that the schedule of services is agreed quickly.

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

The consultation lists the key "Code Manager" services as:

- Performance Assurance and Compliance Monitoring;
- Party Management, Market Entry and Exit;
- Code Change Management;
- Design Authority;
- RECCo support;
- Stakeholder Engagement;
- Service Provider Management;
- Digitisation and Digitalisation;
- Innovation;

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- Cross Code Collaboration.

The performance assurance and compliance monitoring will need to be done in conjunction with the REC Performance Assurance Board.

The Design Authority role assumes that REC Co will take over this role from the DCC in due course. We have commented in our response to a previous consultation that Ofgem needs to very carefully manage the DCC to ensure that this separation can be achieved easily and that REC Co is provided with all the information that it requires to effectively assume this role.

There could be conflicts of interest between the Code Change Management role and the Design Authority role. This could occur where a change may result in a change to the design that imposes additional costs on the CSS system. Since the Code Manager will also be able to raise changes there needs to be a clear separation of roles between raising a change, managing the change and delivering the change.

The consultation document sets out the overall mission of the REC manager as “To identify and deliver strategic change that benefits consumers, competition and the operation of the market”. This means the imperative is clearly to deliver change which suggests that delivery of change would over-ride any design considerations. We suggest that the overall mission should be amended to “identify and **efficiently** deliver strategic change that benefits consumers, competition and the operation of the market”. This would mean that design considerations can be appropriately considered in the delivery of change.

1.5: Do you agree with our outline proposals on the set-up of the REC Manager?
We agree with Ofgem’s outline proposals on the timing of the set-up of the REC Manager. We note that the REC Co board is exposed to a risk of delay to the programme and should this occur then there is a risk that the REC manager is in place before it is needed thereby exposing REC Co to additional cost. REC Co will need to consider how best to mitigate this risk.

If you wish to discuss this response further please contact Richard Pomroy (Commercial Manager) Richard.Pomroy@wwutilities.co.uk

Yours sincerely,



Steve Edwards
Director of Regulation
Wales & West Utilities

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