

Date
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Rachel Clark
Switching Programme
Ofgem
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Dear Rachel,

Consultation: The Retail Energy Code – proposals for version 1.1

Thank you for the opportunity to respond to Ofgem's consultation: 'The Retail Energy Code – proposals for version 1.1'. This response is made on behalf of Cadent and can be published by Ofgem.

Cadent continues to be supportive of Ofgem's approach to the Significant Code Reviews related to bringing about faster, more reliable switching and Retail Code Consolidation.

Our responses to the individual questions within the consultation are set out below.

We have chosen not to provide responses to certain questions which we deem to be non-Gas Transporter related, predominantly questions related to theft arrangements. However, we would like to note that Gas Transporters have separate licence obligations in relation to theft.

Please contact me should you wish to discuss any aspect of this consultation response.

Yours sincerely,

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Continuation sheet

Questions:

Company and Code Governance

Q2.1 Do you have any comments on the process for appointing additional RECCo directors?

The process for appointing additional RECCo directors needs to be transparent, specifically how an individual is identified and recruited through the nominations committee process.

Q2.2 Do you agree that MEMs should be Party to the REC?

We are in agreement.

Q2.3 Do you agree in principle that the obligations currently placed upon metering agents by the BSC could be integrated with the REC performance assurance framework, subject to certain conditions being met?

As a Gas Transporter, we have chosen not to comment on this question as it is essentially an electricity matter.

Q2.4 Do you agree that the RECCo should be required to develop and maintain a Strategy for the REC, including but not limited to digital transformation of REC processes and data?

We are in agreement.

Q2.5 Do you agree that RECCo should adopt zero based budgeting from 2021/22?

We are in agreement, keeping in-line with other industry codes.

Q2.6 Do you agree that future RECCo budgets should be decided upon by the RECCo Board, subject to appeal by REC Parties?

We would expect a budget to be subject to consultation prior to finalisation, allowing for an appeal process afterwards.

Performance Assurance

Q3.1: Do you agree with the proposed composition of the PAB, as set out in the Terms of Reference published with this document (see Appendix 2).

We have no comments at this time.

Q3.2: Do you agree that any organisation undertaking an activity governed by the REC would be within scope of the performance assurance framework in respect of those activities?

A scope too wide could be ineffective. We would expect a clearly defined scope for those directly impacted by the REC. It should be noted that Gas Transporters have obligations and incentives under licence and the RIIO price control framework.

Q3.3 Do you agree that at least one of the PAB's priorities should be determined by Citizen's Advice?

Whilst we have no objections, we would expect all priorities to undergo scrutiny to ensure consumer benefits supported by Citizen's Advice and larger consumer groups. All priorities should be agreed as priorities, by all parties involved.

Q3.4: Do you agree that the PAB should have discretion to escalate liabilities within a defined range if the earlier application of charges does not achieve the desired effect?

Charges and liabilities must be clearly presented as to how and when they are applied. We do not believe this is an area where discretion is appropriate.

Q3.5: Do you agree that suppliers with serious performance issues should face restrictions on their ability to acquire new customers until those issues are resolved?

We have no comments at this time.

Change Management

Q4.1: Do you support our proposals regarding the production of preliminary and detailed IA?

We have no comments at this time.

Q4.2: Do you agree that the Change Panel should be appointed by the RECCo Board, following a process overseen by the nominations committee?

We seek clarity on whether the Change Panel representatives are representing their constituency or the wider industry. We believe representatives should be nominated by peers.

Q4.3: Do you agree that the REC should encourage shorter and more frequent Change Panels, to be held remotely where possible?

We support an agile change process, allowing for sufficient time for industry to develop and scrutinise change proposals.

Q4.4: Do you agree with the proposed categorisation of REC documents and associated change paths?

All change paths should be transparent and open to appeal.

Q4.5 Do you agree that code administrators and managers should be able to raise any changes identified as necessary by the CCSG?

We believe Code Administrators and Code Managers should continue to work together across codes. Changes often have consequential impacts which are not always understood by other Code Managers, therefore, we oppose a Code Manager having the ability to raise a change in other codes. Ofgem have recently rejected proposals for Code Managers to raise changes within their own codes.

Theft Arrangements

Q 5.1: Do you agree that we should extend the valid reasons for an objection to include ongoing and time-bound theft investigations, and subject to monitoring by the PAB? Do you have any suggestions for the period of time during which it should be possible to maintain investigations as a reason for an objection and what should trigger the start of that period of time?

As a Gas Transporter, we have chosen not to comment on this question as it is essentially a Supplier matter.

Q5.2: Do you consider that the RECCo should be required to periodically review the effectiveness of the incentive scheme(s)?

As a Gas Transporter, we have chosen not to comment on this question as it is essentially a Supplier matter.

Q5.3: To what extent, if any, do you consider that the Theft Target should be reduced pending the replacement of the Theft Risk Assessment Service?

As a Gas Transporter, we have chosen not to comment on this question as it is essentially a Supplier matter.

Q5.4: Do you agree that the RECCo should procure a theft methodology, and use that to assess the effectiveness of a Theft Reduction Strategy, which it should also develop?

As a Gas Transporter, we have chosen not to comment on this question as it is essentially a Supplier matter.