



**REC v1.1 Consultation**  
**DCC Response**

**Version: 2.0**

**Date: 16/11/2020**

**Document Classification: DCC Public**

Ibex House  
2<sup>nd</sup> Floor  
42-47 Minories  
London  
EC3N 1DY

**Rachel Clark**

Switching Programme  
Ofgem  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

By email to: [switchingprogramme@ofgem.gov.uk](mailto:switchingprogramme@ofgem.gov.uk)

16 November 2020

Dear Rachel,

**DCC RESPONSE TO CONSULTATION ON THE RETAIL ENERGY CODE – PROPOSALS FOR VERSION 1.1**

DCC welcomes the opportunity to respond to Ofgem’s consultation on the Retail Energy Code (REC) – proposals for version 1.1, seeking views in preparation for new governance arrangements that will come into effect in September 2021.

We understand that the new switching arrangements will form a further release mid-2022 and we are supportive of the proposal to undertake and complete several activities in advance of the cutover to the new arrangements.

Answers to the questions put forward by Ofgem, and other comments on the drafting of the REC schedules, are set out in the annex to this letter. We have followed the general structure of the consultation document:

- Company and Code Governance
- Performance Assurance
- Change Management.

We have not provided comment on Theft Arrangements as DCC does not have any obligation relating to these arrangements.

We are encouraged that Ofgem is motivated to ensure that the REC addresses many of the criticisms that have been made of existing industry codes. In order to ensure that lessons learned from DCC’s experience under the Smart Energy Code are captured, we have included comments on the wording of the schedules and raised several clarification questions, in addition to answering the specific questions asked in the consultation document.

We would welcome Ofgem's views on the points we have raised in this response as this would provide us with reassurance surrounding detail on the lower level processes and procedures that are not necessarily made explicit in the schedules themselves.

We would like to draw particular attention to a key concern for DCC in relation to the Performance Assurance Framework (PAF), when established. Whilst we strongly agree the need to drive performance, we are concerned that only those who are accountable should be liable under the PAF for targets. Furthermore, it is important that targets set should be realistic, achievable and developed in consultation with the relevant impacted Parties.

Specifically, the accountability surrounding targets for Retail Energy Location (REL) Address quality. DCC recommends the PAF acknowledges that achieving such targets is, not fully within the control of DCC and the Central Switching Service (CSS). Ofgem should consider the strength of accountability placed on all relevant parties, including on Gas Transporters and DNOs – the source data providers – for data quality, so as to ensure DCC is not the only party held to account within the PAF. It is our opinion that other parties need to be held to account as all have the responsibility of providing good quality input data into the CSS.

DCC recommend that where source data is confirmed as 'poor quality' by DCC and no improvement can be made - an example will be an address with a wrong house number or building name and wrong postcode; for such data, the responsibility for correction lies with the source data provider.

DCC would like to note that based on the pilot completed to date, the REL Address quality target currently predicted is 94%, which represents a significant improvement on the current rate achieved. Whilst we strive to achieve the highest rate possible, DCC is unable to commit to higher than this figure. DCC recommends that 6 months after CSS go live, we will be in a position to review and confirm the achievability of a higher target.

We understand that following this consultation on governance, the REC Code Manager and Performance Assurance Board's focus will be on developing the REC Performance Measures (Service Level Agreements). We believe the principle of only being accountable for performance targets under a service provider's control should guide the development of the Performance Measures. We would welcome further discussions with Ofgem leading up to the REC v3 consultation in March 2021 on including provisions in the REC Address Management schedule to ensure that all Parties responsible, are held to account for achieving REL Address quality targets.

With regard to Ofgem's proposals on REC Change Management, DCC does not support the proposal regarding the production of Preliminary Assessments (PA) and detailed Impact Assessments (IAs). We do not consider that there is a strong justification to carry out a PA. Further, we consider that the cost of producing Final Impact Assessments (FIA) should be included as part of the FIA cost and paid upon change being accepted. PAs should only need to be carried out where the solution and/or change are genuinely unclear. We consider that this should not be the normal approach as it adds unnecessary time and governance to the change process.

Instead DCC proposes a three-step approach to change management, that involves a 'Development', 'Refine' and 'Report' stages. This approach to change management is flexible based on the complexity of the change and does not prescribe timescales for the production of PAs and IAs. It therefore offers an alternative to the 15 day PA and 40 day IA timescales outlined in the REC Change Management schedule.

We look forward to further engagement with Ofgem, RECCo and the newly appointed REC Code Manager in order to further develop the practicalities of the arrangements that are outlined in this version 1.1. consultation.

As always, we are happy to continue to engage with Ofgem as the proposals for the REC are further developed, and in particular to discuss the practical implications and options available to address any issues that arise.

If you have any questions relating to our response, please do not hesitate to contact Milan Neergheen ([Milan.Neergheen@smartdcc.co.uk](mailto:Milan.Neergheen@smartdcc.co.uk)) in the first instance, or me.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Siobhan Stanger', written in a cursive style.

Siobhan Stanger  
Chief Regulatory Officer

# Annex

## Contents

<b>1</b>	<b>DCC Consultation Response.....</b>	<b>6</b>
1.1	Company and Code Governance – DCC response to consultation questions.....	6
1.2	Further comments and clarification points on Company and Code Governance.....	7
1.3	Performance Assurance – DCC response to consultation questions	10
1.4	Further comments and clarification points on the Performance Assurance Schedule .....	10
1.5	Change Management – DCC response to consultation questions...	13
1.6	Further comments and clarification points on the Change Management Schedule .....	15

# 1 DCC Consultation Response

## 1.1 Company and Code Governance – DCC response to consultation questions

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

We agree that a gradual establishment of the enduring REC Board is sensible, rather than there being a handover from one group of directors to another at a given point in time.

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

We do not have any comment on this question.

### **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?**

We do not have any comment on this question.

### **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 agree with the addition in the Main Body of the REC, requiring that a RECCo strategy should be published and consulted on as part of its annual business planning and budget consultation.

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

DCC agrees that RECCo should adopt zero based budgeting with the aim of reducing costs for industry. DCC notes in clause 2.41 of the consultation document that this approach is not in relation to costs such as the "*price controlled allowance for the CSS*".

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

DCC agrees with the approach, provided that it is clear to REC Parties that the CSS costs are overseen through the price control process, as noted in response to Q2.5.

## 1.2 Further comments and clarification points on Company and Code Governance

This section outlines several comments and clarification questions DCC has on the REC Main Body.

**Clause 3.3** – Should the reference '*as described in Clause 3.1*' be a reference to Clause 2?

**Clause 4.1** – We consider that this clause could be clear that REC Schedules should also apply to Non-Party REC Service Users (those who have Qualified for the REC Service described in the REC Schedule). Our suggestion is that 'Non-Party' is added to the clause. '*Not all REC schedules apply to all Parties or Non-Party REC Service Users*'. We also suggest that '*Non-Party REC Service User*' is added to clause 4.3.

**Clause 5.21** – Should this clause clarify that any Board Members excluded from voting by the Board Chair is excluded from the simple majority number? For example, by extending the sentence to include: '[but excluding from such number any REC Board Members who have been excluded from the vote by the REC Board Chair due to a conflict of interest].'

**Clause 8.1 (b) and (c)** – Should references to the REC Panel be removed?

**Clause 9.5** – The draft budget is circulated to Parties; however, the drafting is not explicit that this is for consultation, nor is there a requirement for the REC Board to take Parties' comments into consideration. We suggest that the clause makes it explicit that the draft budget is circulated to Parties for consultation and that the REC Board must consider Parties' comments.

**Clause 9.7** – We would be interested in further detail on the budget appeals process. DCC is likely to complete its budgeting process in November/December, so any appeals allowed by Ofgem (relating specifically to DCC costs) could require DCC to re-open the budget.

**Clause 13.5** – We suggest that references to '*REC Service Users*' is replaced with '*Users*' and '*Switching Portal Users*'. In line with DCC's proposed update to the '*User*' definition, to: '*REC Service Users in respect of the Central Switching Service plus Switching Data Service Providers that use the CSS.*'

**Clause 13.6** – We suggest the following additions and deletions are made, in line with the proposed update to the '*User*' definition:

*'As between:*

- (a) *the CRS Provider and each ~~REC Service User~~; and*
- (b) *the CRS Provider and each Switching Portal User.*

*the CRS Services IPR shall be owned by the CRS Provider (and no User or Switching Portal User shall make any claims in respect of the CRS Services IPR).'*

As previously discussed, the proposed update to the definition of *User* is as follows:

*'means each REC Service User in respect of the Central Switching Service User, and Switching Data Service Provider (other than the CSS Provider), Shipper, Supplier Agent and Meter Asset Provider that uses the Central Switching Service.'*

**Clause 13.7** – We suggest that the first sentence of the clause is changed to: *'The CRS Provider hereby grants to each ~~REC Service User~~ and Switching Portal User a royalty-free...'*. In line with the proposed update to the definition of 'User'.

We suggest that the second sentence in the clause is amended to: *'Each licence granted to a User by the CRS Provider under this Clause 13.7 includes the right of the ~~REC Service User~~ to grant sub-licences to its agents, and contractors provided that they are granted solely for the purpose of the ~~REC Service User~~ receiving...'*. In line with proposed updates to the definition of 'User'.

**Clause 13.8** – We suggest that this clause is amended, in line with proposed updates to the definition of 'User': *'The CRS Provider shall ensure that each ~~REC Service User~~ (and its agents and contractors) and Switching Portal User can use the CRS Services IPR in the manner envisaged by Clause 13.7, and shall indemnify each ~~REC Service User~~ and Switching Portal User in respect of any claims brought by persons alleging that the use of that CRS Services IPR in the manner envisaged by Clause 13.7 has infringed any Intellectual Property Rights.'*

**Clause 13.9** – We suggest this clause is amended, in line with proposed updates to the definition of 'User': *'If the CRS Provider cannot obtain the necessary Third Party IPR licensing rights in favour of ~~REC Service Users~~ and Switching Portal Users and/or to enable ~~REC Service Users~~ to grant sub-licences of Third Party IPR (in each case as required by Clause 13.7), then the CRS Provider shall consult with the Authority, and the Authority may agree in writing that specified Third Party IPR does not need to be licensed to ~~REC Service Users~~ and Switching Portal Users and/or capable of being sub-licensed by ~~REC Service Users~~ (as would in each case otherwise be required by Clause 13.7).'*

**Clause 13.10** – We suggest that references to '~~REC Service Users~~' are replaced with 'Users' in line with proposed updates to the definition of 'User'.

**Clause 13.19 (a)** - 'Registration Object' should be added to Services Data IPR that is owned by DCC, as CRS Provider. These are the data attributes associated with a registration, which the CSS system generates and masters. Therefore, we think this should be added to the IPR owned by DCC, referenced in this clause.

The 'Registration Object' contains the following attributes, which can be found in ABACUS:

- Registration Identifier
- Registration RMP Identifier
- Registration Supplier Market Participant Role Identifier
- Registration Request Identifier Reference
- Registration Erroneous Switch Resolution Indicator
- Registration Change of Occupancy Indicator
- Registration Effective From Date
- Registration Effective Through Date
- Registration MPAN Core
- Registration Supply Meter Point Reference Number
- Registration Initiated Indicator
- Registration Cancellation Reason Type Identifier Reference



**Clause 14** - This clause relates only to liability between REC Parties. The Access Agreement template appears to apply this provision, to limit the liability of REC Service Users. We suggest clause 9.1 (in the Access Agreement) needs to be reviewed, as it applies to each "Party's" liability, rather than to the liability of each REC Service User. We suggest it should be expanded to also limit the liability of Parties' to Non-Party REC Service Users. Can Ofgem clarify what the position is regarding REC Service Providers other than DCC?

**Clause 14.1 (d)** – Will interest on Charges be recoverable too?

**Clause 15.2** - Are REC Service Providers and REC Service Users that are not Parties also subject to Performance Standards and the payment of Performance Charges? If so, then we suggest that this is added here.

**Clause 18.1** – We suggest that the following additions are made to encapsulate the proposed amended definition of 'User': *'Clause 18 imposes obligations on each REC Service Provider, ~~and~~ each REC Service User and each Switching Data Service Provider (referred to in this Clause 18 as the "Receiving Entity") in respect of the Confidential Information of each other REC Service Provider, ~~and~~ REC Service User and Switching Data Service Provider (referred to in this Clause 18 as the "Disclosing Entity").'*

**Clause 19.3 and 19.4** – Can Ofgem clarify whether REC Service Providers other than DCC are included within the scope of these two clauses? We suggest that the scope should include REC Service Providers other than DCC.

**Clause 21** - Consider expanding scope of this clause to include non-Party REC Service Users, Switching Data Service Providers and REC Service Providers other than DCC, if Force Majeure affecting them could affect the ability of others to undertake their respective obligations (cl. 21.1(b)).

**Clause 22.1** – For clarity, we suggest the following addition is made to this clause: *'any dispute or difference of whatever nature between REC Service Users, Switching Data Service Providers [or REC Service Providers] and howsoever arising under'*.

**Clause 22.5 and 22.6** – *Claims by Third Parties* - is this referring to third parties other than non-Party REC Service Users, Switching Data Service Providers and REC Service Providers? If so, suggest a clarification is added.

**Clause 23.1** - Should Non-Party REC Service Users, Switching Data Service Providers and REC Service Providers also be entitled to make derogation applications?

**Clauses 26.14 and 25.15** - *Anti Bribery* – We suggest that these clauses should also apply to non-Party REC Service Users, Switching Data Service Providers and REC Service Providers (other than DCC).

**General comment** – Having reviewed the Access Agreements, in places we consider that there could be tighter alignment to the REC Main Body. The Access Agreement should ensure all applicable Main Body REC provisions are captured so that non-Party REC Service Users are held accountable and can also enforce their rights. For example, is there a reason why REC clauses 16 (Events of Default), 22 (Disputes) or 23 (Derogations) are not reflected in the Access Agreement?

## **1.3 Performance Assurance – DCC response to consultation questions**

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

We note that in other groups suppliers are represented by both large and small suppliers. We wonder if the same approach should be taken for the REC PAB?

In addition, we consider that it may be more appropriate to have an odd number of members rather than give the PAB Chair a casting vote should the full Board not be able to reach a majority.

### **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?**

We agree with this approach.

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

We agree that at least one of the PAB's priorities should have a consumer focus. However, we believe that this should be agreed with all PAB members taking a range of views, including Citizens Advice, into account. Citizens Advice does represent consumers; however, it may get a skewed view of the issues if, for example, it sees a large number of complaints related to one issue but is not aware of other issues with greater impact. Taking a range of inputs would allow PAB to better assess a variety of issues.

### **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?**

It seems sensible to increase liabilities if no progress is being made in resolving a particular issue.

### **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?**

This seems reasonable. It would provide a good incentive for suppliers to perform well and would protect consumer confidence in the switching process. However, there could be unforeseen consequences, for example a consumer being blocked from obtaining the best deal and therefore having higher energy costs or not having access to schemes such as Warm Home Discount.

It should also be recognised that some small suppliers need to increase customer numbers to remain a viable business, particularly if they are new into the market, and this provision might result in some businesses becoming unviable leading to a significant industry cost through the Supplier of Last Resort process, a reduction of consumer confidence in the industry, and a loss of jobs. It might be better to rely on financial penalties where a supplier is struggling to achieve the performance required.

## **1.4 Further comments and clarification points on the Performance Assurance Schedule**

This section outlines several comments and clarification questions DCC has on the REC Performance Assurance Schedule.

## General comments

We would like to draw particular attention to a key concern for DCC in relation to the Performance Assurance Framework (PAF). There is no obligation on the PAB to understand that certain measures are not solely in the control of one organisation.

Whilst we strongly agree the need to drive performance, we are concerned that only those who are accountable should be liable under the PAF for targets. Furthermore, it is important that targets set should be realistic, achievable and developed in consultation with the relevant impacted Parties.

One specific example in terms of accountability, is the targets for Retail Energy Location (REL) Address quality. The PAF must consider that achieving such targets is, largely, but not fully within the control of DCC and the Central Switching Service (CSS). Ofgem should consider the strength of accountability placed on all relevant parties, including on Gas Transporters and DNOs – the source data providers – for data quality as only DCC is called to account by the PAF.

We understand that following this consultation on governance, the REC Code Manager and Performance Assurance Board's focus will be on developing the REC Performance Measures (Service Level Agreements). We believe the principle of only being accountable for performance targets under a service provider's control should guide the development of the Performance Measures. We would welcome further discussions with Ofgem leading up to the REC v3 consultation in March 2021 on including provisions in the REC Address Management schedule to ensure that all Parties responsible, are held to account for achieving REL Address quality targets.

It is not made clear how the Performance Standards that are being measured will be set "from time to time".

What will the process for the introduction of new measures be? DCC will need time to align the contracts with our service providers and so an appropriate lead time needs to be built into the process.

DCC believes that the Authority should be involved in decisions on derogations, however, we recognise the benefits in PAB being able to make fast paced decisions on derogations through powers being delegated. There should be a clear escalation route to the Authority as part of the derogation approval process.

Are the powers of the Code Manager to agree to a change to the performance assurance methodology power equivalent to what is in the SEC for the performance measurement methodology? If so, DCC believes that it would be appropriate to ensure that they are aligned.

**Clause 4 and throughout** - There are references to "Service Providers" and "REC Service Providers". We are assuming these are the same and should be used consistently.

**Clause 4.2c** - Typo: superfluous "and".

**Clause 5.1** - Typo: "PAB for".

**Clause 6.8** - Typo: "procedures".

**Clause 6.8** – This clause seems to suggest that the PAB is self-governing and may only decide to refer matters of non-compliance to Ofgem which are serious and systemic. DCC is concerned that there may be no right of appeal, should PAB set a target for which DCC does not have responsibility.

**Clause 6.9** - Typo: "to".

**Clause 7** - Should the Operating Plan be subject to consultation more widely than just PAB members?

**Clause 7.3c** - Typo: "to the".

**Clause 7.20b** - Typo: "Providers".

**Clause 9.4i** - Typo: "derogation".

**Clause 9.11** - Typo: "specified in those".

**Clause 10** - Provision of Data Principles - Parties (and the PAB) shall need to ensure compliance with the relevant GDPR regulations in respect of any data provided.

**Clause 10.2** - Is incomplete.

**Annex B** - Is it reasonable to expect each Party to acknowledge that the Performance Levels are the "minimum standard" when they are yet to be determined? Surely, they cannot be compelled to do so, until these are set.

**Annex B** - The Menu of Performance Charges needs to consider the extent to which an organisation has the ability to influence the target within its direct control. It should be stated that all targets within the Performance Standards will be set for the Parties that are capable of remedying the performance.

**Annex B clause 2.2** - Typo: "requirements".

**Annex B clause 2.5** - Surely the date needs to be changed to reflect the much later Go Live date for the REC.

**PAB ToR clause 2.9** - Typo: "secretary".

## 1.5 Change Management – DCC response to consultation questions

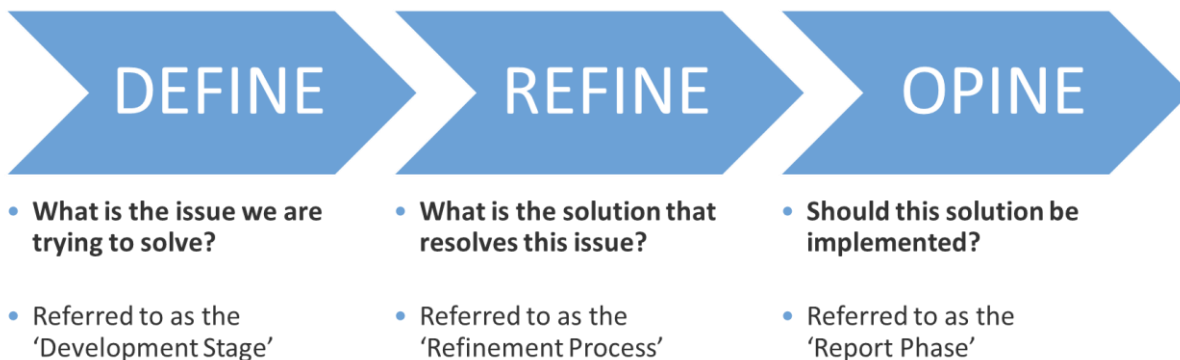
### Q4.1: Do you support our proposals regarding the production of preliminary and detailed IA?

We acknowledge Ofgem’s view that the option posed in the consultation document may provide some benefit to service providers, who may otherwise be obligated to dedicate resources to the production of Impact Assessments (IA) at a time that is not of their choosing, or that coincides with peaks of activity within their own business. However, DCC does not support the proposal regarding the production of preliminary and detailed IAs. We do not consider that there is a justification to carry out a Preliminary Assessment (PA). Further to this, we consider that the cost of producing Final Impact Assessments (FIA) should be included as part of the FIA cost and paid upon change being accepted.

PAs should only need to be carried out where the solution and/or change are genuinely unclear. We consider that this should not be the normal approach as it adds unnecessary time and governance to the change process.

We consider that the work to justify whether the change is valid should take place ahead of approving the draft proposal into a Modification and there should be no need for a PA.

We are proposing the following processes as an alternative for Ofgem to consider. The following diagram is taken from the SEC Framework between SECAS and DCC:



The 'Development Stage' must ensure that relevant stakeholders have had sufficient time to provide input into shaping the functional requirements and business benefits. DCC and Service Providers should also be asked to recommend a preferred 'Refinement Process' approach. This recommendation would be proposed as an alternative to the standard (15 day PA & 40 day IA SLAs) and could combine:

- 1) A single stage process – moving straight to completion of an IA without completing the PA as the requirements are sufficiently understood to define the final solution.
- 2) Reducing or increasing the timescales to complete the PA and/or IA based upon the complexity and/or internal governance processes that would delay submission within the standard approach timescales.
- 3) Delaying the commencement of the Refinement Phase based upon current programme constraints and/or proposed Release dates.

The preferred 'Refinement Process' approach needs to be included as part of the final Proposal Report and should form part of the formal governance decision making.

**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 support the proposal that the Change Panel should be appointed by the RECCo Board, following a process overseen by the nominations committee.

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

We do not consider that the REC should encourage shorter and more frequent Change Panels. Based on experience from Change Panels working under the Smart Energy Code, meetings are not usually overly time consuming.

We consider that not having regular scheduled dates for all change could make it more difficult to plan for decision making. We consider that a more appropriate approach would be holding agreed monthly dates, with the option to create specific ad hoc Change Panel meetings where required.

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

We support the proposal to have different categorisation of REC documents and associated change paths.

Within the Change Management Schedule, we would like to see an obligation placed on the Code Manager to develop the lower level processes, procedures, documentation, and decision-making that needs to be undertaken, regarding each category of documents and associated change paths. This obligation should be linked to REC objectives on innovation and operational effectiveness resulting in positive customer outcomes.

We would also welcome clarity on when these documents will be produced, distributed and/or consulted on. We need clarity over the lower level processes in order to support the change management process as a REC service provider. The change management process is also important in enabling switching service enhancements and fixes that will support DCC in meeting our Licence objectives to operate the service in a robust, economic and efficient manner. We also have a Licence objective to support innovation and the process is crucial to ensuring DCC can achieve this objective in line with the demands of customers.

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

We support the proposal that code administrators and managers should be able to raise any changes identified as necessary by the Cross-Code Steering Group. However, we consider that these changes should follow the same governance route as all other change.

## 1.6 Further comments and clarification points on the Change Management Schedule

This section outlines several comments and clarification questions DCC has on the REC Change Management Schedule. We have also included comments on the Cross-Code Steering Group Terms of Reference and Change Panel Terms of Reference.

### General comments on the Change Management Schedule

We are supportive of the tiered approach that was originally proposed for REC governance, and we agree that it will be efficient and proportionate for certain functions, including relevant determinations, to be devolved to those specialised groups, rather than all requiring determination of the Change Panel.

We agree that it will be important that the Code Manager has a role across the full breadth and depth of the REC architecture, to ensure that there is consistent and robust governance throughout. In addition, we agree that it would be appropriate for the Code Manager to play a role in determining whether escalation into a higher tier of governance is appropriate.

We agree with the policy of allowing any person or organisation outside of the industry to raise change proposals as it should support innovation. However, for this policy to be successful in achieving the objective of getting new organisations engaged in the industry, it should be complemented with proactive engagement of organisations outside of the industry. On its own, we think the ability to raise a change proposal will not increase engagement from outside of the industry. Therefore, we suggest that the REC Code Manager should develop a strategy for engaging with organisations outside of the sector.

Regarding innovation and release management, we are aware that the REC Code Manager will be developing a REC release roadmap. As a key service provider and REC Party, DCC needs to be involved and contribute to its development, to feed in requirements as to when it is most economic and efficient to carry out development and testing of a release, and to give us a view of when our test environments will be required to support REC releases.

**General comment on Clause 2** – We are supportive of proposals for REC Change Management allowing for a targeted and proportionate consultation, and devolved decision making.

As we have discussed with Ofgem on multiple occasions, we would welcome clarity within the text of the Change Management Schedule that lower level procedures and processes will be developed and maintained, and that those processes will be applied flexibly and proportionately to the impact of change on market participants (as outlined in the consultation document section on *Devolved decision making*).

We consider that text could be added to this section of the Schedule to place an obligation on the Code Manager to incorporate the principle of proportionality and flexibility into the process. We would suggest that additional text is added to the schedule along the following lines:

*"The five [six] stages of the change process outlined in this section provide the REC Change framework. The Code Manager will develop and maintain lower level, detailed processes for change with different levels of impact on Market Participants. In developing these processes, the Code Manager will apply a principle of proportionate governance, based on the impact of the change on Market Participants. The processes will be applied flexibly by the Code Manager based on the requirements of the change, its urgency, and its level of impact on Market Participants".*

We consider that placing an obligation on the Code Manager will help ensure the principles of flexibility and proportionality will be applied and adhered to.

We would also welcome clarity within the Change Management schedule that the change process will be expedited for those changes that amend Category 2 documents only.

We would expect this lower level Change Procedure documentation to include information on:

- Guidance for REC Parties on the practicalities of the Change Process, for example information on how to raise a Change Proposal.
- Clarity on how and when stages in the Change Process can be expedited.
- Expected timeframes/ SLAs for each step in the process.

We would also welcome an obligation that any Change Procedure documentation that is produced, is consulted on and agreed with REC Parties.

As we have described previously, we believe that the following principles should be applied when developing and administering the Change Procedure and Process, and reflected in the Change Management Schedule:

- Proportionate governance, based on the impact and cost of the change to Market Participants;
- Flexible governance, that supports an Agile development approach; and
- Supporting the delivery and maintenance of services provided under the REC.

The crux of these comments is centred around the desire to ensure that the Change Management Schedule provides the necessary framework to ensure that any operational issues that require a change to the technical specification (in order to be implemented) are prioritised and delivered effectively and efficiently to ensure that there are no service issues, while not losing sight of important governance and review procedures.

Notwithstanding the fact that the majority of maintenance of services under the REC will be overseen by the Switching Change Advisory Board (CAB), there may be instances in which there are defects to the Data Specification that cause operational issues, and that require an expedited fix.

If this information is not included within the Change Management Schedule itself, we would welcome clarity from Ofgem on how this information and guidance will be produced, and how an obligation will be placed on the REC Manager / Sub-Committees to follow that guidance.

**Clause 2.1** – The drafting refers to “five stages to the process”. This should be corrected to “six stages to the process”. E.g. (a) – (f).

**Clause 2.1(b)** – This refers to an initial impact assessment being undertaken, however clause 2.1(c) includes the Relevant Service Providers in carrying out an impact assessment after the initial impact assessment has been undertaken. In many cases, we consider that that it would be difficult to carry out the initial impact assessment without the inclusion of Service Providers. On that basis, we consider that this should refer to the Code Manager’s initial assessment.

**Clause 2.3** – Refers to the delegation on an activity to an individual Service Provider by the Change Panel. It is important to note that such delegation should not occur to a Service Provider of a Licensee, without express agreement by the relevant Licensee to the costs involved as provided by that Licensee through its impact assessment.



**Clause 3.1** – This indicates that as a minimum, the Cross-Code Steering Group (CCSG) will include representatives from the BSC and the UNC. Is there any reason why the SEC has not been specifically represented on this?

**Clause 3.5** – The term “this Code” is unclear. We consider that it could be referring to the REC or the “that Code” being the other Energy Code. The provisions of this clause also need to be reflected in other codes.

**Clause 4.2** – We consider that this could be interpreted to allow the flexibility for the Code Manager to remove Change Proposals from the list. We question whether what is required in this clause is that the Code Manager shall determine the “structure and format” rather than the content.

**Clause 7.3** – Are we correct in assuming that the REC Portal submission will be publicly available?

**Clause 8.1(c)** – We suggest that this criterion is linked to the REC objectives so that proposals are accepted (or otherwise) based on alignment to the REC objectives.

**Clause 8.1(d)** – “No reasonable prospect of being approved” this places a lot of subjectivity within the decision making that needs to be undertaken by the Code Manager. We suggest that criteria are added to help define what this means, and under what circumstances a proposed change would have no reasonable prospect of being approved.

**Clause 8.3** – We consider that it would be appropriate to include a time constraint in order to limit consumers’ money being spent on implementing a specific Change Proposal only for it to be over-ruled by the Change Panel at some later point.

**Clause 9.1** – What are the Change Panel’s ‘standing instructions’ and where are they outlined?

**Clause 9.2** – We consider that it would be helpful if a process diagram was provided in order to outline in a simplified diagram, the change paths and processes that will be followed under each approval route.

**Clause 9.3** – Can it reasonably be assumed that if criteria for the Authority-Approved Changes are not met, the change will be progressed through the Self-Governance route?

**Clause 9.5** – This describes Urgent Change Proposals and that this would be considered based on the criteria for urgency published by the Authority. Currently the criteria are based on issues that if not urgently addressed may cause a.) a significant commercial impact; b.) a significant impact on the safety and security of gas/electricity systems; c.) a breach of legal requirements. We would welcome further clarity provided in the guidance regarding when this might be used under the REC. Is an operational impact in scope of what would be considered urgent?

**Clause 9.6** – We suggest that there is a sub-committee that focuses on Switching Service Definitions (all services), where decisions to change these documents are made. We consider that this will be particularly important in early life where there may be instability.

**Clause 9.7** – We consider that it is important for the Code Manager to draft the initial Change Proposal Plan in consultation with the Change Proposer and Relevant Service Providers and this should be made explicit in the Schedule. This is to ensure that there is buy-in from relevant stakeholders and to ensure that the Change Proposer’s intentions in raising changes are considered. We also suggest being explicit that the level of detail contained in the Change Proposal Plan is expected to be proportionate to the level of change, as assessed by the Code Manager and relevant Service Provider. We also suggest that the Change Proposal Plan should set out how the process will be expedited, if that is the case.

**Clause 9.8** – This clause states that the Code Manager will set out the timetable and priority, however it is not clear on what objective basis that will be done on. We would welcome the inclusion of criteria for the prioritisation of a Change Proposal. This is further alluded to in Clause 9.9 in respect of having regard to “importance”. It is not clear how importance is determined either.

**Clause 9.8 (c)** – This clause states that the Code Manager shall set out whether the Change Proposal has cross code impacts, however the Code Manager may not know at this stage, so we consider that the drafting should include “in its opinion...”

**Clause 9.9** – We suggest that this clause is amended so that in determining the prioritisation and timetable to be followed in respect of each Change Proposal, another criterion would be included in this clause so that the Code Manager shall assess ‘whether a technical fix or service enhancement is dependent on changing the Technical Specification – the Code Manager will prioritise such changes, to support provision of services provided under the REC’. We suggest adding this to ensure that any operational issues that require a change to the technical specification to be implemented are prioritised, so that there are no service issues.

**Clause 10.1** – Is the purpose of the Code Manager reporting to the Change Panel and Providing the Change Panel with the Change Proposal Plan for information purposes, or to facilitate in a decision that needs to be made?

**Clause 10.3(b)** – Can technical Sub-Committees provide guidance to the Change Panel in making a contrary determination? This would provide an opportunity for them to provide expertise on advising the Change Panel that a change should progress through an alternative route.

**Clause 11.1** – Will relevant Service Providers also be involved in the further development of the Change Proposal Plan? There will need to be alignment on the proposal with the Service Provider that will be making a system change. If not, there is the potential to develop something that is not technically feasible.

**Clause 11.4** – What is the overall purpose of SMEs? Will SMEs from relevant Service Providers also be involved? We do envisage the potential for some duplication in roles/purposes. Will there be transparency around the role of SMEs? We consider that if they are employees of competitor organisations, there is a risk that they could obstruct the change process to prevent a competitor’s innovation.

**Clause 12.2** – The Code Manager should not commission impact assessments with subcontractors of Licensees without the permission of that Licensee. This should outline that it should act through the Licensee itself so that the Licensee can maintain control over its sub-contractors.

**Clause 12.4** – We consider that this two-stage assessment process is flawed, as per our response to Ofgem’s specific questions on the Change Management Schedule. We do not consider that there is enough justification to carry out a Preliminary Assessment. Further, the Final Impact Assessment (FIA) cost should be included as part of the FIA cost and paid upon change being accepted. Preliminary Assessments should only need to be carried out where the solution and/or change are genuinely unclear, and we consider that this should be the normal approach. Otherwise we consider that unnecessary time and governance will be included in the change process. This clause also needs to reflect the commercial arrangements in place where Licensees have subcontracted some of this work.

**Clause 12.5** – We consider that the cost of the FIA should only be released following decision/approval of the solution (and not just simply) the submission of document.

**Clause 12.7** – We consider it onerous that the Code Manager may procure an independent assessment where an appropriate timescale or costs with a relevant Service Provider is unable to be agreed. We do not consider that it is for the Code Manager to decide on these instances where a third party should be instructed with a potential financial implication to a Service Provider. We would like Ofgem to seriously consider reviewing and amending this and to be much clearer about how this would be authorised.

Some key considerations that should be thought through and we would welcome discussion with Ofgem on are:

- Clear criteria should be in place for a third party stepping in to perform an IA.
- What is the process for procuring the third-party Impact Assessment?
- Where would the third party get their information? What about commercially sensitive information?
- If a Service Provider is unable to produce an Impact Assessment due to resource constraints, having a third party conduct an IA with the cooperation of the Service Provider may exacerbate the resource constraints.

**Clause 16.3** – This clause allows another organisation to adopt the Change Proposal. It is not clear who owns the IPR in the legal text, proposed as part of the Change Proposal. Earlier clauses indicate it resided with the proposer (which is a different organisation to that which may now be the new proposer).

**Clause 17** – Please could more information be provided that describes under what circumstances an Alternative Change Proposal would be raised and what problem is being resolved by creating this clause.

A change proposal should define an issue. DCC are unclear about where there would be an ‘alternative’ issue that would require an Alternative Proposal to be raised? There could be alternative solutions, but these options should be investigated through the standard refinement process without the need to raise an Alternative Change proposal.

If the requirements change substantially then the change should be closed and raised again to prevent failures in Governance timescales.

**Clause 18** – This clause outlines the scenarios and content of a Preliminary Change Report to be developed by the Code Manager. We consider that this should also outline that the level of detail contained in the Preliminary Change Report is expected to be proportionate to the level of change as assessed by the Code Manager. We also consider that it should be explicit that this phase should be undertaken in consultation with the Change Proposer and Relevant Service Provider. We would welcome more information provided in the Schedule regarding what needs to be incorporated in a Preliminary Assessment.

**Clause 19** – This clause outlines that the Code Manager shall publish the preliminary Change Report for each Change Proposal and consult with Parties, Relevant Service Providers and other interested persons regarding such report in accordance with the applicable Change Proposal Plan. We suggested including text that outlines that the length of industry consultation is expected to be proportionate to the Change Proposal’s impact on Market Participants, as assessed through the initial assessment. We also suggest including text that outlines that the Code Manager may decide to expedite industry consultation through consulting via the relevant Responsible Committee, rather than written industry consultation.

**Clause 21.2** – This clause states that in the case of each Authority-Approved Change, the Authority will determine whether to approve or reject the Change Proposal. Does this mean that all technical changes need to go to the Authority? If so, what is the rationale?

**Clause 25.3** – We agree that there should be coordination between the implementation of changes and the scheduled release dates of the Relevant Service Provider’s systems. We expect to work closely with the Code Manager to ensure changes are scheduled into the most appropriate and economic release, based on factors such as the availability of test environments. We also believe there should be sufficient lead in time to ensure DCC can plan its resources to support development of releases.

### **General comments on the Cross-Code Steering Group Terms of Reference**

Regarding ‘The Chair of the CCSG (the CCSG Chair) will initially be the REC Manager, for a 12 month term.’ Would it be more appropriate that one of the Chairs from the existing codes Chair the CCWG for the first 12 month term as they will already have experience of the expectations of the role? We consider this may allow the REC Manager to retain focus on embedding all the other new governance arrangements for the REC. We also agree that it would be appropriate that the Chair position should be rotated in order through the Chairs of other Codes. In order to be completely unbiased, the position could be rotated alphabetically.

As we have previously discussed with Ofgem, to give the CCSG the necessary authority, DCC believes text should be added to all Energy Codes within scope of the CCSG, outlining its powers and that the Codes and Code Bodies will have to comply with the CCSG’s decisions.

We believe a key consideration in the operation of the CCSG is ensuring that it has access to the relevant subject matter expertise to make decisions. On matters relating to Switching and Smart Metering, DCC is expected to provide technical expertise and guidance to the CCSG. We would welcome early and regular communications with the CCSG to ensure DCC can provide advice in an effective manner.

We recognise in drafting the REC and making consequential changes to other codes that Ofgem has been clear on which services are delivered under which codes. For ease of reference to stakeholders on which service is governed under which code, we suggest the REC Manager and the other code bodies develop a catalogue of services, clearly indicating under which code they are governed.

Currently coordination across codes bodies on release management is done on an ad hoc manner and is reliant on individual relationships. We think that the CCSG is an opportunity for code bodies to develop a coordinated cross code release roadmap for the industry. Therefore, we consider that Ofgem should consider expanding the Terms of Reference to make reference to industry releases also being coordinated through the CCSG – with the requirement to develop a release roadmap.

**Clause 1.1** – Clause numbering contains duplicate clauses (for example, 1.1 is repeated).

**Clause 3.4** – We consider that the proposer of the Change Proposal should be permitted to be in attendance.

**Clause 4** – The Cross Code Steering Group should be able to meet electronically.

### **General comments on the Change Panel Terms of Reference**

Under the proposed Terms of Reference DCC would not be a standing member of the Change Panel. We consider that DCC would offer valuable insights as a standing member of the Change Panel due to our unique position in the energy industry. DCC has Licence Objectives that require us to support innovation in energy networks, and seek to deliver what we do in an economical and efficient matter. Our experience in assessing and delivering change under the Smart Energy Code for over 5 years allows us to provide real, impartial insight into effective change delivery.

**Clause 2.3** – This has [x] members which will need to be finalised.

**Clause 5.6** – This should define what 'sufficient notice' is and who measures it.