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ElectraLink's response to Consultation on Reforming the Energy Industry Codes



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Re. ElectraLink Response to Reforming the Energy Industry Codes

ElectraLink welcomes the opportunity to respond to the joint Ofgem and BEIS Consultation on Reforming the Energy Industry Codes. ElectraLink has first-hand experience of managing the industry codes and systems, and we firmly believe that change is needed to address the issues that currently exist and ensure they represent the interests of wider industry and customers.

It should be recognised that since 1998 the codes have done a good job of supporting competition and delivering incremental, piecemeal changes. However, since 1998 the market has changed significantly; it is no longer dominated by six vertically integrated companies, technology has developed so the need for face-to-face meetings is diminished, and it is no longer acceptable to spend 6 months or longer developing a simple change. It is therefore imperative that the codes and governance moves on to reflect this. We therefore welcome Ofgem and BEIS commitment to reform and believe now is the time for fundamental change.

We have reviewed the principles for reform set out within the consultation. We agree with these at a high level and believe that these should be refined, and an overarching principle added to ensure the reform delivers the desired outcomes and drives real benefits for the industry and customers. We believe that the reform of codes should look to deliver the following principles:

1. **Accessible:** There are many participants in the energy market including networks, generators, suppliers and aggregators. Rather than only ensuring information flows between these parties, we must provide the right tools for the market to operate efficiently and deliver a good customer experience. Going forward we believe that the number of energy market participants is likely to increase with innovators and new business models entering the market. With the growth of market participants, we believe that it is important that the codes are easily accessible so that parties can identify the rules and requirements that are relevant to them at the touch of a button.
2. **Flexible:** As the energy markets transform, the codes need to be flexible so that they can support, and not stifle, innovation. It is recognised that innovation does not mean they will get it right first time every time. The codes, therefore, need to be set up so that they provide an environment for ideas to be tried and tested without disrupting the wider market and closing it down when they fail. We should therefore be setting the codes up so that they contain rules to be followed and guidelines to help parties but are flexible enough so that they can be changed to support new solutions and innovation.
3. **Agile:** As identified in the consultation, the current pace of change within the codes is too slow and does not reflect the pace of change in technology or the market. We can no longer wait for a panel comprised of a handful of market participants to spend months contemplating whether engaging with the wider industry is a good idea or not. With the price cap and growth in small suppliers, industry no longer has the resource to spend months in meetings and innovators should not have to wait for the industry to identify every potential scenario (both

- plausible and not) and to solve these before a change can be implemented. The code - and the code manager - needs to be agile and open to change so that they can be progressed quickly.
4. **Relevant:** The industry has spent 21 years creating rules and processes. Some of these are needed as they have customer impacts; whilst others were created to reflect the practice at the time or to reflect manual processes. We believe that any process which impacts the customer should be assured to ensure parties are complying with these. This can be achieved through performance assurance and audit procedures to ensure any non-compliance can be limited, and if identified, appropriate escalation routes should be in place. The processes and rules that have no impacts on customers or back office systems should be published as guidance documents or revaluated for industry benefit.
 5. **Cost Effective:** The cost of delivering the energy codes in Great Britain (GB) is significant, creating costs for the industry and ultimately the customer. We believe that whatever governance model is implemented should not just look to deliver the above principles in the most cost-effective manner, but also look to reduce the cost of GB code management so that it more closely aligns with international comparators and saves cost for customers.

Any code governance reform should have the objective of reducing the absolute cost of delivering the GB codes as well as reducing the overall costs of engaging with the codes and delivering a real benefit to consumers. Our analysis of the cost of administering the GB retail codes and systems shows an annual total cost of £131m per annum across gas and electricity. We have compiled this figure from publicly available information and recognise that this does not paint a full picture as some of the retail elements are administered by the UNC (whose cost information is not publicly available), the costs for central enquiry services, such as ECOES, are not publicly available and equally some of the costs associated with Elexon include administration of the CfD payments; however, we believe this provides a view of the scale of the costs of administering the GB codes.

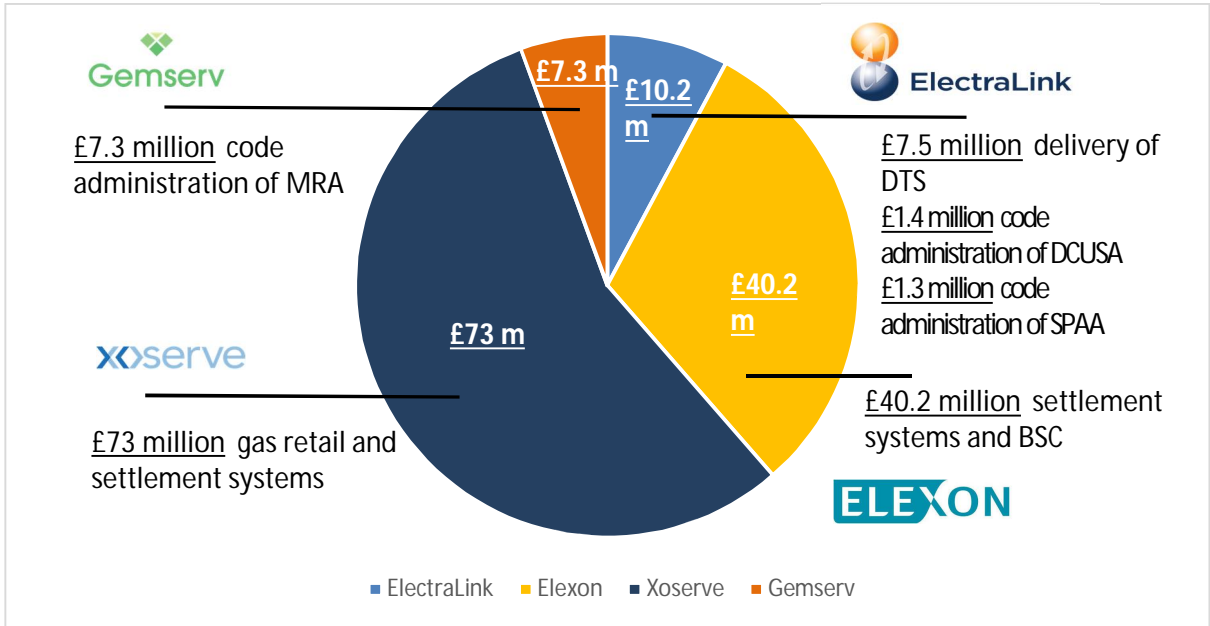


Figure 1: Cost of GB Retail Code and System Delivery

This equates to over £2 per resident. In comparison this compares to a cost of £23m (or less than £1 per resident) to deliver comparable services in Australia; and £14m (or less than £1 per resident) in the Dutch energy market. Whilst we recognise that it is very hard to do a like for like comparison, we

do believe the scale of difference is significant and questions should be raised as to why the cost of administering the GB codes are so significant.

We would propose a complete overhaul of the current codes, with significant emphasis on simplification and rationalisation. We believe that aspects of this should be relatively quick to implement – such as a common change process or performance arrangements across codes - though we acknowledge that to provide the full benefit to the industry, time needs to be taken to identify where governance obligations can be harmonised or removed if unnecessary. We believe the work completed under Ofgem's Faster Switching Programme has laid the groundwork for positive market change and would foresee the reform of the energy market achieved in 24 months. As such, we propose the following changes to the GB codes:

1. **Rationalisation:** ElectraLink has been proposing rationalisation of the codes since 2017. We believe that this will help reduce the number of codes that market participants have to engage with, remove duplication across the codes and reduce code delivery costs. If this is done successfully, this should ensure expertise is focused on customer led process areas, such as change of supplier, network connection and charging. As such we believe codes should be rationalised to form three overarching codes: retail, network and settlement codes; covering gas and electricity.
2. **Simplification:** The industry codes have been developed overtime by committee, resulting in governance that is unnecessarily complex and lengthy. When rationalising the number of codes, the code manager should also be responsible for identifying whether prescriptive rules are needed, or whether principles are sufficient; with an objective of reducing and simplifying the current industry rules.
3. **Digitalisation & Digitisation of the Codes:** Historically the codes have been published in a pdf format and change has been developed through face-to-face meetings. In an age where technology is thriving, we envisage codes to be digitised so golden threads are identified, enabling easy identification of consequential changes and impacts both within and across codes. This will also support digitisation of the change process. In addition, the codes should be digitalised so that parties can identify the regulations that are relevant to them. ElectraLink has already started this work with CodeNavigator and FlowBuilder as we understood that most industry participants do not have the resources to read and search code documents, in order to understand how to instigate change.
4. **Independent Management:** The codes remain dominated by large parties who have the resources to attend meetings and sit on the panel. As identified in the consultation this can delay the change process and result in limited industry engagement. To address this, we believe that the industry Boards and Panels should be constituted in equal measure of industry representatives and independent experts. This should ensure that industry expertise is retained but removes the ability for large parties to dominate. In addition, we believe that code managers should be appointed who are responsible for progressing and developing changes with the power to raise changes if necessary. This should ensure that changes that benefit both the industry and customers are progressed in a timely and efficient manner.
5. **Competitively Procured:** We believe that competitive markets deliver the best results for customers in terms of minimising costs and delivering customer service and satisfaction. Without competitive procurement we believe that there are risks that costs will spiral, and whilst this may drive high satisfaction scores, we do not believe that this can be seen to demonstrate value for money. As such we believe that the code management function should be competitively procured every 5 years. This will ensure costs are minimised, enable new vendors to enter the market with new and innovative ways of working and avoid the risk of un-necessary cost escalation associated with monopoly providers. We are aware of the questions that have been raised historically as to whether commercial delivery is better than a not-for-profit delivery model and whether monopoly provision with no competitive pressure

results in excessive costs and inefficiencies. We believe that a competitive procurement will answer these questions and identify the best delivery model for customers.

Whilst we believe that these reforms will go a long way to addressing the concerns raised in energy code governance, we also recognise that there is a need for the industry to change how they engage and interact with the codes and the code manager. To deliver this step change the industry will need to trust the code manager to deliver change that benefits the wider industry, and so the code manager will need to demonstrate a knowledge and understanding not just of their internal systems and processes but also of the wider market. We firmly believe that this reform represents a real opportunity to significantly change how industry codes and systems are delivered to the benefit of the market and customers, which will require fundamental change in how the codes are delivered.

We have provided detailed responses to the questions asked in Appendix 1 in this response. In Appendix 2 to our response, we have provided case studies of issues we have encountered in delivering the codes that we believe will be addressed by the above reforms.

We would be delighted to discuss our response and views in more detail. Please contact Stephanie.catwell@electralink.co.uk for further information.

Yours sincerely,



Stefan Leedham
Director of Governance Services

ElectraLink Response to Consultation on Reforming the Energy Industry Codes

Question 1

Do you agree with our four desired outcomes for the code governance landscape by the mid-2020s? Yes/No/Don't know. Please explain.
If you disagree, please explain what you consider the outcomes should be.

We agree with the four desired outcomes for the code governance landscape but believe an additional outcome should be added in relation to cost. We would also recommend that the requirement to support a growing number of participants should be expanded to include supporting innovation. Both the generator and retail landscape has seen a significant increase in the number and type of participants, which has been supported by the current codes. However, at a high-level, the market that they operate in has remain unchanged with little (if any) innovation. If the codes are to support a market in transformation, we believe that the code governance reforms should look to support innovation, and this will require a step change in how codes are delivered.

We should try and test ideas quickly to create the best possible principles for a change, rather than identifying every possible scenario (both plausible and implausible) and then ensuring any change supports every scenario. This process is employed in New Zealand where The Electricity Authority (the body that manages the code) favours small-scale incremental changes, implemented quickly with a focus on trial and error, where the Authority will review the effects of the implemented change and amend the code as they see fit to achieve the desired result. The codes will need to support failure and ensure that they can provide an environment where ideas can be developed with no detrimental impact on the wider market. Without this, there is a danger that the code will always do what they have done, and the industry will always get the same results.

Moreover, the Code Manager should have more authority to implement changes where there is a known issue that is impacting the market and the public interest, without following the standard consultation process. Urgent amendments to codes should be able to be made by the Code Manager to ensure that the code is fit for purpose, these changes should then be retrospectively ratified by industry. This process is utilised in New Zealand where the Authority can make changes to the Code unilaterally, but it must be ratified by industry within 9 months or the change is removed. This process successfully supports innovation by removing unnecessarily restrictive content within the Code; for example, this process was used to enable innovators and smaller suppliers to use non-standard half-hourly (HH) meters to collect consumers HH data, as it was deemed that the certification process within the Code was unnecessarily restrictive when new mechanisms to retrieve this data were established¹.

In addition, we believe that a desired outcome of reducing cost should be added. The current cost of £131m to deliver the current retail landscape is excessive and significantly higher than international comparators. Any reform should look to reduce the cost to customers and ensure value for money in delivery.

¹ <https://gazette.govt.nz/notice/id/2018-au98>

Question 2

Do you agree with the problems we have identified (in chapter 1 – Background – and in later chapters), and that they present a persuasive case for reform of the current framework for energy codes? Yes/No/Don't know. Please explain.

We agree with the high-level problems identified by Ofgem; however, we believe further refinement is required of the detailed challenges. In particular:

- 1. Fragmentation and lack of co-ordination of change:** We agree that the fragmentation of codes leads to a slow change process and lack of co-ordination of change between codes. There is a long list of evidence demonstrating that change is too slow, and we have provided case studies from our own experience of this. Fundamentally we do not believe it is acceptable to spend 6 months to debate a simple flow definition under the MRA or years to discuss changes under SEC. However, we do not believe that it is the number of code bodies that results in lack of co-ordination; but rather a willingness from the code bodies to engage with change across codes. From our experience as the Chair for the Code Administrators Code of Practice (CACoP), we are aware that some code bodies are unable to take any decision without referring back to their Panels and Boards; whilst others are more focused on identifying the issues and problems rather than solving them. This came across most clearly from our proposal to develop a single website for the CACoP providing a single conduit for customers and stakeholders on the work of this group and providing visibility of changes across the industry. We proposed this solution and got support from our Boards; however, when we engaged with other code administrators, each seemed to face limitations which resulted in the solution not being progressed. At the same time, we have also been proactively engaging with National Grid ESO as the Connection and Use of System Code (CUSC) code administrator to ensure we take a co-ordinated approach across CUSC and DCUSA codes to support the output of the TCR and SCR work on network charging and access. This has been driven by two code bodies who are committed to delivering the best results for the industry and customers and recognising that this can only be achieved by working together. Whilst reducing the number of code bodies would help with co-ordination, we believe co-operation and co-ordination can only be achieved through having empowered code managers who are focused on doing the right thing for the industry and customers.
- 2. Disparate Approach to System Management:** We are aware that there appears to be divergent approaches within energy as to how the central systems are managed. In particular, we are aware that at a high-level two approaches appear to be employed. In all instances, systems are procured on behalf of the industry from service providers. This provides industry with assurance that costs are minimised and the most up to date technology is being employed. This the model that is being followed by Xoserve for gas systems, Elexon for the settlement systems, the DTS for the communication systems and DCC for smart systems and retail systems. Whilst this approach is common across all providers, the approach to service management diverges greatly. In some instances, it appears that service management is limited to contract management with limited understanding or management of the systems that are being provided. This can create delays in the change process as issues are identified, solutions are then passed to the service providers to assess and return impact assessment. This delays the change process as there are numerous handoffs, and invariably costs escalate as problems are solved from a narrow perspective (either from service provider or stakeholder perspective rather than a holistic problem-solving process). At the other end of the spectrum service management includes technical management. This is a model employed in the delivery of the DTS, where DXC is appointed as the service provider and the DTS provides system

architecture, design and product ownership. This enables holistic problem solving – taking into account the entire end to end problem, speeds up the change process and enables cost minimisation as quotes and designs can be challenged to minimise the cost to industry. We therefore believe that the problem of how services are managed needs to be resolved as this will solve the higher-level challenges regarding the pace and cost of change.

3. **Complexity:** We agree that the current length of the codes can be a barrier, along with the number of codes; however, we believe the root problem is how the codes are published. Currently all the codes within scope of the review are published in pdf format and written in legal text. This makes it exceptionally hard to interact with as it only favours lawyers and companies who employ large regulation teams. To address this concern, we believe the codes should be digitalised and digitised so parties can interact with them in a simple manner using plain English and easily identify what areas are relevant and impact them. We have taken this approach through Code Navigator which is currently employed on SMICOP. Code Navigator allows individuals to navigate the code based on their interest in the code (are they a customer who is having a meter installed and they want to know what to expect, for example) to enable parties to interact with the code without the additional complexity of having to work out what relates to them. We are engaging with our other codes to implement this tool.

Question 3

Do you have additional evidence on the performance of the current framework?

We have provided case studies in Appendix 2 detailing examples of performance and issues we have identified in the current code governance process. We have also undertaken analysis of the DCUSA change process in terms of length to change over the past 2 years. Our analysis shows that for DCUSA change proposals issued to Ofgem, the average time to enact a change (from the CP being raised to a decision being received by Ofgem) was 223.6 days; however, this does not take account of all the self-governance CPs that were raised during this time that did not require an Ofgem decision. This represents the majority of change to DCUSA in the past two years, and in these instances the average time to enact change was 46 calendar days. Overall therefore the average time to enact change to DCUSA (including both self-governance and those requiring Ofgem decision) was only 78.32 days. This spread in time can be accounted for by the fact that those requiring an Ofgem decision either impact charging or customers and so further analysis and detail is required, compared to those that are deemed self-governance.

We would also highlight that the average 223.6 days to enact a change includes time for Ofgem to reach a decision. On average the industry process to develop a change was on average 193.6 days with Ofgem decisions on average taking 30 days.

We continue to believe that this change process takes too long and could be more efficient if the code manager was empowered to develop and deliver these changes; with the focus on both the industry process and Ofgem's process. The focus of the consultation is on what actions can be taken to speed up the industry change process. We believe two questions need to be answered:

1. What steps can be taken to speed up the industry change process; and
2. What steps can be taken to speed up Ofgem's decision making process and how can the code manager support this.

Question 4

Do you agree with our proposed scope reform? Yes/No/Don't know. Please explain. If not, which additional codes or systems do you think should be? included/excluded?

ElectraLink agree with the scope of the reform.

Since the last iteration of the review, the Data Transfer Service (DTS) – managed by ElectraLink – has been added to the review for reforming the energy market. ElectraLink understand the importance of the DTS to industry and, therefore, we agree that all systems that affect the industry should be reviewed and reformed (if needed) to ensure that they are governed appropriately to ensure that the interests of industry and consumers are met in a cost-efficient manner.

We believe that ElectraLink, as manager of the DTS, already address many of the problems posed by Ofgem through the mechanisms we use to manage the DTS and, in fact, we could provide some insight into 'best practice' for supporting an ever-changing energy market. As an independent central body, governed by the industry, ElectraLink have ensured that, as data sharing requirements continue to evolve to deliver market transformation, the Data Transfer Service (DTS) has facilitated this evolution. ElectraLink have achieved this through flexible governance arrangements. Although the requirements of the market actors and the market actors have changed since the establishment of the DTS, due to the flexible governance arrangements within the Data Transfer Services Agreement (DTSA), the data transfer service, its governance (i.e. the constituent parties on the DTS) and its remit (the inclusion of data analytics services) have been able to change with industry and Ofgem oversight in a short space of time. Changes to the DTSA can take as little time as **one** month, whilst incremental changes to system underpinning the DTS to improve its services (such as the introduction of flow builder) are factored into the 5-year budget to allow ElectraLink to proactively manage incremental changes without unnecessary delays.

Likewise, as the actors within the energy market change, such as the introduction of gas or Green Deal parties, the DTSA can be updated to include their representation to ensure that their data transfer needs are met. ElectraLink are accountable throughout this process – all changes to the DTS or the DTSA must be agreed by the DTS User Group; therefore, appropriate representation of all industry interests has been central to ElectraLink's management of the DTS. This has been a successful mechanism for ensuring the principles of data sharing is maintained, with minimal central oversight, and ensuring market actors are empowered and represented (updating the DTSA governance structure to ensure that new actors, such as small suppliers or Green Deal providers, have a seat at the DTS User Group). New representation for new market actors can be added to the DTSA in under one month, with industry agreement.

ElectraLink have also helped guide the strategic direction of the DTS by hosting the Industry Issues Advisory Group meetings with key innovators, new market actors and wider interested parties to inform what services the DTS should provide to support industry as the industry goes through major transition. Prior to the introduction of the IIAG, ElectraLink were proactive in responding to technological change (moving the DTS onto cloud technology in 2014 and, in 2019, reprocurring the DTS infrastructure to support the evolving and diverse data communication needs of the faster switching and half hourly settlement).

Question 5

Are there any codes or systems that we should only apply a limited set of reforms to? Yes/No/Don't know. Please explain.

ElectraLink do not know of any codes or systems that should only have a limited set of reforms applied.

Question 6

Do you agree that the four areas for reform are required? Please provide reasons for your position and evidence where possible.

We agree with the four areas of reform identified by Ofgem and believe that these will help to address the problems described. As identified in our cover letter, we also believe that the problem of cost reduction and value for money also needs to be addressed and so a fifth area of reform is required in the form of competitive procurement. This will help to ensure these services are delivered at the lowest cost to the customer, enable new business models and ideas to be raised; and to address the question as to whether not for profit monopolies are expensive and inefficient.

Question 7

Do you agree with the two broad models outlined? Please provide reasons for your position and evidence where possible. – further detail can be found on each model in the chapters that follow.

We agree with the models outlined and believe that these are improvements on how the current codes are delivered and governed. We note that whilst the model being developed for the Retail Energy Code (REC) is aimed at being best in class it would appear that even this code would require further development to bring it in line with the models being deployed. In particular, we note that the REC retains oversight of the code management function by a Board; whilst under both models this oversight is provided by a strategic body. We strongly believe that, if real change is to be enacted, then we need to move away from the old ways of governance and delivery which includes moving away from Boards that are dominated by traditional companies and embed themselves in the decision making process, rather than relying on a code manager to deliver with oversight and approval from a Board.

We also believe that the strategic bodies or the Code Manager should be able to unilaterally make changes to the codes, if the current structure of the code is not fit for purpose – as outlined in question 1.

Question 8

Which model do you believe will best deliver on our desired outcomes? Please explain. NB: – further detail can be found on each model in the chapters that follow.

We prefer model 1. In terms of the outcomes identified by Ofgem we believe that both models support delivery of these desired outcomes to a similar extent. In particular:

- **Forward-looking, informed by, and in line with wider industry / government strategic direction and the path to net zero emissions:** We recognise that having a single code manager and strategic body under model 2 should help address this; however, we believe that this could also be achieved under model 1 through the use of technology to identify and co-ordinate change across codes and by appointing code managers with a requirement to co-ordinate. We believe that separating the roles between setting the strategic direction and delivery will also create suitable tension between setting the strategic direction and delivering this. Having a single body delivering both runs the risk that change is delayed and there is nobody holding the strategic body to account.
- **Can accommodate a large and growing number of market participants, with effective compliance in an inter-dependent system:** We believe both models can accommodate this outcome and believe that whether this is achieved is much more dependent on the skillsets employed than the model that is used to deliver this. In particular we would note that if this is to be achieved will be dependent on whether an empowered body is appointed who is capable of identifying solutions and developing these.
- **Agile and responsive to change, while able to reflect the commercial interests of different market participants:** In this instance we believe that model 1 is more likely to achieve this outcome. Having a single body overseeing both strategy development and delivery across networks, markets and retail will require a large organisation with speciality areas. Traditionally in energy markets large organisations are not agile with a tendency to focus on the key issue at the time rather than a wide range of issues that may be emerging at the same time. Under model 1 separation of code delivery and setting the strategic direction will allow each part of the governance framework to focus on their area of speciality and respond to changes in an agile manner.
- **Easier for any market participant to understand the rules that apply to them and understand what these mean:** As previously noted we believe that this is a technology issue rather than a delivery issue. Both models could deploy technology (similar to Code Navigator) that would allow parties to identify the rules that apply to them.

However, we would note that we also believe a desired outcome is a reduction in cost and value for money for the customer. It is here that we see a significant benefit to model 1. Model 1 can support competition, allowing parties to tender for the services (ensuring costs are minimised), enabling sharing of best practice across code delivery (through regulatory comparison) and allowing new providers to enter the market with new ways of working and delivery. Whilst model 2 reflects an improvement to current ways of working, we are concerned that there are no incentives to minimise cost or innovate, which could result in services being delivered in the same manner going forward with minimal change or improvement over time.

Question 9

Do you agree with the changes to the role of code signatories we are proposing?

We strongly support the changes to the roles of code signatories. We believe that one of the most significant constraints to changing how codes are delivered is the fact that those parties who are able to dominate how codes are delivered are the ones who are also impacted by any changes to it. Whilst code parties are supposed to be independent when developing and overseeing change, we are aware of numerous occasions where views have been dominated by their role in the market. This has included SMICoP and DCUSA Board choosing not to progress with stakeholder engagement as the view was that large suppliers would have to fund this but would not benefit from it as much as smaller suppliers. We recognise that code parties are well placed to understand the impact that change has on their systems but believe that the issue of self-interest need to be managed so that codes can be developed for the benefit of all.

Question 10

Do you agree there is a missing strategic function for codes development in the energy sector and introducing a strategic function with the responsibilities outlined in chapter 3 is the best way to address the lack of strategic direction? Yes/No/Don't know. Please explain.

Who is best placed to fulfil the strategic function and why?

We do not believe that there is a missing strategic function but do believe that the current strategic arrangements can be improved upon. We would note that historically Ofgem has done a good job of providing the strategic function. This can be seen most clearly with the development of faster switching and formation of the REC. The vision for faster switching was first set out by Ed Davey as Energy Secretary and has been passed to Ofgem to set the strategic direction and timelines. Equally Ofgem and BEIS have been working together to set the strategy for flexible smart networks, which has resulted in the charging and access SCRs and TCRs. Ofgem has clearly set a strategy and vision but it is the execution that has often been lacking, requiring Ofgem to step in and take the reins due to slow progress or support.

We therefore do not believe that implementing an additional strategic function is required, as Ofgem has been fulfilling this role to date. Instead we believe that this could be improved. In particular we would note that whilst Ofgem has been providing strategic direction on individual areas (such as faster switching or flexible networks) we believe that this could be improved by providing a more holistic vision covering networks, generation and retail and mapping out what their vision is for 2030 (and beyond) and the steps that they believe need to be taken to deliver this. This would then provide code managers and parties with the necessary information to take develop and build action plans to deliver this, which could also be subject to challenge from Ofgem.

As Ofgem are already delivering this role we believe that they are best placed to fill this under model 1. As previously noted, this will require the appointment of code managers who are empowered to deliver the strategy and create suitable tension between Ofgem setting the strategy and holding code managers to account to deliver it.

If model 2 was to be deployed, then we believed NGESO would be best placed to fill the role of Integrated Rule Making Body. This is on the grounds that if the Strategic Function and Code Management Function are integrated then this needs to be subject to independent oversight to ensure they are delivering as intended. We would note that Ofgem already fills the role of regulator for NGESO and so believe it is appropriate that they retain this role under model 2 and NGESO fills the role of Integrated Rule Making Body.

Question 11

Do you agree with the objectives and responsibilities envisaged for the strategic function, and are there any additional objectives or responsibilities the strategic function should have?

We agree with the objectives and responsibilities identified in the consultation and would suggest an additional responsibility for the strategic body in terms of maintaining the industry wide system architecture. In particular we would note that under the current fragmentation of codes no party is responsible for maintaining an industry wide view of the system architecture. This creates the risk that multiple consequential changes are developed in the same area (requiring strong project management oversight) as occurred with project Nexus and DCC systems, or consequential impacts are not identified.

We therefore believe that there is a need to develop and maintain a system wide architecture. This will help to ensure that changes are co-ordinated, enable a holistic approach to change and ensure consequential changes are identified. Whilst we believe that this should be the responsibility of the strategic function, we would note that the individual components could be discharged to the code managers. For example, we understand that the REC Code Manager will be responsible for maintaining the REC system architecture for the industry. This responsibility could be rolled out to the other code managers with the strategic function taking responsibility of co-ordinating this architecture across code managers, so a single view is maintained.

Question 12

How may this new function potentially impact the roles and responsibilities of other parts of the framework? Do you foresee any unintended consequences?

We believe that this function would benefit the wider energy industry by providing greater clarity on the vision and focus for the industry; however, the challenge will be in how this is translated into change. In the past the vision has been set for an area and the industry has subsequently failed on execution requiring either Ofgem or BEIS to step in. We believe the reforms set out by Ofgem and BEIS should address this.

Our only concern is that transformation change to an industry is not normally driven by the incumbent parties, but by innovators with new business models (as occurred with mobile telecoms and messenger which ignored mobile providers business models and radically changed how we communicated). Any vision or strategy that is set will need to be constantly reviewed and amended to ensure that it can accommodate disruptive technology and providers. This will require recognition that it is likely whoever sets the strategy may get some parts wrong and agility on both the code managers and strategic function to recognise this and respond when transformation occurs.

Question 13

What are your views on how the strategic direction should be developed and implemented (including the option of establishing a strategy board to aid engagement)?

We supported the implementation of a strategic board and delivery committee as part of the CMA's recommendations on energy markets and Ofgem's initial work in this area. In order to minimise the risk that the industry keeps on doing what it has always done, the strategic board will need to have a wide range of representation spanning industry, customers and technology. This board could then develop and consult on a strategic vision; however, we need to try and move away from the traditional world of endless consultation with no decisions and be cognisant of the fact that those who are able to respond to consultations often do so. The strategic board should use the resources available to it to set the strategic direction but also have the confidence to challenge the traditional models and methods of delivery.

Question 14

Do you think that the scope of the strategic function should be limited to taking account of the Government's vision for the energy sector and translating it into a plan for the industry codes framework, or are there other areas it should address? (for example, impact on vulnerable consumers)? Yes/No/Don't know. Please explain.

We believe that there should be clear delineation of roles and responsibilities. Government should be responsible for setting the vision for GB, including transition to low carbon economies and support to vulnerable customers. The strategic body should then be setting the strategy based on this vision.

Question 15

Do you agree that in addition to the current responsibilities that code administrators have, that the code manager function should also have the following responsibilities:

- a. identifying, proposing and developing changes (analysis, legal drafting etc.), including understanding the impacts;
- b. making decisions on some changes, or making recommendations to the strategic body; and
- c. prioritising which changes are progressed.

Yes/No/Don't know. Please explain.

We fully support the addition of the above responsibilities to the code manager function. We have provided case studies in Appendix 2 that show providing the code manager with these powers would have addressed some of the issues already being faced by the industry.

We believe that the current rules as they stand favour the traditional players who can support large regulatory teams (or consultants) who can propose and influence changes. Whilst this has worked historically, we are aware that there are numerous parties who have views and wish to raise changes but do not have resources to support these throughout the change process. Providing the code manager with these powers would enable to raise changes for smaller parties. In addition, we are also aware of instances when changes that benefit GB are not raised as no individual party was willing to raise these on behalf of the industry, even though this was part of BEIS and Ofgem's strategy. As a code administrator we engaged extensively to address this but were unable to raise a change ourselves.

We would also note that all of the code change processes favour those who have the resources to either respond to consultations or attend meetings on a regular basis. Providing the code manager with powers to make some decisions would address the concerns around self-interest; however, this will need to be supported by industry input in terms of internal system changes or impacts. The code manager will need to ensure a broad range of views are collected (from both traditional and non-traditional parties) to inform their decision.

Question 16

What is the best way to ensure coherent end-to-end changes to the codes and related systems? For example, is it through having end-to-end code and system managers?

ElectraLink does not believe a one-size fits all approach to the management of systems is appropriate, we believe that the approach should depend on the type of system and its use in the industry. If the system is specific to one use case (for example, ECOES), then it would be appropriate for the code manager to be responsible for the end-to-end changes to that system – this would ensure an efficient end to end solution.

Where there are multiple users of a system across multiple codes, then a strategic body is appropriate mechanism to discuss system changes. Within the DTS, the DTS User Group performs this role. As the DTS provides many services across a variety of industry participants and processes, even across different sectors, it would not be appropriate for one single code to manage the DTS and make unilateral changes, rather any material changes to the DTS regulated service will need to be agreed by the DTS User Group. In this scenario, an independent system manager is appropriate as this ensures that the transition of the systems meets the needs of all users, rather than a singular use case. If a code only used one system, but the provider supported multiple codes, then it would be appropriate for a representative to be included in the change process so that the changes can be quickly interpreted by the system manager and any risks or issues raised immediately.

Question 17

Should the approach differ on a case-by case basis (i.e. depending on the code or system in question)? Yes/No/Don't know. Please explain.

As discussed in question 16, we believe the approach should be specific to each use case.

Question 18

Do you agree that the code manager function should be accountable to the strategic body and that this should be via a licence or contract? Yes/No/Don't know. Please explain.

We agree that the code manager function should be accountable to the strategic body; however, we are indifferent as to whether this is through contract or licence. Both can be developed so that they have the same oversight and arrangements, including financial penalties and incentives for under or over performance.

Question 19

Are there more effective ways that a code manager function's accountability to the strategic body could be enshrined other than in a licence or contract? Please explain.

None that we are aware of.

Question 20

Do you agree that we should not consider further a model whereby code managers are accountable to industry? Yes/No/Don't know. Please explain.

We agree. Whilst the current model served the industry well at the early stages of competition, we believe it is now become a constraint with activities we would like to undertake that are of benefit to the industry being constrained either as a result of conflicts of interests or inability to take a decision. We have provided case studies in Appendix 2 of some of the issues we have faced with an industry-controlled model.

Question 21

Do you have views on whether the code manager function should be appointed following a competitive tender process or other competition? Yes/No/Don't know. Please explain.

As previously noted, we fully support a competitive tender process. We firmly believe that the costs of delivering the GB codes are excessive, especially when compared to international models. We are also aware of concerns that not for profit organisations that are not subject to competition are expensive and inefficient. We believe a competitive procurement will help to ensure that there is a suitable balance between service delivery and value for money and help to minimise the cost of delivery for GB customers.

Question 22

Do you think the code manager function should be established by the strategic body creating a body or bodies? Yes/No/Don't know. Please explain. If the code managers were established in this way, would we need to consider any alternative approaches to funding or accountability? Yes/No/Don't know. Please explain.

From our perspective we believe that code managers should only be established by the strategic body if there is no market for these services already. We do not believe this is the case and instead believe there are a range of bodies who could perform the code manager function both from existing providers and new. An effective procurement process would be able to identify those parties who are capable of delivering a code management service and those that are not. We therefore believe it is more efficient to enable the market to develop these functions, and having a strategic body establish them would add cost and delay the process.

Question 23

In terms of establishing/choosing the code manager function, do you agree that we should not consider further:

- a. requiring an existing licensee to become the code manager; and/or
 - b. requiring a licensee (or group of licensees) to create the code manager?
- Yes/No/Don't know. Please explain.

We would note that the current code administrators have been created either by requiring a licensee to become the code administrator or by requiring a group of licensees to create a code administrator. As previously noted, we do not believe it would be the best use of industry's time or money to repeat this exercise, especially when a market for these services already exists.

We are particularly concerned with asking licensees to either take on the role or to form a code manager as it is likely that the licensees who will be engaged in this process are exactly those who currently dominate the codes. We therefore believe that there is a significant risk that either no real changes will be delivered, or the changes that are delivered are agreed by committee resulting in agreement around the lowest common denominator resulting in minimal change. We believe if real change is required then this is best delivered through setting our clear requirements and competitively procuring these.

Question 24

What would be the most effective way to ensure the code manager function offers value for money (for example, through price controls or budget scrutiny)? More broadly, what is the right incentive framework to place on the code manager function? Please explain.

We continue to believe that competitive procurement is the best means of ensuring value for money by ensuring the required services and quality are delivered at the lowest possible cost to customers. This is the fundamental concept behind competitive markets.

Price controls and budgetary scrutiny would therefore only be required in the absence of competitive procurement. If code managers were not competitively procured, we would support a budget scrutiny process to ensure value for money. Whilst we recognise the benefits of a price control process, we would note that this is quite resource intensive and better suited to complex monopolies, such as the DCC or NGET. Given the relative scale of code management and the simpler nature we believe effective budget scrutiny would be more suitable. We would, however, urge Ofgem to ensure that this is proper budget scrutiny, rather than the form currently employed in the codes. From our experience, and comparing across codes, it appears that the current industry approach to budget scrutiny either focuses around cost minimisation; or challenge around scope rather than cost. A cost minimisation approach does mean that the costs to industry are minimised, but from our experience also means that any activity outside of code delivery is removed resulting in a service that is unable to innovate a change. Conversely scrutinising the scope ensures that services are maintained within the code remit of the code, but there is minimal focus on the cost of delivery resulting in cost escalation and inefficiencies.

We believe that effective budget scrutiny requires a focus on the activities being undertaken and the business case behind them, as well as the cost of delivering these services to ensure this is economic and efficient. We believe the simplest way of establishing this is through competitive procurement, but proper budget scrutiny could deliver some of this if there is no competitive procurement.

Question 25

Are there any factors that:

- a. would stop parties (including code administrators) from becoming a code manager
- b. should prevent parties from becoming a code manager (e.g. do you agree that licensees should not be able to exercise control of the code managers).

We do not believe that it would be appropriate for an existing licensee to undertake the role of code manager. We believe this would represent a conflict of interest and even with strong Chinese walls this concern would remain.

We also agree that licensees should not be able to exercise control over code managers, as this would also be a conflict of interest; however, we believe further work is required to identify what is identified as control and the level of separation required. In particular, we would note that both Gemserv and ElectraLink are owned by industry parties. In the case of ElectraLink, our shareholders are the DNOs.

At the same time, we are formally governed by company law and so, whilst our Board comprises of DNO representatives, independent directors and non-executive directors, their fiduciary duty is to ElectraLink and not their employers. This means, whilst they have control over which activities we undertake, their ability to influence how this is delivered is limited. At ElectraLink we have developed our reputation based on independent delivery. We believe that this level of independence is sufficient for delivery of code managers. In the event that this independence was not demonstrated through delivery of code manager services, we would expect the contract to support this with penalties and sanctions in place for failure to deliver.

Question 26

How should the code manager function be funded (for example through licence fees or by parties to the code(s))?

From experience of SMICoP, we understand the complexities of agreeing funding models for code services in the industry. We have no strong preference for how codes are funded, we believe the key requirement is to ensure that funding does not equate to control as otherwise the danger is the code management is controlled by those with the largest market share or most licenses. Whichever funding mechanism is chosen needs to ensure that parties are able to input into the budget setting process but are not able to control the work that is undertaken, as is currently the case.

Question 27

Are there any quick wins that could be realised in terms of code consolidation and simplification?

We are aware through the consultation of Ofgem and BEIS' aspiration to have the code governance remedies implemented in the mid-2020s; however, we do not believe that this is an ambitious timetable. Whilst codes are a complex area, we recognise the work that NGESO has done in simplification of the CUSC. We also believe that whilst codes are a complex area amalgamating the codes into unified documents is an academic task that can be completed quite quickly if the systems and process supporting these codes remain unchanged. This would then enable a process of rationalisation and simplification once the code managers have been appointed.

We therefore believe that a simple win could look at consolidation of codes and competitive procurement of the code manager functions. We believe that this could be delivered in 2020 / 2021 window, if there was the desire. With simplification and digitalisation occurring over the 2021 to 2025 window.

Question 28

How many codes would best deliver on the outcomes we are seeking under these reforms?

Since 2017 ElectraLink has been promoting the amalgamation of industry codes to 3 codes focusing on retail, networks and markets. We believe that this reflects the natural configuration of the industry. In our vision the retail code would cover all customer facing processes and impacts such as change of

supply process, credit and debit allocation, vulnerability and metering. We envisage that this code would mainly be focused on customer outcomes thereby being principle based with some processes that are needed to support the back-office system. The network code would be an industry code focusing on how to get a connection to the network, how much it costs to use the network and credit arrangement, alongside the associated technical rules. The focus of this code would be on information includes which will be particularly important with the development of smart grids and the emergence of DSOs alongside the ESO and GSO. Finally, the market code would cover the wholesale trading of energy and associated settlement processes, which we expect would be much shorter in a smart metered world. Under this model we would question whether governance of the market arrangements would better sit with Ofgem or the Financial Conduct Authority (FCA) but would expect that this would be covered in the wider review of regulators currently being undertaken by the Treasury.

Question 29

Which option (one code manager versus multiple) would best deliver on the outcomes we are seeking under these reforms?

We believe that multiple code managers will deliver the best outcomes under these reforms. As previously noted, whilst we believe that consolidation of codes will help with industry fragmentation and co-ordination, we believe that this is a problem caused by what the codes do or do not deliver (such as a digital code), rather than a problem of functions. In particular, we note that the technology exists today that enables changes to be co-ordinated; however, this is not being deployed. A single code manager may help with co-ordination but would still rely on the code manager (or industry parties) having an end-to-end understanding of the codes and identifying impacts and consequential changes. The only way to be confident that all end-to-end changes are identified is to deploy better delivery mechanism of the code, such as digital codes, and if better delivery mechanisms are deployed, we see no reason why this cannot be utilised by multiple code managers.

We would also note that multiple code managers would maintain a market for these services, thereby supporting competitive tender and so minimising costs to consumers. Multiple providers would also enable best practice to be shared amongst parties, encourage competitive development and facilitate innovation. All these market incentives would be lost through a monopoly provider and so would be reliant on Ofgem or the strategic body to encourage these to be developed, which may or may not be successful.

Question 30

Which of our consolidation options would best deliver the outcomes we are seeking to achieve? Please provide evidence for your examples.

We support Option B: consolidated by industry activity type – dual fuel, retail, wholesale and networks. We believe that this consolidation naturally focuses on the three elements of the energy supply chain and enables the codes to focus on their areas of expertise. We would also note that at the moment we see innovation in these disparate areas with new companies coming to the market either focusing on the retail experience, or on energy as a service enabling customers to minimise their energy costs through the deployment of technology and assets (such as smart meters and smart thermostats). Having codes that focus on these areas should support innovation by enabling a single point of call for innovators and new market participants.

Question 31

Do you agree that the codes should be digitalised? Yes/No/Don't know. Please explain.

As previously noted, we believe that many of the issues identified in the consultation can be solved by technology without functional reform; although we recognise the benefits of functional reform as well. Central to this is the digitalisation and digitisation of the codes.

We have a long history in digitalisation of the codes, starting with digitisation of the RGMA catalogue for SPAA and more recently we the work we have undertaken with SMICoP. We have already digitalised and digitised SMICoP and are proud to be the first code managers to deliver this. Through digitisation of the code we have been able to create golden threads meaning that consequential changes can be identified automatically and flagged. This avoids 'housekeeping' mistakes with references to clauses becoming void or inconsistencies in the codes. Through digitalisation we have rolled out Code Navigator which enables parties to identify the requirements that are specific to their role in the market and then drill down to the requirements that they are interested in. For SMICoP this means that a meter installer, supplier and customer can identify what they must do at all parts of the installation process, in plain English and specific to their role.

Question 32

What role should industry have in monitoring code compliance or making decisions on measures needed to address any identified non-compliance?

We do not believe that the current model of industry self-reporting and compliance works, as there are conflict of interests meaning that some parties are incentivised to maintain the status quo and not report non-compliance due to their own positions. Instead we believe that the role of monitoring code compliance should be passed to the code manager, with industry filling the role of identifying which processes impact on customer experience or service. This approach will ensure that focus is on those processes that have a customer impact (and enabling further simplification as if the rule does not have customer or service impacts then it should be questioned whether it is needed) whilst also moving away from asking the industry to police their own compliance which does not work. Central to this will be provision of data to provide an informed, independent view of compliance.

Question 33

Which of the two models we propose would better facilitate effective monitoring and compliance arrangements? Please explain.

As previously noted we believe that central to monitoring compliance is visibility of data to provide an independent view of the market. Provided that there is independent data, then either model would support compliance monitoring and incentivisation.

Question 34

With Model 2 - integrated rule-making body - should the IRMB have responsibility for imposing measures (where a party is non-compliant with the code) or should this be for another organisation? Please explain. Please note this question only applies in respect of Model 2 (integrated rulemaking body).

We maintain our preference for model 1 but note that we see no reason why this role should be separated under model 2. Ultimately if the IRMB was filling the role of strategic function and code manager then we see no reason why it could not also fill the role of compliance monitoring and assurance.

APPENDIX 2 – Code Case Studies

DCUSA – Consequential Changes

This section details our experience of simple changes to DCUSA being delayed as the code administrator does not have powers to raise modifications to DCUSA. In this instance the delay has been increased as a DNO representative on the DCUSA panel took an action in May 2019 to progress the change. At the time of writing we are still waiting for the DNO Representative to complete their action.

- Upon completing a rebuild of the charging models, CEPA/TNEI picked up several areas in the legal text that they could have interpreted in a number of ways and enlisted the assistance of a group of experts to provide guidance as to the correct interpretation. Each item was basically deemed to be an “assumption” which was logged in a spreadsheet.
- During model redevelopment, each logged assumption took precedence over the DCUSA text under the understanding that they would ultimately be reflected in the DCUSA text through a housekeeping change.
- Following the publication of the models, this assumptions log was discussed at the DCMDG, where some members from the DNO community agreed to review each item and provided the suggested amendments to the text for each to improve the clarity / ability to easily interpret the text.
- Following the finalisation of this activity in early 2019, there was an indication that a DNO representative would be prepared to raise the necessary CPs to introduce the legal text improvements.
- That DNO representative subsequently resigned from their company and an alternative DNO representative came forward to undertake the task. This representative subsequently advised that they were no longer able to do so due to other work commitments.
- This matter was raised at the May DCUSA Panel Open Session meeting as part of the DCMDG Headline report with the recommendation that ElectraLink as the Code Administrator to submit a proposal to draft the CPs and for one of the Panel members to sponsor the CPs so that they could be officially raised.
- One DCUSA Panel member agreed to look at the potential work involved and advise the ElectraLink if they were able to undertake this task or accept the Secretariat's offer to present a proposal to their next meeting.
- The Panel member subsequently advised the Secretariat that they were not able to undertake this task and suggested that ElectraLink draft a proposal to undertake the work.
- A proposal was drafted, however, was not agreed upon as a DNO representative decided that they would take this forward.
- To date no CP has materialised yet and the complexities around implementing the required changes increase the longer this sits idle, due to other in progress CPs, the ongoing charging related SCRs and the developments stemming from a review of some of the engineering recommendation documents that are annexes to the DCode.

SMICOP – Stakeholder Engagement:

This section details the actions and conversations on stakeholder engagement within SMICOP.

Potential Conflict of Interest:

A potential conflict of interest exists with SMICoP due to the nature of its funding. SMICoP is funded by those Suppliers who have requested membership of SMICoP Ltd (currently numbering 19

suppliers). Those 19 suppliers are funding a Code that offers services to the whole of the UK energy supply market (c60 energy supply companies).

As a result of this funding mechanism the SMICoP board has, at times, been reluctant to fund anything that improves services for those not paying into the service fund. This has included several requests from ElectraLink as the Code Administrator to SMICoP Board to undertake stakeholder engagement on behalf of SMICoP.

In April 2018 CR 047 was approved to ensure that all the costs of SMICoP are equitably allocated across all Suppliers with more than 50,000 meters. This was implemented in June 2018 and designed to avoid the commercial impact by only certain Suppliers paying for the code on behalf of everybody and the risk that certain Supplier had more impact on the Code than others.

It may have been deemed too little too late as soon after Ofgem wrote to SMICoP with concerns.

OFGEM Intervention:

On 01 November 2018, a letter was issued to the SGB regarding Ofgem's concerns with SMICoP. Part of the letter requested that the SGB review its lack of support for new Parties and referred to a lack of support for new Parties in understanding and complying with their obligations. Ofgem requested that the issue be discussed no later than the November 2018 SGB meeting, and that a plan to resolve the issue be prepared for the December 2018 meeting. As a result, the SGB created a remedial action plan following the December 2018 SGB that set out how they would address new party stakeholder engagement.

A set of actions were agreed to address these concerns, including:

- A user-friendly document that can be provided to potential and existing new SMICoP Code Members to highlight the key requirements in the Code.
 - Completed December 2018
- Code Signposting: Flagging the additional Codes a new market entrant may need to accede to once they accede to DCUSA and/or SPAA.
 - Completed January 2019
- Introduction of a digitalised version of SMICoP
 - Completed May 2019
- Interactive website guidance: New functionality on the SMICoP website, which will allow for better understanding of SMICoP obligations. This would include functionality such as an interactive FAQs section.
 - Completed May 2019
- Host annual webinars: To aid in increasing interaction with the Code of Practice.
 - Ongoing
- Development of Quarterly Newsletter
 - Ongoing
- Attend Small Supplier Forums
 - Ongoing

Theft Risk Assessment Service (TRAS) – Re-procurement Decisions

This section provides a summary of our experience of engaging with the Theft Steering Group (TSG) on the TRAS contract re-procurement decisions. The TSG is a combination of the SPAA and DCUSA Boards (who are the contracting parties for the TRAS service). The original conversation on re-procurement occurred in January 2018; however, rather than taking a decision to re-procure the TSG have continued to request 12-month contract extensions, whilst also expressing dissatisfaction with the service. ElectraLink is seeking to organise a meeting in October 2019 to reach a decision.

TRAS Procurement Process Timeline

- **TSG Meeting on 23 January 2018:** ElectraLink suggested to TSG initial work on the re-procurement of the ETOS and TRAS contracts should begin because if it is left too late DCUSA and SPAA may be in no position to consider alternative Service Providers. It was agreed that ElectraLink should produce an options paper for review by the TSG.
- **TSG Meeting on 6 March 2018:** the TSG reviewed the re-procurement options paper and requested that ElectraLink provide costs of running a procurement exercise and possible operational costs, ahead of further TSG discussions.
- **TSG Meeting on 24 April 2018:** the TSG considered three options for the TRAS Contract which were put forward by ElectraLink and chose the option of extending the contract for one-year period to 31 March 2020. (The other options were run procurement event for TRAS or Extend contract for period of less than one year.)
- **TSG Meeting on 24 July 2018:** Experian asked if the TSG would consider a new 5-year contract. TSG agreed that they did not wish to consider a five-year contract extension. It was noted that the TSG had already agreed the 12 months extension to March 2020 and ElectraLink was asked to prepare the extension letter for signature.
- **TSG Meeting on 23 October 2018:** ElectraLink presented a recommended timeline and activities associated with the re-procurement of the TRAS and ETOS. The associated activities included issuing an RFI seeking innovative solutions for the delivery of the TRAS and production of a Value for Money assessment. The TSG approved the proposal.
- **TSG Meeting on 21 January 2019:** the TSG reviewed and approved a proposal from Moore Stephens to carry out the Value for Money Assessment of TRAS and ETOS.
- **TSG Meeting on 25 March 2019.** The TSG discussed the next steps for the TRAS and ETOS Re-procurement noting that the direction from Ofgem was to have a TRAS and ETOS for a period of 5 years. It was noted that ElectraLink has been engaging with Ofgem on whether a new direction was needed if they wanted TRAS and ETOS beyond 5 years. The group agreed to decide on whether a procurement should take place or whether the contract with Experian should be extended at its April meeting
- Also, at this meeting, it was highlighted to TSG that Ofgem had issued a letter explaining that as part of the Retail Energy Code, Ofgem wanted to look at timings and any impacts in respect of contracts that SPAA and DCUSA have with TRAS and ETOS. Therefore, they had asked for contract information consisting of the contract end dates with Experian and Crimestoppers with the options to extend. The TSG agreed to share this information with Ofgem.

Other items of note at this meeting:

- The findings of the value for money assessment were presented to the TSG.
- The TSG reviewed the responses from the RFI and noted that Honeywell's response stood out in terms of strong contenders to bid.

TSG Meeting on 23 April 2019. The TSG considered the next steps for the TRAS and ETTOS contracts and agreed to extend the existing contracts for 12 months.

Other items of note at this meeting:

- Experian attended the meeting to present a 5-year proposal for the TRAS.
 - Ofgem attended to provide its view on the value for money assessment. During discussions on this, Ofgem explained that the current REC timeline had not yet been established however a fixed date would be provided for the theft governance changes for REC. It was agreed that a high-level plan for the handover to REC be included in the Theft Strategy work.
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- **August SPAA and DCUSA Board Meetings:** a paper was presented to each of the Boards proposing an ex-committee TSG meeting in October to consider procurement options for the TRAS and ETTOS services. DCUSA approved the ex-committee meeting whilst SPAA wanted to wait until the matter had been discussed by the REC Board.