

Modification proposal:	<b>Master Registration Agreement (MRA) Change Proposal (CP): 0267 – ‘Amendments to facilitate the closedown of the MRA and MRASCo’</b>		
Decision:	The Authority <sup>1</sup> has decided to approve <sup>2</sup> this modification <sup>3</sup>		
Target audience:	MRA Executive Committee, Parties to the MRA and other interested parties		
Date of publication:	5 January 2021	Implementation date:	5 working days following Authority approval

## Background

In July 2018<sup>4</sup> we proposed that the Retail Energy Code (REC) would underpin the arrangements introduced by the Ofgem Switching Programme, allow for the consolidation of all retail energy provisions, and ultimately mean the closure of the MRA and the Supply Point Administration Agreement (SPAA).

This intention was confirmed in our Retail Code Consolidation (RCC) Significant Code Review (SCR) launch statement<sup>5</sup> published 29 November 2019. RCC implementation and REC version 2<sup>6</sup> go-live is planned for 1 September 2021. This was confirmed in a Switching Programme communication to programme Regulatory Design User Group (RDUG) participants on 18 May 2020.

The REC Transition Steering Group (RTSG) was initiated in early 2020 to facilitate cooperation between code bodies and the efficient transfer of roles and responsibilities from the MRA and SPAA governance bodies to the institutions established under the REC. We expressed our view at this group that the preferred route for the closure of the MRA would be that the agreement is terminated, and parties not be subject to further invoices or obligations following its termination.

To this end, the MRA CP 0267 was raised to facilitate the orderly closure of MRASCo (the MRA Service Company)<sup>7</sup> as a legal entity, following REC v2.0 go-live on 1 September 2021. A related SPAA change, SCP 506<sup>8</sup>, has been developed in close alignment and proposes similar changes to facilitate its closure.

## The modification proposal

This modification was raised by ScottishPower Energy Retail. It seeks to ensure that appropriate mechanisms will remain from 1 September 2021 for directors and shareholders of MRASCo Ltd to effect an orderly closedown of both the agreement and

<sup>1</sup> References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> ‘Change’ and ‘modification’ are used interchangeably in this document.

<sup>4</sup> See: <https://www.ofgem.gov.uk/publications-and-updates/switching-programme-proposed-modifications-regulation-and-governance>

<sup>5</sup> See: [https://www.ofgem.gov.uk/system/files/docs/2019/11/rcc\\_launch\\_statement.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/11/rcc_launch_statement.pdf)

<sup>6</sup> See: <https://www.ofgem.gov.uk/publications-and-updates/retail-energy-code-v20-and-retail-code-consolidation>

<sup>7</sup> MRA Service Company Ltd, company number 03490321

<sup>8</sup> See: [SCP 506](#)

the company. In accordance with company law provisions and MRASCo's Articles of Association, this may require:

- Board meetings and decisions
- preparation of financial accounts and audit
- payment of residual liabilities
- raising and or/returning funds to members
- redemption of shares
- transfer or disposal of assets and intellectual property.

If the MRA is amended as proposed under CP 0267, then each MRA party would be bound by the new Clause 59.5 to vote in favour of, or otherwise approve, any MRASCo Board resolution to adopt new Articles of Association which are set out in the proposed new Annex 3 of Schedule 16 to the MRA. The Authority would then designate a time on a "Close Down Date", at which the MRA shall terminate, and the new MRASCo Articles of Association shall apply to allow winding up activities to take place, and the parties to the MRA shall cease to have any further rights, remedies, liabilities and obligations under the MRA (subject to certain saving provisions set out in a new Clause 60 to the MRA).

The introduction of Part XVI: 'Close Down Arrangements' to the MRA includes the addition of a 'Close Down Date' (CDD) to be designated by the Authority by way of a CDD notice provided to each party to the MRA. If the MRA is amended as proposed, we will work with MRASCo and the code administrator through the practicalities of providing such a notice to parties.

### **MRA Development Board (MDB)<sup>9</sup>**

At the MDB meeting on 29 October 2020 the recommendation was that MRA CP 0267 would better facilitate the requirements of Electricity Distribution standard licence condition (SLC) 23 (Master Registration Agreement) and therefore recommended its approval. The MDB agreed that MRA CP 0267 facilitated the MRA Relevant Objectives set out at SLC 23.3A. No appeals to the MRA Forum were made.

### **Our decision**

We have considered the issues raised by the modification proposal and the Change Report dated 5 November 2020.<sup>10</sup> We have considered and taken into account the responses to the industry impact assessment. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the MRA, and
- consenting to the modification being made is consistent with our principal objective and statutory duties.<sup>11</sup>

### **Reasons for our decision**

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<sup>9</sup> The MRA Executive Committee (EC), established pursuant to Electricity Distribution standard condition 23.7(a), delegates its decision making power in respect of proposed code modifications to MDB, a sub-committee of MRA EC.

<sup>10</sup> MRA modification proposals and change reports can be viewed at [www.mrasco.com](http://www.mrasco.com)

<sup>11</sup> The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

We consider this modification proposal will better facilitate the achievement of MRA Relevant Objectives (c) and (d) and has a neutral impact on the other MRA Relevant Objectives:

***(c) to promote efficiency in implementing and administering the MRA arrangements;***

We agree that the changes outlined in this proposal will better facilitate the achievement of efficiency in implementing and administering the MRA arrangements. These changes should ensure that there are clear and binding arrangements in place for orderly closure of the MRA. We consider that this change proposal will promote efficiencies by providing early clarity to MRA parties as to their obligations and rights in the period following designation of the "Close Down Date", and facilitating proportionate and necessary administration of the MRA during that close down period.

***(d) so far as is consistent with sub-paragraphs (a), (b) and (c), to efficiently discharge the licensee's obligations under this licence;***

We agree that implementing this change is consistent with licensees' discharge of the relevant licence obligations. Ofgem has proposed<sup>12</sup> that Standard Licence Conditions (SLCs) for the DNO licences are to be amended at RCC implementation to remove obligations to establish and comply with the MRA (SLC 20.3). We have also proposed that the Electricity Supply licence SLCs will be amended to remove obligations to comply with the MRA. We agree that this change proposal is consistent with the direction of travel of these proposed SLC amendments.

**Decision notice**

In accordance with SLC 23 of the Electricity Distribution Licence, the Authority hereby approves modification MRA CP 0267 – Amendments to facilitate the closedown of the MRA and MRASCo.

**Arik Dondi**

**Head of Switching Arrangements – Retail Directorate**

Signed on behalf of the Authority and authorised for that purpose

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<sup>12</sup> See proposals for licence changes: <https://www.ofgem.gov.uk/publications-and-updates/switching-programme-and-retail-code-consolidation-proposed-licence-modifications>