

9th January 2021

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Consultation Response: REC v2

Dear Rachel

We are supportive of the policy initiative to rationalise the industry codes and to make engagement with them easier for all parties and industry stakeholders.

Version 2 of the REC will mark an important milestone in the rationalisation of the retail industry codes. We look forward to this development and hope that the new code arrangements prove as successful as anticipated.

We are generally supportive of the proposed governance arrangements in REC version 2.

We do have specific concerns over how we, as an independent gas transporter and electricity distributor, will be engaged in the code change process in the future. Good industry governance should be transparent and allow engagement from affected parties. Some aspects of the proposed new REC governance would appear to reduce our ability to engage with the change process which may create commercial and operational risk for our business (e.g., the closure of IREG).

We do however appreciate that the details of the future change arrangements are not yet defined. We therefore look forward to working with the new REC Code Manager in the development of the change process to ensure that it is fair, transparent, allows us to engage and takes into consideration the affects that it will have for our business.

The proposed approach for the transition from the MRA, SPAA and other codes to the REC seems reasonable. We note that there are some minor changes to the obligations in this transition, but we have not found any manifest errors or concerns.

We do have some governance concerns regarding the transition of the obligations regarding the electricity MPAS service from the MRA to the REC and ultimately the split of some of these to the BSC. There is a lack of clarity as to how the enduring governance of MPAS will function in practice. At the moment, all issues regarding MPAS are successfully managed via the MRA and, on a practical basis, through industry working groups such as IREG.

It is unclear to us how this will function, both during the transition REC v2 phase and the enduring REC v3 era. Some activity, such as MPAS interaction with the new CSS, will be

managed via the REC and others, for example with settlement metering agents, via the BSC. The potential for conflict and confusion appear to be increased. To date we have not seen robust co-ordination between Elexon and the REC Code Manager.

Another observation from the schedules that has the potential to create confusion is the number of different terms that exist for the same function. The Electricity Registration Data Service and the associated ERDA is in practice the same function as the MPRS. Which in turn is referred to as the MPAS in the transitional MRA schedule and also referred to as the SMRA (when referring to BSC activity) or RDS (when referring with SEC activity) in different schedules.

In practice all these references are the same IT application and service. It is a shame that the implementation of the REC has not been used as an opportunity to harmonise and rationalise terminology across the industry. Instead, it appears to have added to the potential confusion by creating ever more names and acronyms.

We acknowledge the need for better cross code working and the efforts to address this with the proposed Cross Code Steering Group. In general, the proposals outlined in the consultation are something that we would support. However, we are not sure that the proposal for a single code change control process to determine the speed and outcome of changes to other codes would be work in practice.

One purpose of having specific codes is that they focus on specific technical areas. A future cross code change may require specific issues to take greater time to resolve in one code than another. It may therefore lead to additional or wider issues than those originally considered by the lead code coming to light that require further amendment to other codes. There are plenty examples of where this has happened in the past. For example, Elexon did not consider the consequential issues for the DCUSA when implementing P272. The consequences for the market and consumers were from this change were therefore negative. We would not wish to see this situation repeated.

The idea for a Cross Code Steering Group is sound, as is the principle of making one of the code managers accountable for leading. What is really at fault currently is the lack of incentive on other code bodies to support a change that another is leading on. Greater accountability from all code managers to support cross code change is ultimate answer to resolving this issue.

We have not had time to assess the implications of Section 4 and the detailed technical documents that were published as appendices alongside this consultation. The nature of these documents (MS Access databases and long spreadsheets) makes it difficult to assess and make comment upon their accuracy. We assume this activity will be undertaken by the programme.

Answers to consultation questions:

Question 2.1: Do you agree with our proposed approach to information security and data protection assessment under the REC? In particular, do you agree with the requirement for all REC Service Users to notify the Code Manager of a security breach?

Yes, this seems reasonable.

Question 2.2: Do you agree with our proposal to extend entry qualification to new gas MEMs? If not, please explain why.

Yes, this seems reasonable.

Question 2.3: Do you agree that the change effected by MAP CP 0338 should apply equally to gas?

N/A

Question 2.4: Do you agree that the clarification on the applicability of the schedule to non-domestic suppliers sufficiently gives regard to non-domestic suppliers who do not serve prepayment customers?

N/A

Question 2.5: Do you agree that the approach and processes for gas unregistered sites should be standardised, as set out in the Unbilled Energy Code of Practice?

From the perspective of good governance having a single document sounds a sensible approach to rationalising documentation and improving the ease with which people can engage with the document.

However, there are physical differences with the commodities in question and the practical ways in which it is stolen. It is therefore unclear that there is evidence that activity of investigating the theft of electricity and gas is similar and even whether it is undertaken by the same individuals.

It is clear there are some underlying principles that are common across both fuels and harmonising these aspects clearly has merit.

Whether the entire document should be combined probably needs reflection. We appreciate that this is a first draft and will evolve but in places it did seem to be less clear than the previous single fuel Codes of Practice.

Therefore, we provide qualified support for the approach but would like to see greater evidence that the combined document is justified and is clearer for people to understand.

Question 2.6: Do you agree that the REC should make provision for the PAB to consider the case for reconciliation of data held by PPMIPs and CDSP for the purpose of identifying unregistered sites? If so, do you agree that this process should sit in the Unbilled Energy Code of Practice?

Yes, good governance and leadership on this issue is needed and the REC PAB would be an ideal home.

Question 2.7: Do you agree with the principle that a consumer should be no worse off by virtue of a theft investigation being undertaken by a network company rather than a supplier?

The principle of a consumer being no worse off as a result of who investigates a suspected theft sounds on first examination to be reasonable.

However, it is difficult to understand from a practical perspective if this is achievable as no two incidents are likely to be the same. It also appears to contradict other principles within the CoP and legislation that require the entity investigating and resolving the theft to recover all of their 'relevant costs'.

Although the basis for determining the relevant costs will be common across all parties (e.g. the value of electricity, the costs of repairing or replacing equipment, the costs of the investigation, resolution of any safety issues, engagement with the customer etc) the actual costs of constituent elements will vary.

Therefore, it is highly likely that consumers found to be stealing electricity will be charged different amounts depending upon the entity that undertakes the investigation.

We did not understand the reference in the consultation to the back billing of customers (para 2.40). A network company would only levy costs upon a proven thief where they were found to be illegally extracting electricity in transit.

Therefore, there would not be a relevant supply point that had not been billed in error by a supplier for greater than 12 months. It is not therefore clear to us as to what the concern or issue is that the proposal is attempting to resolve.

It may also contradict requirements in the Electricity and Gas Acts and licence obligations upon network companies (e.g. distribution licence conditions 49.7 and 49.8) regarding theft on their networks, this is something that should be avoided.

Question 2.8: Do you agree that the requirements relating to provision of customer contact details should apply equally to non-domestic suppliers, as set out in the Transfer of Consumer Data Schedule?

Yes, this sounds a good idea.

Question 2.9: Do you agree with our proposal to extend 'Gas use case 5: Payment of Guaranteed Standard of Performance Payments' to cover voluntary payments?

Yes, this seems a sensible suggestion.

Question 2.10: What risks (if any) do you foresee in the transfer of processes associated with Commissioning, Complex Sites, Proving and Faults from BSCP514 to the REC Metering Operations schedule?

If the process is managed in a collaborative, organised way and REC has the relevant skills to manage the requirements of metering, then the transfer risk should be capable of being mitigated.

Question 2.11: Do you agree that requirement to comply with the BSC CoPs should be placed directly on MEMs in the REC? If not, please explain your reasons.

Yes, this would be a good augmentation of the existing BSC regime and the new REC performance assurance regime. A holistic approach to assessing the risk that market participants present to the market and consumers, in this case MEM, is a good development. Making them directly responsible to the REC, rather than relying on the supplier hub, should create greater accountability.

Question 2.12: Do you agree that metering operations rules and processes in the REC could be assured by the BSC, particularly with regard to PARMS reporting and technical assurance audits, until the assurance function can transition to the REC? If not, please explain your reasons.

Yes, this sounds a sensible approach.

Question 2.13: Do you agree that the information in the RGMA Baseline relating to exceptions should be out of scope of the mandatory Schedule?

N/A

Question 3.1: Do you agree that the proposed text to embed the Cross Code Steering Group will enable the intended improvements to cross code change? If not, please suggest alternative or additional drafting.

We agree with the principle of establishing a Cross Code Steering Group. The ability for different codes to raise changes to other codes to facilitate an industry change and that someone should be made accountable for leading cross code working on a change is a sensible development.

However, we are not convinced that future change proposals in all codes should be subject to the timetable determined by one lead code is practical or potentially desirable. It is not clear that it is a good idea for the ultimate decisions regarding whether a change should be recommended or implemented should be made by another different code panel. The lead code panel may not have enough understanding of the impacts of the proposal to ultimately understand whether to approve a solution.

The proposal therefore risks the change process being less efficient in the future and undermining the principle of cross code working that is envisaged to improve.

It would be better to empower the lead code to require other code administrators to suitably resource and deliver change in a way that they need. To be able to hold other codes to account for failing to properly engage in cross code working and delivering the required change. This would ultimately lead to the intended outcome of improved cross code working.