

**Date**  
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**Rachel Clark**  
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Dear Rachel,

**Retail Energy Code v2.0 and Retail Code Consolidation**

Thank you for the opportunity to respond to Ofgem's consultation Retail Energy Code v2.0 and Retail Code Consolidation. This response is made on behalf of Cadent and can be published by Ofgem.

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

Cadent has significant concerns with the Unbilled Energy Code of Practice, as currently drafted. It could obligate Gas Transporters to investigate every unregistered site despite the absence of suspicion or evidence of theft. We invite Ofgem to work with Cadent and fellow Gas Transporters to review the Unbilled Energy Code of Practice to ensure it is aligned to existing Licence Obligations, the Gas Act and RIIO price control framework.

Whilst we support the overall principle of a Cross Code Steering Group (CCSG), we have provided alternative drafting principles which we believe can be applied to all codes. Without these alternative principles, we believe there is potential for governance issues to arise.

Our responses to the individual questions within the consultation are set out below. We have chosen not to provide responses to certain questions which we deem to be non-Gas Transporter related.

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

Yours sincerely,

Guv Dosanjh  
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Continuation sheet

**Questions:**

## **2. Retail Code Consolidation: REC v2.0 Schedules**

**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?**

We have no comments at this time.

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

We have no comments at this time.

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

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

**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?**

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

**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?**

The majority of theft investigations undertaken by Cadent are instances of unregistered sites. They are undertaken in accordance with the SPAA Code of Practice and we have no concerns should these be replicated within a dual fuel REC Code of Practice.

However, we have concerns with the drafting of the Code of Practice (17.1 and 20.4(a)) as it could obligate Gas Transporters to investigate every unregistered site despite the absence of any suspicion or evidence of theft.

Gas Transporters would wish to retain the discretion as to which unregistered sites to investigate dependent upon suspicion or information received. The theft incentive which will be in place for the RIIO-2 Price Control period will already incentivise Transporters to be proactive in identifying and resolving theft of gas occurring at unregistered sites.

**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?**

We agree with the proposal for the PAB to consider the case for reconciliation of data held by PPMIPs and the CDSP. This could highlight unregistered sites in the same way as UNC Modification 0431.

We do not believe this warrants inclusion within the Unbilled Code of Practice though as the Unregistered sites it will highlight will be paying for gas, and therefore not strictly theft. It is other processes which are impacted such as Transportation charges.

**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?**

A consumer should always be treated fairly whether the investigation has been carried out by a Supplier or a Transporter. Cadent fully complies with the current SPAA Code of Practice, the Gas Act and Licence obligations when carrying out theft investigations or recovery of the value of gas taken.

The Gas Act gives Transporters the right to recover the full value of gas taken and we currently assess each case on its merits when calculating the value the consumer is responsible for and acceptance of consumer offers.

Cadent does not support 'blanket' code of practice rules which would restrict Transporters recovering the full value of gas taken from a consumer when theft of gas has been proven, especially in cases where the consumer was fully aware they were taking gas without paying for it and/or actively avoiding detection or disrupting our investigation. Monies recovered go back into the Shipper/Supplier/Customer chain through lower Transportation charges and ultimately lower customer bills; we should not seek to disrupt this by under-recovering from consumers where theft has been proven and the consumer is clearly culpable.

There are also clear differences between cases of theft Suppliers and Transporters must investigate. Supplier theft predominantly involves a supply contract with the perpetrator and possible evidence of misuse can be ascertained through meter readings (or lack of inc. TRAS interaction). Most Transporter responsible theft cannot usually be identified upfront by meter reading discrepancies as they are usually unregistered and meter readings are not immediately visible, and therefore theft is easier to hide by a consumer. The Codes of Practice should be able to distinguish between the different circumstances without reducing the ability of cost recovery to the lowest test.

We do support best practice guidelines when considering the period of theft of gas, a consumer should be billed for. Cadent have previously provided suggested guidelines for use in the Code of Practice as to when we could seek to limit the recovery to a 1 year or 6-year period.

Cadent have won several Ombudsman cases in which the consumer had argued there should be a restriction to billing a maximum of 6 years of unpaid for gas, as per the Limitations Act, but the Ombudsman decided otherwise.

**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?**

We are in agreement.

**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?**

We are in agreement.

**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?**

We have no comments at this time.

**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.**

We have no comments at this time.

**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.**

We have no comments at this time.

**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?**

We have no comments at this time.

### **3. Consequential Changes to Other Codes**

**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.**

Whilst we support the principle of a Cross Code Steering Group (CCSG), we believe there is potential for governance issues to arise and have therefore suggested alternative principles which can be applied to all codes.

#### **Drafting Principles**

- Code Administrators are obligated to inform the CCSG of any potential cross code impact once identified. The CCSG establish a Lead Code and inform the relevant Code Administrators of their decision.
- The Lead Code is obligated to create a plan of progression taking into account the views and agreement of the other Code Administrators. Code Administrators are obligated to use reasonable endeavours to follow the agreed timetable. Any delay in progress against the timetable must be reported to the Lead Code and CCSG. The CCSG members are responsible for sharing agreed timetables and relevant updates with the Industry Code Panels they represent.
- Where the CCSG determine a cross code impact, Code Administrators can raise Modifications to their own Code. In this circumstance Code Administrators are considered to be Proposers and will progress Modifications as such. This is important as it means the Code Administrators are responsible for driving the Modification forward and are not held accountable by Ofgem/CCSG for changes they cannot control.
- All Modifications that the CCSG determine have a cross code impact must have a Lead Code and that Lead Code shall produce a timetable as described above. This allows for the inclusion of Modifications raised by other bodies where cross code impacts are not identified until later in the process; rather than limiting the process to only changes where cross code impacts are identified from the outset and raised by Code Administrators.
- All Modifications that the CCSG determine have a cross code impact must be issued to the Authority for determination. This step removes any possible confusion or conflict over the determination of Modifications. Any changes will still be progressed as a suit of modifications coordinated and managed by the Lead Code and the CCSG. However, it provides a clear decision and appeals route based on established principles and processes. Ofgem have noted that they expect most changes which come via the CCSG to meet the criteria for Authority determined Modifications. Therefore, making such a step mandatory is not placing undue, or unforeseen, burden on the Authority and eliminates the complexity and issues with the current drafting.
- Code Administrators must inform the Lead Code and CCSG of recommendations being made to Ofgem by the appropriate code governing body.

### **4. REC Technical Specification**

**Question 4.1: Do you agree with the assignment of Code Manager ownership (Metadata Owner) of each Energy Market Message within the “Annex D – Message Scenario Variant Catalogue”?**

We have no comments at this time.

**Question 4.2: Do you agree with the classification of existing flow notes (including DTC Annex C) to either one of, a rule within the Data Specification, a Guidance Note (managed under the respective code, e.g. a REC Level 3 document) or a process obligation (e.g. a rule within a REC Schedule / BSCP)?**

We have no comments at this time.

**Question 4.3: Do you agree that the data items identified in ‘Redundant Data Items for Review’ spreadsheet should no longer be represented in the Data Specification as they are not associated to any Market Messages?**

We have no comments at this time.