

*Sent by email*

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31<sup>st</sup> July 2018

Dear Rachel,

**Re: Switching Programme: Proposed modifications to regulation and governance**

The MRA Executive Committee (MEC) welcomes the opportunity to respond to the above consultation and is supportive of Ofgem's aim to promote positive consumer outcomes in the retail energy market by reforming existing switching arrangements.

Our response highlights several areas, relating to the transition from the Master Registration Agreement (MRA) to the Retail Energy Code (REC), where we would welcome clarification from Ofgem.

We note the expectations on MRASCo with regards to the implementation of the REC, this includes funding, governance and general engagement and cooperation. We are supportive of this, and we note the need for a 'programme approach', which focuses on ensuring that there is cross code coordination and visibility of the Switching Programme.

We further recommend a 'joint industry plan' to ensure the developments for gas and electricity arrangements are progressing at a similar rate. We would like to emphasise the importance of both industries being ready for the REC at the same time, and for the transition to conclude in an effective manner. We welcome the opportunity to engage with Ofgem on both the programme approach and the joint industry plan.

In the transitional stage parties are required to monitor two sets of governance, any applicable changes to the remainder of the MRA, as well as any changes and additions to the REC, this increases the demand on resource considerably.

We are supportive of the initiative to implement a 'future-proof' digital code and would see opportunities for this code to potentially mitigate resource issues, by reducing the required paper trailing.

Resource availability for governance is likely to be limited. As the transition into the REC is a considerable exercise, especially for dual-fuel parties, this is a significant risk. In addition to this, it has

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been noted that some parties are considerably less likely to engage and these parties may not be aware of the full extent of the programme and the requirements placed on them. We consider any party that is not up to date with the requirements and does not comply with the required milestones and timelines a risk for industry.

We agree with the intent for an open and collaborative incentive and enforcement regime. We would like to highlight some concerns in this area. Those MRA parties that are engaged, agree that it is in their interest to comply with the programme and meet milestones as soon as possible. This may not be the case for parties that do not engage with MRASCo, which are mainly smaller and new parties. MRASCo will continue to work to ensure all parties are aware of their obligations.

We further note that the consultation indicates that the Central Switching Service (CSS) will be able to go-live, even if not all participants are ready. This, in combination with the fact that the consultation is currently unclear on how parties will be incentivised to cooperate, could enable parties to have a greater commercial interest in not complying with the transition requirements. The consequences of not complying are currently unclear. This could also have a negative impact on parties that have invested in meeting requirements in a timely manner.

We believe that for adequate testing, the whole of the market should be tested ahead of go-live and this would require the whole of the market to be ready at the end of the transitional stage. This includes all other non-supplier parties. It could severely impact parties at later stages if any issues were to be missed because of limited testing possibilities.

Finally, we recognise a risk to industry if there were to be any issues with parties not knowing all of their requirements. This could cause parties to be in breach, it could cause disruptions in switching and could ultimately negatively affect the consumer. We would highlight that the protection of the consumer should be paramount in the REC.

We agree with the intention to provide a flexible modifications process, which moves away from a model where control of the Code and change sits primarily with incumbent market participants. We do however believe that aside from being open and flexible, the REC should be a 'best practice Code', which includes the most efficient parts of existing Codes. We have concerns that the proposed modifications process could lead to longer lead times for development of modifications. We believe that a process which adopts a structure with a dedicated governance body for modifications and working groups to develop solutions, would improve the efficiency of a modifications process.

If you would like to discuss our response further, please contact myself or the MRA Code Administrator (Gemserv) on 020 7090 1029 or [mrhelpdesk@gemserv.com](mailto:mrhelpdesk@gemserv.com).

Yours sincerely,



Alex Travell

Chairman, MRASCo Board