



SPAA Ltd.  
Ground Floor  
Grafton House  
2 - 3 Golden Square  
London W1F 9HR

Tel: 020 7432 3005  
Fax: 020 7432 3015  
[www.spaa.co.uk](http://www.spaa.co.uk)

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Dear Rachel,

**SPAA Board response to Ofgem's Delivering Faster and More Reliable Switching: New Switching Arrangements Proposal**

The SPAA Board welcomes the opportunity to respond to Ofgem's 'Proposed modifications to regulation and governance' consultation, which sets out proposals in relation to the new Retail Energy Code (REC). The SPAA Board has a keen interest in these considerations, in particular the SPAA EC acting as the interim REC Panel; industry support for the DCC procurements; and transition of SPAA provisions resulting in closure of SPAA. The introduction of the REC and consequential impacts for SPAA are included in the SPAA Ltd Risk Register and reviewed on a monthly basis.

The SPAA Board is fully supportive of Ofgem's proposal to develop a dual fuel retail code incorporating the new switching arrangements. Funding via SPAA has been agreed to support the delivery of the Switching Programme, including code administration input into the end to end, regulatory and delivery design teams, and more recently agreement to fund the Programme Assurance function until REC funding provisions are in place. As requested by Ofgem, the SPAA EC is also establishing terms of reference for the representative appointed to support the DCC procurement activities on behalf of industry.

Whilst we acknowledge that code consolidation is not the main focus of the Switching Programme, we believe that activities should be initiated to migrate non-switching related provisions from the SPAA into the REC as soon as possible. We believe this process would be best facilitated with leadership from Ofgem and progressed in parallel with the activities delivered under the Switching Programme. A clear plan will be required detailing how and when the final migration from SPAA to REC will take place and this may require a SPAA change freeze to ensure a robust process is followed.

SPAA and its members have already initiated a number of activities in order to consolidate the existing SPAA provisions to facilitate a smooth migration into the REC:

- A review of the gas Prepayment Schedules with the aim of consolidating these into a single SPAA Schedule which can be harmonised with the equivalent electricity requirements ahead of migration into the REC.
- A review of the Supplier to Supplier data flows used within the switching process and inclusion of these within the online Supplier Data Flow Catalogue.
- Progression of dual fuel working groups to assess the erroneous transfer and debt assignment provisions to harmonise these across electricity and gas where possible.

- A review of the Approved Meter Installer (AMI) and Meter Asset Manager (MAM) Codes of Practice to remove duplication and develop a consolidated gas Code of Practice with associated governance arrangements.

Our response has focused on those proposals impacting matters relevant to the SPAA Board itself, rather than SPAA parties more generally. We hope this will assist in supporting the development of the REC.

Should you have any questions regarding our response, please contact Stephanie Catwell at [SPAA@electralink.co.uk](mailto:SPAA@electralink.co.uk).

Yours sincerely,

Alex Travell

Chairman SPAA Board

## **SPAA Board response to Ofgem's Delivering Faster and More Reliable Switching Proposal**

### **Question 2.3: Do you agree that the bodies constituted under the REC could suitably play a formal part in the programme governance?**

The SPAA Board has provided resource to support the programme through the end to end, regulatory and delivery design teams and will continue to do so as required. However, we expect to be provided with clear terms of reference and work plans setting out how this resource will continue to be utilised to enable us to monitor budgets and ensure suitable resource is available.

If constituting new groups, the interaction between these groups and the standard SPAA governance arrangements needs to be considered, to ensure appropriate funding and terms of reference are in place, with clear decision-making responsibilities.

### **Question 2.5: Do you agree that it would be appropriate to have in place interim governance arrangements prior to REC v2 coming into effect?**

We note that the consultation proposes that the prevailing executive committees of the MRA and SPAA could act as an interim REC Panel, sitting in joint session on an ad hoc basis as and when required to fulfil business that would ordinarily fall to the REC Panel. We fully support Ofgem's intention to utilise knowledge and expertise from the existing industry committees prior to the REC Panel being established. We therefore welcome further clarity with regards to the scope of these activities and the associated governance and accountabilities. Specifically, we require confirmation whether the intention is for the entire executive committee to be utilised, or a subset of members, and in what capacity individuals will be participating. Members of the SPAA EC currently represent their constituencies and feed in views accordingly; members will therefore need to understand whether they are representing REC Parties, SPAA Parties or the SPAA Board. If the intention is for members to represent industry parties, we would like to understand who is responsible for considering the SPAA Board's position and how will any conflicts of interest be addressed.

### **Question 6.1: Do you agree with the changes that we propose to make to the scope of the Switching SCR?**

The SPAA Board supports the proposed changes to the scope of the SCR and appreciate the additional clarity with regards to industry code consolidation. The majority of SPAA provisions relate to the retail gas market and are therefore expected to migrate to the REC at some stage, although they are not all part of the end to end switching process and are therefore outside the scope of the Switching Programme.

The SPAA Board is keen to progress migration activities to enable the closing down of SPAA in a robust and timely manner. We are therefore encouraged by Ofgem's statement that you will work with stakeholders to produce a co-ordinate work plan and we look forward to supporting these activities.

### **Question 6.3: Do you agree with our proposed approach of publishing the drafting of all SCR related changes circa Q1 2019, but waiting until systems have been proven through testing before submitting the proposals into the modifications process?**

The SPAA Board expects the changes to SPAA proposed as part of the SCR to be limited to the removal of certain SPAA Schedules which are deemed to be part of the end to end switching arrangements. Therefore, we do not expect complex changes to be raised through the SCR process.

We support Ofgem's proposal that drafting of the SCR related changes should be published as early as possible i.e. Q1 2019. This visibility will provide clarity of the changes expected as part of the SCR and enable us to focus on the remaining provisions to facilitate a timely closure of SPAA.

We agree that the SCR proposal should not be formally submitted until testing has been completed to ensure any changes required as a result of the testing phase can be progressed as part of the SCR proposals, rather than separate tidy up changes.