

16th November 2018

Rachel Clark
Ofgem
9 Millbank
London
SW1P 3GE

By email only to: switchingprogramme@ofgem.gov.uk

Dear Rachel,

Response to the Ofgem consultation on Switching Programme: Regulation and Governance – way forward and statutory consultation on licence modifications.

BUUK Infrastructure Limited (BUUK) welcomes the opportunity to respond to the above consultation on the proposed modifications to regulation and governance. This response is provided for and on behalf of BUUK's IGT and IDNO Licensees (GTC Pipelines Limited, Independent Pipelines Limited, Quadrant Pipelines Limited, The Electricity Network Company Limited and Independent Power Networks Limited).

In principle BUUK supports the introduction of the Retail Energy Code, including the RECCo Board formation, Panels and REC Manager, and the majority of the proposed content of the REC. BUUK has engaged significantly in the Faster Switching Programme. Our responses to the consultation questions are provided in the annex to this letter. However, we make a number of key points here:

- **RECCo Board Panel, RECCo Change Panel, REC Manager and PAB make-up:** BUUK feel that at this stage there needs to be greater understanding of the mechanisms of the setting up of the governance bodies and the ongoing and enduring governance framework.
- **REC Panel Voting Representation:** Whilst the REC Panel voting arrangements have not yet been determined, we would urge that consideration is given to independent voting for IGT/IDNO parties to that of GDN/DNO parties. Whilst all are network operators, there are significant differences between obligations, application and management of the networks which require those constituents to have the ability of appropriate independent representation.
- **DCC Cost Recovery:** Whilst the consultation document states that the methodology requires that DCC costs are recovered as a fixed charge (as set out in Section K (Charging Methodology) of the SEC), we believe that there is no explicit reference to CRS costs referenced. We would challenge that the DCC should not be recovering any costs via this means where they are not specifically defined.

If you have any questions to our response please contact John Cooper at:

John.cooper@bu-uk.co.uk, or on

01359 302450

Yours sincerely

Mike Harding
Regulation Director

Appendix 1

Enduring REC Governance

Question 4.1: We would welcome views on whether Ofgem should have an ongoing role in ratifying RECCo Board appointments after the appointment of the first board.

BUUK doesn't disagree with Ofgem taking an ongoing role in ratifying RECCo Board appointments. However, the need for Ofgem involvement in appointments could be made less burdensome if clear terms of reference for the board are put in place, well in advance of the RECCo Board even forming. The TOR should set out the requirements, expertise and skill set needed to become a Board member whilst also setting out the process for appointing new members. It should also be worth noting that the requirements of the initial RECCo Board(s) are significantly different to that of traditional Code Boards, in that they are involved with the direct delivery of the Switching Programme and therefore the TOR should reflect these requirements. This should be considered when appointing the early RECCo Boards and potentially amended as the remit of the Board changes after Faster Switching implementation. In setting all of this out in advance the RECCo Board could be responsible for appointments without the need for Ofgem involvement.

Notwithstanding, instead of ratifying every member, Ofgem may wish to consider whether they want to carry the right to reject or veto appointments if and when they see fit to do so. It is vital that the RECCo can operate effectively and independently and BUUK see this as a more hands-off approach from Ofgem, that encourages good practice.

Question 4.2: We would also welcome views on whether the REC parties should have a role in ratifying the first and/or subsequent boards.

It may be a relevant activity to involve REC parties in the ratification of the first Board, but on an enduring basis for subsequent board appointments, this may act as a significant barrier if both REC parties and Ofgem need to ratify new Board appointments. This could potentially result in lengthy appointments and periods where positions are not being filled, as well as putting prospective Board members off applying for vacant positions.

In terms of involving REC parties in ratifying in the first Board, BUUK sees this as an opportunity to give transparency to the process and to engage REC parties in the requirements needed in setting up the RECCo Board. Having said this, and as previously mentioned in response to question 4.1, a clear and well defined TOR could go a long way in simplifying the need for ratification by multiple parties, thus streamlining the entire Board appointment process. It is important though, to maintain engagement with REC Parties and therefore transparency around appointments is vital.

Question 4.3: Do you agree that the REC should place less reliance on face to face industry meetings for modification development and instead empower the REC

Manager to develop and analyse proposals, procuring expert support as and where required?

Face-to-face meetings play a key role in any Code arena and should not be discounted from future REC modification development. REC Panel members and workgroup members will be elected and put forward by their retrospective organisations based on the presumption that they have the workload, capability and knowledge to input, therefore commitments shouldn't be an issue. This will be further relaxed as both SPAA and MRA Boards will cease, freeing up more industry time. The creation of the REC should help to simplify the code landscape, putting greater importance on the REC which in BUUKs opinion warrants face-to-face meetings. Couple this with the continually improving telephone conferencing and webcast facilitates, ensures that for those parties that cannot commit resources to face-to-face meetings can still participate and contribute.

However, BUUK agree that a code manager style role would help to ease administrative burdens upon certain parties but believe that the level of development and analysis should only be limited to certain modification types as instructed by the Panel or workstreams to do so. In the previous consultation BUUK raised concerns around the need for the code manager to demonstrate that it has the correct skill set, knowledge and understanding of all parties to be able to robustly analyse and develop modifications on behalf of the industry. IGTs have already experienced such short comings in other change arenas, whereby as a constituency our interests are often overlooked. Therefore, we would expect the appointed code manager to demonstrate an understanding of both IGT and IDNO business models and how they differ to that of larger upstream networks. One example of this is the IGT new connections process, which differs to that of the GDN new connection and infill process.

Acting as a code manager and developing and analysing changes on behalf of the industry, does in itself lack transparency and could be seen as a risk. 'Experts' developing changes should not distract or result in a lack of engagement from REC Parties, indeed REC Parties are experts in their own industry(ies) and need to be consulted on where necessary. Ultimately, the REC Code Manager will need to be held accountable to REC Parties to deliver on their behalf with clear consequences of failing identified.

Question 4.4: Do you consider that a recommendation to the Authority should be made by the RECCo Change Panel, with reference to the REC relevant objectives, or based on a vote of REC parties?

BUUK are of the view, based on experiences in other Code arenas, that any recommendation to the authority should be made firstly on how a modification meets the relevant objectives and then secondly voted on and decided by REC Parties via the RECCo Change Panel. It is therefore essential that a simple voting mechanism is in place and that TORs are clearly outlined, along with modification rules that can be easily followed. This has become a fairly standardised approach across both electricity and gas codes.

BUUK would like to draw attention however to how voting rights will be allocated and whether all parties at REC Change Panel will get to vote, regardless of whether it is a change that

impacts their constituency i.e. do Network operators get to vote on supplier only changes? Depending on what the arrangements will be, will determine how changes are approved.

Question 4.5: Do you, in principle, support the approach to performance assurance outlined?

BUUK support the approach taken towards the proposed performance assurance which appears to largely be based on arrangements under existing codes.

However, we feel that, with respect to the REC Manager, meeting KPIs should be part of contract delivery and not necessarily subject to additional incentives unless those incentives relate to additional services, rather than explicitly included within contract.

We would wish to better understand the framework for the PAB, which we assume would report to the RECCo Board, particularly where an inefficiency is identified by the PAB in the operation of the RECCo Board. We believe that the criteria for PAB escalations should be explicitly set out, particular where they may result in the withholding of certain rights or the applying of sanctions.

Learning from other performance assurance issues, we would assume that the PAB will be given permission to access CSS associated data from the outset.

REC v2.0: Enduring Switching Arrangements

Question 5.1: Would you support the development of a REC digitalisation strategy?

The move to greater digitalisation of Regulatory documents is welcomed by BUUK, as this has the potential to increase the accessibility, ease to understand and engagement in the REC. There is however a thin line between the right level of digitalisation and over digitalisation. The digitalisation approach taken by Ofgem should be one that benefits REC Parties and not one that overcomplicates and distracts from the key purpose of regulatory documents, that being setting out clearly the obligations and provisions to ensure smooth operation of the market.

It may also be worth noting that different organisations have different IT and internet security set-ups, which may adversely impact the accessibility of REC documents and services for certain organisations depending on the right level of both digitisation and digitalisation. This should be considered by Ofgem as well as consequential costs for businesses to make changes in order to enable access. Technology therefore could be seen as a potential barrier or hinderance to engagement in REC. Conversely, if done correctly, digitalisation and digitisation could open up the REC to many more Parties and therefore increasing engagement and interaction.

Question 5.2: Do you agree that the draft Registration Services Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

BUUK are pleased to see the inclusion and reference being made to not only the UNC but also the IGT UNC within the current version of Registration Service Schedule.

Question 5.3: Do you agree that the draft Address Management Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

For many organisations the Retail Energy Location (REL) is one of the main data changes resulting from the Faster Switching Programme. BUUK have raised concerns around there being no intention to replay this data back to networks and the rest of the industry. BUUK are encouraged to see that Ofgem have recognised this requirement. The play back to industry parties of changes to the REL data is of upmost importance. To reiterate, the REL address data to networks is important for the following key reasons:

Vulnerable customers

In a network emergency we may be required to offer additional provisions to vulnerable customers. This could be extremely difficult, but at best time consuming, to map the consumer property to the meter point, particularly in multi dwelling properties such as flats.

Safety

Knowledge of where supply points are located is paramount to Network Operator' ability to operate safe networks. Where an addresses is still listed as a Plot address this could potentially delay or disrupt attendance to a supply incident. Whilst this issue of a delay in plot to postal update has always existed, as mentioned above, plot addresses could potentially be updated more quickly with REL address changes being relayed to networks. The risk is particularly pertinent for flats and non-domestic premises where the meters could be distanced from the supply premise and not easily or obviously paired together.

Mismatch of industry data

Even though some parties will be utilising the services of an address data provider, there is the potential for there to be a misalignment between that service provider's data and the CSS address data service provider. If the industry party has no ability to reconcile the data from CSS, certain industry parties could be referencing different address data. This could cause both operational risks and, ultimately, the industry more time consuming activity attempting to determine the legitimate data. It may appear straight-forward that the CSS data is the data-of truth, but conflicting evidence could realistically indicate otherwise.

Communication with customers and efficient query resolution

It is unclear what process will be in place in the future for address updates. If there are two processes, one with the CSS and one in place with networks it will be important to have direct view of what changes have been applied in the CSS. Holding the REL data in MPRS and UK

Link (or, as may transpire, receiving reports from ECOES and DES) may speed up address query resolution as the REL will inevitably be used as a triangulation data point. Networks have obligations whereby we write out to end consumers and without accurate addresses, it may result in letters may be sent to the wrong premises, customers not getting informed and to potential GDPR consequences also.

Question 5.4: Do you agree that the draft Data Management Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

BUUK note that Ofgem have changed their approach to Code Manager's role in collating switching domain data and that Data Masters themselves will continue to provide this data directly to the CSS Provider. We originally displayed our agreement to REC Manager's role in collating this data and still feel that this is the best approach to take. It will mean that data can be standardised before it goes across to the CSS, rather than individual Data Masters sending data separately to the CSS. This additional step will help to improve data quality across the board. In respect to Ofgem's now chosen approach, stringent controls, validations and templates will need to be put in place to ensure standardisation of data and quality across the industry.

The Data items and the associated Master's of this data will need to be clearly outlined and contracts or obligations put in place to ensure that this data is used appropriately. Processes need to be put in place in situations whereby there are disputes over data quality and validity. Different parties will be in better situations to know what the correct data should be, the industry will need to know the role of the REC Manager and CSS provider in dealing with data quality issues.

It is also unclear as to what extent Data Masters and the REC Manager will be responsible for the quality and control of this data. If there are failings in their responsibilities who will be accountable?

Question 5.5: Do you agree that the draft Interpretations Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

At this stage BUUK sees no issues with the interpretation schedule.

Question 5.6: Do you agree that the draft Entry Assessment and Qualification Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

The first point BUUK wishes to make around the Entry Assessment and Qualification Schedule is that this shouldn't become a burdensome activity for new entrants, which could result in a potential barrier to entry for the market. The criteria needs to be fair and appropriate to the size, scale and risk of an entrant to the market.

The second, is that Ofgem are proposing that existing suppliers are already 'Qualified' as part of any entry testing arrangements needed to be proven ahead of go-live. Given that there has

been six suppliers of last resorts in the last year, some of which resulting in bad debt for networks in particularly IDNOs who cannot currently recover any debt owed to them. BUUK believes that existing suppliers should conduct and complete a form of entry assessment that proves that Suppliers are ready and fit to participate in the new CSS world. This will help to give assurances to networks and to the industry.

Question 5.7: Do you agree with our proposals that:

- 1. PAB, as part of its role in mitigating risk to consumers and the market, should provide information to the REC Manager on the specific risks that it wants to be mitigated and assured against through Entry Assessment and Re-Qualification;**

The PAB set up in terms of representatives needs to be carefully selected so that it covers all areas of the market in identifying risks. If this is achieved, then BUUK believe that PAB is best placed to advise the Code Manager and help create solutions to resolve issues.

- 2. The Code Manager should have clear obligations to support the Applicant and coordinate with other code managers; and**

Setting out clear objectives and obligations for the Code Manager is vital in ensuring that the extent of it's support, and remit of work is limited. Without these, there becomes risk of increasing costs in the services that the Code Manager is incurring.

- 3. Suppliers that undertake a material change to their systems, processes or people should undertake Re-Qualification?**

BUUK agrees with this approach in that it will help to reduce risks and provides assurances to the rest of the industry that a Supplier is still capable of providing key services to the rest of the industry and to end consumers. The criteria and thresholds which defines whether a change to a Supplier's system or process requires re-qualification needs to be clearly set out, as it is imprudent for parties to re-qualify once a change is made. Consideration also needs to be made as to how industry changes from the REC or other code and service areas that result in system or process changes for the entire customer base, are managed and whether all parties need to go back through re-qualification. This should not become a purely burdensome and administrative task for Suppliers but should act as an assurance mechanism for the rest of the industry when parties significantly change key systems or processes.

Question 5.8: Do you think that PAB and the REC Manager should work with service providers to identify and mitigate risks associated with material changes to their systems, processes or people?

The service providers are not clearly referred to in the consultation document, however we do agree to collaborative workings. In many instances though, service providers and REC Managers are not always experts when it comes to trying to mitigate risks. Industry parties

also need to be involved in these discussions and involved in finalising solutions, transparency is therefore key.

Question 5.9: Do you agree that the draft Service Management Schedule meets the required standards set out in the Regulatory Design Principles including whether we have set out clear and workable roles and responsibilities for Market Participants, service providers and the Switching Operator that will support the effective operation of the new switching arrangements? If not, please describe how you think it should be improved?

In terms of reporting and performance measures for both the Switching data Service Providers and Switching Network Service Providers, BUUK would like to see more information on how this will work in practice. Under current arrangements in the Data Services Contract, a contract between the CDSP and the industry, which ensures that services the CDSP provides on their behalf is backed off under this contract as ultimately it is the industry party who would be held responsible. BUUK would see benefits in something similar being introduced, this helps to set a precedence and give clear expectations of the services being provided and the levels at which these need to be provided at. This can then be managed through similar groups as found under the DSC e.g. Contract and Change committees. Whilst the schedule goes some way in setting out the key provisions and elements, BUUK would like to see what Ofgem's plans are in terms of fleshing out the detail and management of the contracts.

Question 5.10: We also welcome views on the draft service levels set out in Appendix B of the draft Service Management Schedule.

It is encouraging to see that Ofgem are thinking about service levels, however BUUK feel that these still need to be built out further. There are currently no percentage of overall performance, just targets which need to be adhered to. It is also likely that there will be significantly more areas where service levels will need to be reported on. In terms of the KPI reporting, it would be beneficial to measure customer service related areas, gaining feedback directly from industry parties on the performance of the Services being provided. The industry has faced difficulties with Service Providers in the past in terms of customer centricity. Measuring these areas will be the only way to conclude whether the Services are in line with the industries needs and whether they are receiving value for money.

Question 5.11: Do you agree that the draft Switch Meter Reading Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

At this stage, BUUK see that is not applicable for our organisation to respond to this question.

Question 5.12: We welcome views on whether we should retain or amend the remit of the proposed Switch Meter Reading Exception Schedule beyond domestic consumers and electricity NHH consumers.

At this stage, BUUK see that is not applicable for our organisation to respond to this question.

Question 5.13: Do you agree that we should move any requirements to obtain and process meter reads for settlement purposes into the BSC and UNC?

At this stage, BUUK see that is not applicable for our organisation to respond to this question.

Question 5.14: We welcome views on whether the Switching Meter Reading Exception Schedule should make specific provisions for consumers with smart gas meters.

At this stage, BUUK see that is not applicable for our organisation to respond to this question.

Question 5.15: Do you agree that the draft Debt Assignment Protocol Schedule meets the required standards set out in the Regulatory Design Principles? If not, please describe how you think it should be improved?

At this stage, BUUK see that is not applicable for our organisation to respond to this question.

Question 5.16: Do you agree that the REC should refer to existing security standards rather than develop separate and bespoke ones?

BUUK support the reference to existing security standards rather than develop separate and bespoke ones. However, the standards should be like-for-like relevant to the REC.

Question 5.17: Do you agree that a consolidated PPM Schedule should be developed and given effect as part of REC v2.0?

Whilst BUUK are not against the creation of a PPM Schedule, we don't feel that we are best placed to give a grounded view.

REC v3.0: Wider Consolidation

Question 6.1: What do you think are the pros and cons of Model A and Model B and which do you think we should use to develop an Exceptions Schedule in the REC?

BUUK believes that Model A, whilst providing a flexible approach, may be too loose in intent and not descriptive enough. Model B offers more certainty for the consumers.

Question 6.2: Do you agree that the theft of gas and electricity provisions should be moved to the REC?

Yes, theft of gas is inherently a supplier driven activity and therefore makes sense for these provisions to be included within the REC, which is largely a supplier orientated code. Under

current arrangements these obligations on theft of gas are split across DCUSA and SPAA, this creates inefficiencies especially for organisations which deal with both gas and electricity. Therefore, it is logical to utilise the SCR to combine them under one code.

Question 6.3: Do you agree that the REC Manager should undertake the (re)procurement of any services due to commence at or after REC v2.0 implementation?

BUUK agrees that the REC Manager is best placed to undertake the (re)procurement of services due to commence at or after RECv2.0 implementation. However, the enormity of this task should not be underestimated. Existing contracts can be complicated and rightly so, as these underpin key industry services and ensure the successful operation and provision of energy markets. (Re)procurement of these services therefore is a substantial task, even for a Code Manager with high-levels of experience. Ofgem need to be mindful of this and the REC Manager needs to be able to have sufficient resource to be able to successfully manage these contracts.

Ofgem will need to be on hand to provide an active oversight of this element of the programme, to not only ensure the (re)procurement but also the transition of various elements from existing codes but also the coordination between existing service providers. To help with this BUUK would suggest that a comprehensive project plan is established, which outlines all the relevant services and areas that need to transition and when these need to be done by. The engagement and working relationships with existing service providers is therefore crucial if this is to be successful.

Question 6.4: Do you support the establishment of an industry-wide data catalogue that all code bodies incorporate by reference into their own codes and collaborate on the maintenance of?

Yes, BUUK would support the introduction of an industry-wide data catalogue. This should lead to the standardisation of data across the industry, but this should only be completed if there is an envisaged improvement in data quality. This therefore needs to be done in manner suitable for both fuels, in that there are distinct and different data requirements between the two fuels (square pegs in round holes).

Work will need to be done to ensure that access of who has rights to view data is controlled with the likes of a data matrix being put in place which will help to give clarity to who has access to the data.

Thought must also be given to MAPs and their need to be considered in devising the new catalogue with visibility of installation, removal and CoS events for their meters (either through revised flows or, more sensibly, access to a central database and reporting service in place of flows).

Question 6.5: Do you think that the REC should have the responsibility of hosting the industry-wide data catalogue?

As the REC will be dual fuel, it seems logical that this would be the best place for an industry wide data catalogue to be hosted and governed. The question therefore must be asked, how will the REC ensure good data quality and who will be responsible for poor data quality? What powers will the REC have in maintaining the data catalogue.

Question 6.6: Do you think that an industry-wide data catalogue should be developed for REC v2.0 (to enable REC CSS messages to be incorporated from day 1) or should consolidation be undertaken as part of REC v3.0?

BUUK's view is that data catalogue should ideally be put in place for REC v2.0, as this should encompass all areas and leave less areas open for interpretation. It is closely linked to the CSS implementation, therefore BUUK would ask the question, what are the risks of the full catalogue not being put in place ahead of REC v2.0? The task of migrating existing data catalogues seems like a straightforward activity and BUUK see no reason as to why this shouldn't be wrapped up for REC v2.0.

Question 6.7: Subject to further development, assessment and consultation, would you in principle support aligning the gas and electricity metering codes of practice under common governance?

This seems like a sensible approach when it comes to standardising asset data, however BUUK does not see the REC as the appropriate place for any engineering or technical code of practices.

Question 6.8: If yes, do you consider that the REC would be a suitable vehicle for such common governance?

Yes, BUUK believe that the REC is best place for common governance in terms of asset data, but as stated above, we do not believe that it is the right place for technical engineering code of practices.

The DCC

Question 7.1: Do you agree with the five incentivised milestones identified? Do you think any milestone should be given greater importance and therefore a larger proportion of margin placed at risk?

BUUK have reviewed the milestones that have been identified and they appear to be logical. There may well be benefit however breaking these up, adding an extra layer of sub-milestones. This will help to identify which milestones are dependent on key activities being completed. With any large industry project, breaking areas up helps to increase clarity over the task and what the end point is, whilst making it more achievable for industry parties.

The current plan presented in Appendix 3 of the consultation, along with the milestones, fails to recognise the importance of the set up of the RECCo, RECCo Board, Code Mangers, the

introduction of REC v1.0 and REC v2.0. These are all pivotal areas that the rest of the project will depend upon including the DBT phase, BUUK are therefore of the view that these should also be included within the current plan and milestones.

Question 7.2: Do you agree with our proposals for the shape of the margin loss curves. Do you have any suggestions for other margin loss curves which may better incentivise DCC to achieve its milestones in a timely manner while encouraging quality?

The proposed curve seems to be appropriate and does help to reduce complexity. As the industry transitions through the programme, there will be elements whereby risk will increase e.g. transition and cutover, therefore suggesting that the curve will not take such a uniform shape. Potentially this could be displayed in further separate milestone curves, but on an overall project basis the curve depicted may well be appropriate.

Question 7.3: Do you agree with our proposal for a potential recovery mechanism? Please give reasons. What types of criteria could be considered for demonstrating clear, transparent communication and what portion of lost margin should be available to be recovered?

We agree in principle to the mechanism, however the mechanism should be used to recover costs from supplier parties only. From 2021, at REC v2.0, costs will be recovered by RECCo Board by supplier parties which we agree is the correct method. We do not agree that prior to REC v2.0 that this should also be funded from DNO and IDNO at part of their fixed costs to the DCC. Subsequently, BUUK intends to raise a modification to the SEC seeking to amend this funding arrangement.

Transparent and clear communication is always of upmost importance, as this helps to keep the industry informed of risks, delays and changes to scope. The criteria used measure of this may be quite difficult to gauge in practice. The proposal of stakeholder surveys is good but vague in nature. Surveys of any nature need to be constructed in such a way that it gives you tangible data that you can use in order to improve services. Other mechanisms such as the net promoter score (NPS) should also be explored, this is a matrix we use internally and from experience works well. In any case the successful completion of survey's and volume of responses is based on customer engagement.

Question 7.4: Do you agree with our proposals for a discretionary reward where it can be demonstrated that DCC has gone above and beyond established requirements for REL Address matching? Please give reasons.

The REL address and the subsequent matching that needs to take place is a significant part of the Faster Switching Programme, especially from a data perspective. We would be expectant that Ofgem sets out clear baseline targets for the DCC to achieve, that were at a high yet achievable level that is based on the volume of work, resources available and level of data quality. The proposal of discretionary rewards to DCC whereby they have been able to demonstrate that they have gone above and beyond requirements for REL address matching needs to be thought through thoroughly. The benefits of DCC going above and

beyond the requirements and therefore the rewards they receive need to also be realised by that of the industry too. If this matches up, then in theory it should encourage the DCC to deliver excellent levels of service rather than just adequate or good service in line with Ofgem's expectations. These rewards need to be capped and transparency applied.

The Way Forward

Question 8.1: Do you agree with the proposed collaborative approach to consultation and modification report production?

Yes, a collaborative approach is key to ensure that all consequential changes from the various impacted codes across the industry are captured and happen in a coordinated and efficient manner. This is critical to the success of the programme and the introduction of the REC.

Question 8.2: Would you in principle support REC v3.0 code consolidation being progressed as a SCR separate to, but run in parallel with, the Switching Programme SCR?

Due to the level of complexities and sheer importance of ensuring that REC v3.0 is implemented and delivered on time in line with the rest of the programme, it makes complete sense to separate and include within a separate SCR. If contained within the same SCR, REC v3.0 would suffer from competing and differing priorities and it increases the risk of the programme failing. This would require good project management of both SCRs, as both would be equally important and dependent upon each other for the successful implementation of the entire programme.

Additional Comments

1. DCC Cost Recovery

Under the current funding arrangements, the costs associated with the development, documentation and procurement of the CRS are being met by users of DCC Services through monthly fixed charges. Whilst the consultation document states that the methodology for determining these charges are set out as fixed costs within Section K (Charging Methodology) of the SEC, we believe that there is no explicit reference to CRS costs referenced. We would challenge that the DCC should not be recovering any costs via this means where they are not specifically defined.

Given that the OSP is recognised as a supplier funded programme, BUUK has, on a number of occasions, expressed concern with a mechanism that includes IDNOs/DNOs contributing to the DCC CRS funding costs. We recognise that this method is for a relatively short period until costs will be recovered via the RECCo Board, currently expected to be Summer

2021. However, in the meantime, IDNOs have no mechanism for recovering those not insignificant costs. We, therefore, note Ofgem's recommendation for parties to raise an appropriate modification change to the SEC and, thereby, would seek Ofgem support in progressing an urgent rectification of an oversight in the current DCC CRS cost recovery model.

2. RECCo Board, RECCo Change Panel, REC Manager and PAB

We recognise that there is the need for Ofgem to provide greater understanding on the mechanics of the setting up and ongoing framework of the RECCo Board, RECCo Change Panel, REC Manager and PAB. For example, what influence will REC parties have if they dispute the effectiveness of the REC Manager and, what criteria will be in place to progress efficiencies where the failing party was to be the RECCo Board.

3. REC Panel Voting Representation

Whilst the REC Panel voting arrangements have not yet been determined at this stage, we would urge that consideration is given to independent voting for IGT/IDNO parties to that of GDN/DNO parties. Whilst all are Network Operators, there are significant differences between obligations, application and management of the networks which require those constituents to have the ability of appropriate independent representation.