

Date
15th November 2018

Cadent Gas Limited
Brick Kiln Street, Hinckley
Leicestershire LE10 0NA
cadentgas.com

Rachel Clark
Switching Programme
Ofgem
9, Millbank
London
SW1P 3GE



Consultation – Switching Programme: Regulation and Governance – way forward and statutory consultation on licence modifications

Dear Rachel,

Thank you for the opportunity to respond to Ofgem's consultation: 'Switching Programme Regulation and Governance – way forward and statutory consultation on licence modifications'. This response is made on behalf of Cadent and can be published by Ofgem.

Cadent is supportive of Ofgem's proposed package of reforms to facilitate faster and more reliable energy supplier switching by consumers. In particular we welcome Ofgem's consistent approach through regular industry engagement to ensuring all industry parties are fully informed and have an opportunity to influence the content of the proposed arrangements.

We agree with Ofgem's proposals for modification of the Gas and Electricity Licences and the Smart Meter Communication (DCC) Licence to place a duty on all licensed parties to cooperate in the delivery of the Significant Code Review (SCR).

With reference to the proposed amendments to GT Licence Standard Condition 14 'Compliance with Core Industry Documents' we would like to suggest a small change to clause 3 'Duty to Cooperate' to include an element of reasonableness, as follows:

'The licensee will cooperate, ~~as necessary,~~ with the Authority and/or any person(s) appointed by the Authority or appointed pursuant to a direction of the Authority, to undertake any reasonable requests in relation to planning, project assurance and/or coordination/systems integration in order to give full effect to the conclusions of a "significant code review".'

We believe this to be a sensible and proportionate measure and would be grateful if this could be considered.

Similarly, we broadly support the proposed content of the Retail Energy Code (REC) and the introduction of the transitional version 1.0. We also note that good progress has been made with respect to development of versions 2.0 and 3.0. We are supportive of Code consolidation under version 3.0.

We are disappointed that Ofgem has chosen not to respond to our concerns pertaining to possible inconsistencies between the proposed arrangements and the Xoserve Funding, Governance and Ownership (FGO) terms which were introduced in by Ofgem June 2017 (GT Standard Special Condition SSC A15A).

With reference to Part 8 of the Consultation I am pleased to advise that Cadent has initiated a programme of work to deliver the Legal Text for the 'consequential' changes to the UNC required as part of introduction of the REC. We have already engaged with our external lawyers, Dentons and with the support of the Central Data Services Provider (CDSP), Xoserve and Code Administrator, the Joint Office of Gas Transporters. I can report that we are making excellent progress on identifying the requirements and pre-requisites for text production under the SCR. With respect to this we have made presentations to the UNC Modification Panel and associated UNC Workgroup. We fully expect to deliver the required text on time and intend to provide a detailed plan and events timeline to Ofgem shortly to provide the necessary assurance.

Our responses to the individual questions within the consultation are set out below.

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

Yours sincerely

Chris Warner
Cadent Gas Limited

Industry Codes Manager
Telephone: 07778 150668

[e-mail: chris.warner@cadentgas.com](mailto:chris.warner@cadentgas.com)

Continuation sheet

Questions:

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

We do not believe there is an on-going requirement for Ofgem to ratify RECCo Board appointments. However, should there be evidence that RECCo is not acting in the interests of customers then it may be necessary for this position to be reviewed.

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.

We believe there is merit in REC parties having such a role, particularly relating to subsequent board appointments.

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?

We believe there is merit in greater empowerment of the REC Manager in this role thus avoiding the risk of protracted and unproductive modification development which on occasions occurs. However this should not compromise the ability of industry parties to engage in conversation and negotiation to ensure inclusiveness. However, any such activity should be subject to scrutiny by REC parties particularly to ensure strict control of costs.

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?

We would prefer such recommendations to be made by the RECCo Change Panel based on the REC relevant objectives.

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

We are supportive of this approach.

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

We are supportive of this measure.

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?

We are in agreement.

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?

We are in agreement.

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?

We are in agreement.

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?

We are in agreement.

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?

We are in agreement.

Question 5.7: Do you agree with our proposals that:

- **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;**

Yes.

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

Yes.

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

We have chosen not to comment on this question as it is essentially a Supplier matter.

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?

Yes.

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?

We are in agreement.

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

We have not identified any significant concerns.

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?

We have chosen not to comment on this question as it is essentially a Supplier matter.

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.

We have chosen not to comment on this question as it is essentially a Supplier matter.

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?

We are supportive of this measure.

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

We have chosen not to comment on this question as it is essentially a Supplier matter.

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?

We have chosen not to comment on this question as it is essentially a Supplier matter.

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

We have no view at this time.

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

We have chosen not to comment on this question as it is essentially a Supplier matter.

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?

We have chosen not to comment on this question as it is essentially a Supplier matter.

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

We are supportive of this measure.

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?

We agree.

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?

While this seems logical we would need to understand fully the requirements and scope of the catalogue prior to forming a view.

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

See answer to 6.4.

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?

See answer to 6.4. However consolidation as part of V3 would seem sensible.

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?

We would in principle support such alignment.

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

We believe this would be logical.

Question 6.9: Do you consider that the SMICoP should be incorporated into an industry code, and if so, do you agree that this should be the REC?

We agree the SMICoP should be so incorporated and that this should be the REC.

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?

We have chosen not to comment on this question as a non-CSS funding party.

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?

We have chosen not to comment on this question as a non-CSS funding party.

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 have chosen not to comment on this question as a non-CSS funding party.

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.

We have chosen not to comment on this question as a non-CSS funding party.

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

We are supportive of this approach.

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?

We are supportive in principle