

15th November 2018

Rachel Clark
Switching Programme
Ofgem
10 South Colonnade
Canary Wharf
London E14 4PU

Dear Rachel,

Thank you for providing the opportunity to comment on the proposals for the Switching Programme: Regulation and Governance - way forward and statutory consultation on licence modifications.

We refer to our response to the September 2017 consultation on the Faster Switching Programme; <https://www.ofgem.gov.uk/system/files/docs/2018/02/hudson.pdf>. We continue to support the aims of the Faster Switching Programme to promote faster, more reliable switching. As we noted in our previous response, conceptually this can already be provided under the provisions of the Master Registration Agreement for electricity. For gas the prohibition on registering within 14 days of the start date as set out in the Uniform Network Code (UNC), remains the blocker to faster switching.

We do agree there are benefits of merging the gas and electricity processes into a single Retail Energy Code, however, we do not agree that this necessitates the creation of a new Centralised Switching Service independent of either MPAS or Xoserve systems. Incremental change to the UNC to remove the prohibition on faster switching and aligning the timescales for processes to those for electricity would achieve the same result at a much lower cost. It is noted that the outline business case sets out that all options considered would require the same effort and cost of data cleansing to deliver benefits to consumers.

We do not agree that the case has been made that a new centralised database with new interfaces to the existing databases is more efficient than improving the existing process delivery. For example, transferring the electricity processes from MPAS as currently delivered to Xoserve, which we understand is possible, could be achieved at a lower cost than a new platform with lower associated testing and integration costs to participants.

The programme has moved forward based on inaccurate assumptions as to which Codes set out the rules for switching in Gas, this is the Uniform Network Code, with only peripheral exception management processes detailed in the Supply Point Administration Agreement. This has led to development of a sub-optimal solution. We believe that the time is right for Ofgem to make a more critical assessment of the objectives of the programme and how these are met by the proposed solutions. We continue to assert that the RP2a solution is prone to failure due to the new interfaces being established with MPAS and Xoserve and the lack of experience of the DCC to deliver such complex systems that are the preserve of other licensed organisations.

The proposed licence changes do not reflect the existing obligations on Distribution businesses and Gas Transporters to provide systems to support competition in supply. This exacerbates rather than resolves cross-code governance issues and lack of clarity of responsibility of obligated parties.

The obligation being introduced to co-operate with the outcome of the SCR is necessary due to the overly complex solution that has been developed; obliging parties to engage in the design and testing phases and support go-live. These impose new costs on participants that Ofgem has indicated it considers to be business as usual operational costs. As such these costs will not be reflected in the

newly introduced default price cap. This risks compelling suppliers to incur costs on an unnecessary programme that are irrecoverable. This increases the risk of supplier failure and is not supportive of a competitive market. This is contrary of the aims of the programme to facilitate customer switching between suppliers.

We have the following responses for the more detailed questions in the consultation.

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.

In the consultation Ofgem confirms the ambition that the Retail Energy Code replaces both the Master Registration Agreement and the Supply Point Administration Agreement and at the least results in simplification of other codes in future. In order to maintain and deliver this ambition we consider that Ofgem should have an ongoing role in ratifying RECCO Board appointments to provide assurance that the appointees will deliver these ambitions.

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.

The current proliferation of codes places an unmanageable burden on smaller suppliers to engage with Board appointments, annual general meetings and Panel elections. This unfairly benefits suppliers better able to engage with these processes and with resources to participate. Ofgem maintaining a role on ratifying appointments would level the playing field for all market participants. This would be further enhanced by removing the requirement for participants to ratify appointments. Ofgem is better placed to ensure that the objectives of the Retail Energy Code are being met.

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?

As noted in our response to Q4.2, the current proliferation of codes places an unmanageable burden on participants to engage with change processes, particularly those requiring in-person meetings. On that basis, we support the empowerment of Code administrators to analyse proposals and produce recommendations for progression. We, therefore, support any moves to reduce the burden of face to face meetings. However, to ward against inappropriate changes this empowerment should be limited to analysing proposals made by interested parties.

We do not support the proposal to empower the REC Manager to raise Modifications to the Code. This could result in a perverse incentive on the REC Manager to raise modifications and incur costs for analysing them that would be borne by signatories to the code through any funding arrangements. Modifications should only be raised by signatories to the Code or authorised persons as designated by the Authority such as Citizen's Advice where a potential change is identified as necessary to better serve consumer interests.

We are concerned that Ofgem considers it appropriate to empower non-signatories to propose changes that would allow them to operate; during the current Supplier Hub review we have observed that there is a suggestion that the current regulatory regime acts as a barrier to new business offerings. We have responded to such suggestions that it is paramount that the wider context of consumer protection and how this is to be provided should be considered before making changes to the regulatory landscape. The current regime has been constructed to provide consumer protection and the suggestion it acts as a barrier to new business models implies that the providers of those models wish to offer services to customers free of the encumbrances to protect consumers afforded by the regulatory regime. The proposal that non-signatories can raise modifications is an extension of this debate and the wider debate on the future regulatory landscape should be concluded before including such premature proposals here.

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 consider that the RECCo Change Panel should make recommendations to the Authority based on the REC relevant objectives. This should follow a similar mechanism to the way in which the Balancing & Settlement Code Panel makes recommendations based on BSC Objectives following consultation with BSC Parties on the Final Modification Report. To that end, the RECCo Panel should consist of independent experts acting in a non-representative manner with regard to their respective employers. We do not support majority voting as this disproportionately benefits those parties better resourced to engage in the wide number of change processes.

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

We do not support the approach to performance assurance outlined in the consultation. The proposals are not fully formed and seem designed to restrict potential candidates for the role of code administrator. Proposing to introduce KPIs on the RECCo Board and REC Manager as well as the PAB itself would create a perverse incentive to undertake activities for the sake of demonstrating a KPI being met rather than because it was appropriate. For example, a KPI to ensure change had been developed and analysed, creates a perverse incentive to raise change in order to analyse it and develop it to satisfy the KPI with no check on whether the change is appropriate. However, where no change is raised by participants may result in the KPI not being met which the administrator should not be accountable for. By proposing potential financial sanctions on any administrator for not meeting KPIs, necessarily precludes non-profit organisations from tendering for the role. This would deprive the industry from potentially recruiting a code administrator with the experience of Elexon who would not be able to submit a tender under such restrictions. Ofgem's suggestion that the financial liability could not exceed the potential contract value ignores the fact that the contract value would need to cover ongoing resource costs during delivery. To ex-post determine that the contract value had to be returned due to a KPI not being met, would result in a financial liability that could not be met being incurred by a not for profit organisation. We can only conclude that this proposal will restrict the pool of potential code administrators and inconsistent with the support we gave in our response to the September 2017 consultation *Delivering Faster and More Reliable Switching: proposed new switching arrangements*; in our response we noted "...the chosen code administrator should exhibit the best practices of the current administrators in the energy market". Ofgem's [consultation](#) on the proposed modifications to regulations and governance did not include any proposals to introduce KPIs on the REC administrator or functions. The only KPIs proposed were on the DCC and the CSS provider to ensure appropriate operation of the new system proposed.

Ofgem propose that the PAB will develop a risk register focused on retail activities but not limited to those which are currently identified as contributing to switching failures. We do not support this approach. While it may be intended to incorporate provisions currently set out in other codes, the inclusion of any performance assurance appropriate to that should be consulted upon at the time of suggested inclusion. By introducing a blanket "not limited to" at this stage of the Retail Energy Code, Ofgem may precipitate cross-code governance issues with risk areas being identified that are not related to switching. As this iteration of the Retail Energy Code is only concerned with switching then any register developed by PAB should be limited to those activities related to switching. However, we also have reservations as to what Ofgem anticipate the REC PAB scope of activity would be. In the BSC the PAB is able to progress monitoring based on specific performance criteria that must be met such as the % volume of energy on annualised advance for NHH metering. It is not clear what objective criteria would be developed under the Retail Energy Code. Would suppliers be obliged to periodically demonstrate the existence of contractual arrangements prior to initiating a switch for example? This is a licence obligation that is monitored by Ofgem and should not be devolved to a Code.

In 2005 the SVA Qualification Review Group considered the Certification, Accreditation and Entry Processes for the market and concluded that a different level of risk existed to that envisaged during the original design of the processes in 1998. This led to BSC Modification

P197, where 2 proposals were developed, the Modification and Alternative. The Alternative for P197 was developed to remove the requirement for suppliers to re-qualify. In the decision on this modification Ofgem observed that it held the view that inclusion of suppliers in the re-qualification process is unjustified. However, Ofgem now proposes the creation of a new centralised registration system that suppliers will have to qualify for through mandated industry testing and be obliged to re-qualify for in the event of material changes to people, systems or processes. This proposal is premature being made in advance of Ofgem's conclusion of its investigation into the licensing regime including the conditions for entering the market and ongoing monitoring and engagement. These proposals potentially prejudice the outcome of that review, imposing new market entry and requalification conditions on suppliers. This is despite Ofgem observing that the existing arrangements have supported an increase from 27 to 66 active Domestic suppliers at the time of announcing the review.

In conclusion it is not clear that there is any basis for the introduction of a PAB under the REC. The KPI proposals have not previously been consulted on and their inclusion in a statutory consultation does not provide sufficient time for scrutiny and debate. Conversely, the qualification and re-qualification requirements are contradictory to Ofgem's findings in relation to BSC Modification P197.

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

In the consultation, Ofgem sets out the ambition for the Retail Energy Code to be a "best in class" Code. We fully support this ambition; the Retail Energy Code presents an opportunity to develop a Code based on the best practice of existing Codes in the energy industry. However, it is unclear what is intended by Digitisation or Digitalisation as defined in the document and no clear benefits of such action are described.

The current Codes are to varying extents digitised already, that is, available through web access. One example being the Balancing & Settlement Code where the various sections and all subsidiary documents are readily accessible from Elexon's website. Similarly, the Master Registration Agreement can be accessed online from MRASCo's website. Therefore, industry Codes are already digitised sufficiently to meet the needs of businesses, they are accessible and current. No further benefits have been detailed of expending effort on further digitisation.

In the consultation document, Ofgem suggests that Digitalisation could be used to tailor the REC for each individual party based on the services they offer. This is completely inappropriate and anti-competitive. The Retail Energy Code should set out the rules and process for any business that offers to supply energy to consumers. Ofgem's suggestion would appear to pre-judge the outcome of the Supplier Hub review and create circumstances in which some suppliers would be exposed to more onerous conditions than others depending on mode of operation. We believe that all suppliers should be faced with a level playing field and subject to the same rules and regulations and required to provide the same protections to consumers.

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 do not agree that the Registration Services Schedule meets the Regulatory Design Principles, specifically principle 3, The REC contents provide a comprehensive set of requirements that will support the effective operation of the retail market;

Section 2 clause 2.5 indicates that a Supplier has to confirm that the Shipper is one they have a commercial relationship with. This fundamentally restructures the Gas market without giving due consideration to the nature of the Uniform Network Code (UNC). The UNC is the "hub around which the competitive gas industry revolves" as Ofgem state on their website <https://www.ofgem.gov.uk/licences-industry-codes-and-standards/industry-codes/gas-codes/uniform-network-code>. The development of the Retail Energy Code has not given due consideration to the true structure of the existing market and this is reflected in this schedule. Shippers are responsible for communicating with Gas Transporters to confirm change of supply

and change of shipper events. This reflects the fact that shippers are responsible for securing the gas to be supplied on the system. This highlights an inherent failing of the faster switching programme that defines switching as the preserve of the Supply Point Administration Agreement (SPAA). This is a fallacy, the SPAA contains no definition or schedules outlining change of supply or change of shipper events, the schedules of the SPAA are outlining working practices for suppliers to administer exceptions to the switching process; specifically, erroneous transfers and agreed reads, customer objections and debt assignment and other metering procedures and peripheral switching activities. The design of the faster switching programme has failed to recognise that the UNC is the Code setting out switching. This results in there being no clear confirmation that the indicated Shipper accepts that a commercial basis exists for the switch.

Principle 4 is not met, that it should be “written in clear and accessible language that meets the needs of users”. There are repeated abbreviations used throughout the document with no clear definition of what the abbreviation refers to, e.g. OFAF. The language used throughout is not clear and concise.

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 do not agree that the Address Management Schedule meets Principle 3. In Ofgem’s consultation on Guaranteed Standards of Performance: Consultation on Switching Compensation, Ofgem states that “Switching problems often occur because centrally-held industry meter point data is inaccurate or misleading.” and goes on to infer that Suppliers inadequate processes are to blame for poor address data. However, this schedule proposes that the responsibility for updating address data sits with Distributors and Gas Transporters as is currently the case without providing a mechanism by which suppliers can provide updated address data that the Distributor or Gas Transporter is obligated to use to update the CSS. This is not consistent with the principle to support the effective operation of the retail market.

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 do not believe that the Data Management Schedule has been written in language that meets the needs of users. Existing industry recognised terms such as Market Domain Data are updated to Market Participant Data with no clear rationale. This increases confusion as; is it the same data currently provided or is it describing something different. Similarly, a Registrable Measurement Point (RMP) is defined as a Meter Point in the interpretations schedule. We do not believe it is consistent with Principle 4 to use alternative nomenclature for data items already defined and recognised in the industry.

The Data Management Schedule states that the purpose is to describe the structure and categorisation of CSS messages but then refers to a Technical Specification document for details of message structure which has not been provided for review. The Data Management Schedule therefore does not define any message structure.

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?

The interpretations schedule explicitly identifies that Shippers are not Parties to the Retail Energy Code, this crystallises the issue we have been highlighting that the proposals do not properly account for the industry structure and obligations set out under the Uniform Network Code. This, therefore cannot meet Principle 3 to support the effective operation of the retail market. We also note our previous comments regarding renaming existing industry terminology for no clear purpose therefore inconsistent with Principle 4 that this be written in accessible language that meets the needs of users.

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?

As we note above on the governance of the PAB we do not think it is appropriate to introduce a new barrier to entry for Gas Suppliers entering the market by obliging them to qualify to interact with registration services. We also note that the requirement to re-qualify is not consistent with Ofgem's views as expressed on Modification P197 for the Balancing & Settlement Code. Ofgem have confirmed that they will review the licensing requirements for market entry and this provision in the Code pre-judges the outcome of that review. Ofgem has indicated that the existing market entry mechanisms may need strengthening but we note that the existing qualification processes for electricity have led to the development of "off-the-shelf" market entry models where the end-user of the qualified entity is not directly engaged with the entry process. This would appear to indicate that the current qualification process does not provide the required level of protection to consumers and the market; extending it and requiring re-qualification is therefore of questionable benefit.

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;
- The Code Manager should have clear obligations to support the Applicant and coordinate with other code managers; and
- Suppliers that undertake a material change to their systems, processes or people should undertake Re-Qualification?

As we respond above we do not believe the proposals for PAB are sufficiently formed or how they are intended to operate defined to enable us to confirm we support them. We further note that the current proposals on re-qualification pre-judge the outcome of Ofgem's review of licensing arrangements and introduce barriers to entry for the gas market and are contrary to Ofgem's determinations on BSC Modification P197. We do agree that the Retail Energy Code Manager should have clear obligations to support new market entrants.

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?

Please see our responses to previous questions for the reasoning as to why we do not agree with this.

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?

The structure of the Switching Service Management Schedule is flawed. The introduction sets out that the Switching Arrangements include services and systems sourced from a number of providers. That should not be the case; the Centralised Switching Service should be a single structure delivered, according to the proposals, by the DCC. The DCC should therefore be responsible for the ongoing operation of the CSS, how they manage contractual arrangements with any number of service providers should be their concern. By creating a Service Management Schedule, the proposals are in effect establishing conditions for the DCC not to be responsible for the delivery of the services it procures. This is inappropriate. A comparison is Elexon procuring central services for the balancing & Settlement Code. The central service agent becomes responsible to Elexon for delivering the services, it is not expected that BSC Parties become responsible for managing central agent failures nor should it be.

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

The service levels set out seem unduly lenient for critical infrastructure.

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?

Yes, we do agree that the Switch Meter Reading Exception Schedule meets the required standard. We do note, however, that the retention of existing data flows within the schedule (D0300 or SAR) strengthens the case for incremental change of existing processes and systems rather than the fundamental change proposed currently by the programme.

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 think that the elective nature of the existing SPAA schedules should be removed. If a non-domestic supplier chooses to follow the SAR process by dataflow, there is no guarantee that the associated supplier will recognise the flow or respond as they may not have elected to follow the process.

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 believe by making the distinction that settlement reads should be moved to the UNC or BSC highlights the cross-code governance issues already experienced in the market. It reinforces the fact that the SPAA is not predominantly focused on switching arrangements. By considering the retention of the BSC and UNC in this case, it demonstrates that the delivery of Faster Switching objectives can be met by incremental change of codes and consolidation and alignment of existing MRA and UNC processes and SPAA switching exception resolution processes into a single Retail Energy Code.

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 think it is consistent with the ambition of Code consolidation to include Smart Gas meters in the schedule.

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?

Yes, we agree the schedule meets the required standards although we do note our previous comments on introducing name change for recognised terms.

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

We do not believe that the REC needs to refer to any security standards. The existing UK Link and Data Transfer Network communication platforms have been designed to be accessible only by industry parties through the provision of critical gateways. It is not necessary to over-engineer the network for a centralised switching service by including onerous security standards in the Code, rather the obligation should be for the network to be isolated and inaccessible via the internet or by non-parties.

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

Yes.

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 previously noted that the proposals for the PAB are not fully formed. The option of Model A's Performance Based Approach is a representation of this lack of full proposals. It is not appropriate for the PAB to approach the performance of different participants in a different manner depending on what response they provide on any performance concern. Parties should all be required to meet the same standards and application of PAB remedial actions should be objective and equally applied. This requires that performance requirements are prescribed and the remedial actions for non-delivery clearly defined. Option B would meet these requirements.

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

We agree it is appropriate to align and consolidate the theft provisions for Gas and Electricity in the Retail Energy 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?

Where any services are procured under Code arrangements that are due to be migrated to the REC, then the procurement should be extended where possible to the REC migration date. Once the service requirement has been confirmed to be included in the REC the REC Manager should be required to procure service providers as necessary to begin at the time of migration to the REC.

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?

We do support the establishment of a unified industry-wide data catalogue, although as we note above this should not simply be an exercise in renaming already recognised terms.

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

We do agree it is appropriate for this to be included in the REC.

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?

We do not support the development of new CSS messages for the REC as we believe that incremental change of existing processes is a more efficient solution to meet the Faster Switching objectives. However, we do agree that the REC should absorb the industry messages and structure as the processes for Gas and Electricity become aligned.

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 do agree that in principle it is appropriate to align the Gas and Electricity metering codes of practice.

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

We do not agree that the REC is the vehicle for this. The interpretation schedule makes it clear that supplier agents are not parties to the REC. The metering code of practices should be governed by a Code they are party to.

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?

No we do not agree the SMICoP should be incorporated into an industry code.

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?

As we noted in our response to the September 2017 consultation, we do not support the modification of the DCC licence to be required to deliver the Centralised Switching Service, this includes the DBT phase. As we observed in our response, we do not consider the DCC to have the relevant expertise in procuring or delivering such a service. We believe that the allowed margin of 12% is excessive and will result in vastly inflated costs for the delivery of a solution which by Ofgem's own estimates will cost the industry £250million in direct costs to support and the DCC procured CSS has an estimate of £150million. It should be noted that Ofgem's assertion that RP2a will cost suppliers less to support than RP2 or RP3 is unlikely to be met. We consider that the support costs for suppliers to engage in design, build and test will be at least as much as Ofgem estimated for the more complex proposals. The assertion that RP2a will cost suppliers little more than incremental change would seem unduly optimistic given that all suppliers will be required to engage in a "qualification" exercise as part of the DBT phase. To then permit DCC a margin of 12% gives a perverse incentive to establish an unduly onerous testing phase. The milestones identified do not place any requirements on the DCC to minimise the design and testing phases to the minimum required for operational effectiveness.

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 do not agree with the proposed margin loss curve. The DCC should be incentivised to avoid missed milestones by a greater proportion of the margin lost for any missed milestone. The curve proposed could result in a substantial delay being experienced and yet the DCC still retaining the majority of the margin. This is not appropriate. A steep loss of margin should be incurred for a lost margin with a plateau to cover an acceptable period of delay. Once the plateau has been exceeded a further steep reduction in margin should be set out. This will incentivise the DCC not to miss milestones, where they are missed, though, an incentive is retained to rectify in an appropriate timescale. If this is not achieved, then the margin is reduced to 0.

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 do not agree with the proposed recovery mechanism. This undermines the incentive on the DCC to meet the timescales set out.

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 do not agree the DCC should be incentivised to demonstrate that it has gone beyond established requirements for address matching. The address management schedule sets out that it is the obligation of each Gas Transporter and Distribution Network Operator to update meter point addresses. This is an existing obligation and in effect the DCC would be rewarded for the DNO and GT meeting their obligations.

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

We do agree with the proposed collaborative 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 do support further code consolidation activity under a SCR.

Yours sincerely,

James Evans

Regulatory Affairs Manager