

Western Power Distribution Response to Ofgem Consultation

Response deadline 16/11/2018 switchingprogramme@ofgem.gov.uk

Switching Programme: Regulation and governance – way forward and statutory consultation on licence modifications.

		WPD Response
REC Review Chapter 4 – Enduring REC Governance		
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 agree that there needs to be a wide range of knowledge and expertise within the RECCo Board and agree that Ofgem should have an ongoing role in ratifying the RECCo Board appointments until such time as REC v3.0 has been implemented.
4.2	We would also welcome views on whether the REC parties should have a role in ratifying the first and/or subsequent boards.	If Ofgem are ratifying the first board and continue to do so until REC v3.0 has been implemented, we see no need for REC Parties to be involved in the appointment of board members. However, if Ofgem are only involved in ratifying the first board, then we would encourage REC parties' involvement in ratifying subsequent boards.
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 agree the REC should place less reliance on face to face industry meetings for modification development, however, we would seek further clarification on the role of the REC Manager and whether it is appropriate for them to sign off procurement costs without reference to industry parties. An additional concern is that if a non-party modification is raised that would result in costs for development and procurement other services, is it appropriate for the REC Manager to sign these off? We are happy for the REC Manager to develop and analyse proposals providing they have sufficient knowledge, expertise and impartiality to do so.
4.4	Do you consider that a recommendation to the Authority should be made by the	We feel that the recommendation to the Authority should be made in the same way that

	RECCo Change Panel, with reference to the REC relevant objectives, or based on a vote of REC parties?	<p>a decision is made via the Self Governance route, i.e. if under Self Governance the REC Parties vote and a decision is made based on these results, the same process should be followed with this result being provided to the Authority. If under Self Governance REC Parties provide responses that are sent to the RECCo Change Panel and the Panel votes whether to approve the modification, these responses should be made available to the Authority for consideration in their decision, along with the Change Panel's vote.</p> <p>We feel consideration is needed with regards to REC Party roles and costs, i.e. if DNOs are expected to contribute towards funding the REC, then DNO's should have voting rights.</p>
4.5	Do you, in principle, support the approach to performance assurance outlined?	We agree that there should be an oversight of risk and this should be performed by the PAB. We agree that PAB should provide guidance and recommendation to allow the REC Manager to consider any potential changes to the entry assessment and requalification requirements.
REC Review Chapter 5– Enduring Switching Arrangements		
5.1	Would you support the development of a REC digitalisation strategy?	We would support digitalisation as this seems to be a sensible approach, future proofing the code.
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	<p>The Registration Service Schedule meets the required standards as set out in the RDP , However we would like some clarification on the following points:</p> <ol style="list-style-type: none"> 1. Sections 14.6.1.2 and 14.6.2.2 mention the notification of deregistration of an electricity RMP, We understand this scenario exists in the Gas industry, but this does not exist in Electricity. An Electricity Supplier is still the Supplier for a De-energised MPAN, are you proposing to allow Suppliers to deregister from an electricity RMP? 2. Section 13 - We note you will send notification of a switch to the losing MEM/DC and DA - does this equate to de-appointment from the Supplier and who will police the appointment of new agents for the new Supplier?

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?	<p>With regards to the Address Management Schedule - we would make the following comment:</p> <p>Section 4 lists obligations for DNO's and Gas Transporters to co-operate with any investigation by the CSS provider. We believe there should also be an obligation on the CSS Provider to co-operate with Network Operators in their investigations to ensure the accuracy of the MPL address and the corresponding REL address.</p>
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?	<p>With regards to the Data Management Schedule - we would make the following comment :</p> <p>RMP record update - Section 6.8 (b) - "operational status for Electricity RMP's indicates the RMP has been energised and has not been disconnected". Is it anticipated that the Electricity Retail Data Agent will notify the CSS if the RMP is De-energised, as this is not the same status as disconnected and we assume the RMP status will still be operational?</p>
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?	Yes we agree that the draft Interpretations Schedule meets the required standards as set out in the RDP.
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?	Yes we agree that the draft Entry Assessment and Qualification Schedule meets the required standards set out in the RDP.
5.7	<p>Do you agree with our proposals that:</p> <ul style="list-style-type: none"> • 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 	We agree with the proposals for 5.7 (a), (b) and (c).

	<p>other code managers; and</p> <ul style="list-style-type: none"> Suppliers that undertake a material change to their systems, processes or people should undertake Re-Qualification 	
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?	We agree that PAB and the REC Manager should work with service providers to identify and mitigate risks.
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?	<p>With regards to the draft Service Management Schedule - we would make the following comment:</p> <p>Section 2.3 and 2.4 state Service Requests are to be raised via the Switching Portal and where the Switching Portal is unavailable the Market Participant may send an email. Service Requests are not to be raised via the telephone. We believe this could cause issues as in some cases the detail is lost in a written explanation and a conversation is required to fully understand the issue.</p> <p>There should be clear guidelines on how and when an incident can be closed. Our experience with the DCC for Smart Metering System related incidents is that they are closed when we consider them still open. We believe that an incident should remain open until the root cause has been identified or fixed. When incidents are closed prior to this, problems arise with tracking progress and reflecting the true timelines.</p>
5.10	We also welcome views on the draft service levels set out in Appendix B of the draft Service Management Schedule	Our opinion of the draft service levels in Appendix B is influenced by the number of maintenance slots we are experiencing with the DCC for the Smart Metering System. These are increasingly regular and impact on end users with substantial down time. We therefore believe this should be addressed within the CSS to provide clear guidelines to the Switching Operator that these should be kept to a minimum - with targets and penalties if these are not adhered to. Any subsequent requests by the Switching Operator to amend these maintenance slots should be impact assessed by the wider industry and consideration should be

		given to the opinions of the end user.
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?	No comment - not relevant to DNOs.
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.	No comment - not relevant to DNOs.
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?	Yes we agree that any requirements to obtain and process meter reads for settlement purposes should be moved into the BSC and UNC.
5.14	We welcome views on whether the Switching Meter Reading Exception Schedule should make specific provisions for consumers with smart gas meters.	No comment - not relevant to DNOs.
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?	No comment - not relevant to DNOs.
5.16	Do you agree that the REC should refer to existing security standards rather than develop separate and bespoke ones?	We are assuming that Annexes E and G referenced under 5.65 are actually Sections E and G of the SEC. If our assuming is correct, we would agree that aligning security arrangements to the SEC seems sensible and prevents duplication of resources.
5.17	Do you agree that a consolidated PPM Schedule should be developed and given effect as part of REC v2.0?	No comment - not relevant to DNOs.
REC Review Chapter 6 – Developing Consumer focused exceptions processes		
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 consider that the con against MODEL A is that there is no accountability of party non-performance. Parties would find it difficult to adjudge what actions had been taken to enable them to follow up or chase another party who may not be performing in the consumer's best interests. One industry party may not be able

		<p>to perform as quickly as another industry party may expect them to.</p> <p>Therefore believe that Model B with a high focus on consumer expectations together with prescriptive steps and timescales would be the better model to pursue.</p>
6.2	Do you agree that the theft of gas and electricity provisions should be moved to the REC?	<p>We consider as SPAA is being moved in its entirety into the REC that the electricity theft provision is migrated also and aligned.</p> <p>Should there be consideration given to merge the two rather than keep them separate under the REC?</p>
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?	<p>Yes. If moved into the REC, the REC Manager should undertake initial tender enquiries for re-procurement of the TRAS Service Provider once full evaluation has taken place of previous performance and cost benefit analysis. However, we would seek clarification on the role of the REC Manager and whether it is appropriate for them to sign off procurement costs without reference to industry parties.</p> <p>If the SPAA and DCUSA TRAS are merged under the REC is there is an opportunity to consolidate the gas and electricity and only require one TRAS Service Provider?</p>
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?	<p>The establishment of an industry-wide data catalogue makes sense (one stop shop) but this would work more successfully if the DTC was digitised and interactive. To have a one stop shop would ease the current issues when trying to make and co-ordinate cross code changes.</p> <p>However the consultation is silent on how MRA Agreed Procedures (MAPs) and BSCPs will be treated under the REC. The BSCPs are the obligations by which industry parties must adhere. Will these be the subject of a separate schedule or annex suite of documents?</p>
6.5	Do you think that the REC should have the responsibility of hosting the industry-wide data catalogue?	<p>If the one stop shop were to be established, it would make sense for it to be hosted by the REC.</p>

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?	Whilst it would be beneficial for this to be up and running from day one, we think that this may create unnecessary risk. Therefore, this should be undertaken as part of REC v3.0 and CSS established under REC v2.0.
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?	<p>In principle we would support aligning electricity metering codes of practice under common governance, however, we have concerns whether this is possible under current licence conditions.</p> <p>We believe that this is an area that requires careful consideration as to how this will affect the wider industry.</p>
6.8	If yes, do you consider that the REC would be a suitable vehicle for such common governance?	If common governance were to be established then the REC would be a suitable vehicle for such common governance.
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?	If MOCOPA and SPAA Code of Practices are incorporated under the REC, then it would be beneficial to have SMICoP under the same governance. However, we believe that Suppliers are better placed to give an opinion on this.
REC Review Chapter 7 – The DCC		
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?	<p>We agree with the five incentivised milestones, however, we would question if the E2E testing exit should be defined by the SI. We think that the definition should be approved by multiple parties to ensure complete E2E testing is carried out.</p> <p>Lessons learned from the SEC where E2E testing did not include cross party testing and issues have come to light in production as a result.</p>
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 agree with the proposals in relation to margin loss.
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,	We agree with the proposal for potential recovery.

	transparent communication and what portion of lost margin should be available to be recovered?	
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.	<p>We agree with the proposal for a discretionary reward as we believe that the DCC should be incentivised to go above and beyond for REL address matching. This will be of benefit to industry and consumers and therefore the sooner it is achieved the better.</p> <p>Equally it appears reasonable that they should be penalised in the event of inadequate REL address matching.</p>
REC Review Chapter 8 – The Way Forward		
8.1	Do you agree with the proposed collaborative approach to consultation and modification report production?	We believe that it would be appropriate and would ease the burden on parties if there were a collaborative approach to consultations. It would provide a holistic view of the changes across the codes.
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 would support REC v3.0 code consolidation being progressed as a separate SCR. The review for REC v3.0 is a lot more complex and a separate SCR would ensure that those areas that fall outside of the Switching Programme SCR are considered fully without causing delays to the Switching Programme, i.e. BSCP obligations, MRA Agreed Procedures.