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

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Dear Rachel

The Retail Energy Code – proposals for version 1.1

Thank you for the opportunity to respond to the above consultation. This response is on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc; London Power Networks plc; and South Eastern Power Networks plc. We are Great Britain's largest electricity Distribution Network Operator (DNO), dedicated to delivering a safe, secure and sustainable electricity supply to 8.3 million homes and businesses.

We have set out our response to your questions in the appendix to this letter. I hope that you will find this information helpful. If I can assist further, please do not hesitate to contact me.

Yours sincerely,



James Hope
Head of Regulation & Regulatory Finance
UK Power Networks

Copy: Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks
David Pang, Regulation Analyst, UK Power Networks

Appendix

Q2.1 Do you have any comments on the process for appointing additional RECCo directors?

We are generally supportive of the proposed process for appointing directors with one exception. Given the processes for director appointment, monitoring and the other options to remove directors set out in the REC, we do not support the ability of the Authority to remove directors. The directors need to be seen to be able to act freely and independently in the best interest of RECCo and its shareholders and in accordance with company law. The Authority having this power may impinge on that freedom.

We also note that Section 5.8b contains a section of repeated text.

Q2.2 Do you agree that MEMs should be Party to the REC?

We support the proposal that Meter Equipment Managers (MEMs) should be a Party to the REC. This position is because of the inclusion of the metering codes in the REC and key role in the REC process played by MEMs.

Q2.3 Do you agree in principle that the obligations currently placed upon metering agents by the BSC could be integrated with the REC performance assurance framework, subject to certain conditions being met?

We can currently see no reason in principle why the current BSC obligations placed upon metering agents could not be integrated with the REC performance assurance framework.

Q2.4 Do you agree that the RECCo should be required to develop and maintain a Strategy for the REC, including but not limited to digital transformation of REC processes and data?

We agree that RECCo should develop, maintain and publish a strategy. The strategy should include all areas of REC development including but not limited to: net zero, customer experience, industry administrative efficiency and digital transformation.

Q2.5 Do you agree that RECCo should adopt zero based budgeting from 2021/22?

We support the principal that the RECCo should adopt zero based budgeting for 2021/22. This will support the proposed budget approval process.

Q2.6 Do you agree that future RECCo budgets should be decided upon by the RECCo Board, subject to appeal by REC Parties?

We agree that RECCo budget should be agreed by the RECCo Board. The safeguard of the REC Parties' appeal process should ensure the budget matches the REC strategy.

Q3.1: Do you agree with the proposed composition of the PAB, as set out in the Terms of Reference published with this document (see Appendix 2).

We support the proposed composition of the PAB. However to ensure that the PAB continues to be effective by ensuring new viewpoints are brought into the PAB, we believe that the consumer representative should be subject to the same tenure requirements as other PAB members.

Q3.2: Do you agree that any organisation undertaking an activity governed by the REC would be within scope of the performance assurance framework in respect of those activities?

We agree that organisations undertaking an activity governed by the REC should be in the scope of the performance assurance framework. We believe that this will be more efficient than setting up any parallel processes.

Q3.3 Do you agree that at least one of the PAB's priorities should be determined by Citizen's Advice?

Given the proposed wide ranging membership of the PAB and no limitation on the data that they may consider, the PAB should be responsible for setting their priorities. As such, at this point in time we do not believe that the PAB member appointed by Citizen's Advice requires a specific, and unique, right to determine at least one of the PAB's priorities.

Q3.4: Do you agree that the PAB should have discretion to escalate liabilities within a defined range if the earlier application of charges does not achieve the desired effect?

We support the ability of the PAB to escalate liabilities within a defined range. This should help to minimise the number of performance issues that need to be referred to the RECCo board.

Q3.5: Do you agree that suppliers with serious performance issues should face restrictions on their ability to acquire new customers until those issues are resolved?

We currently have no view on this issue.

Q4.1: Do you support our proposals regarding the production of preliminary and detailed IA?

We agree the proposed methodology arrives at a reasonable compromise between speed and cost.

Q4.2: Do you agree that the Change Panel should be appointed by the RECCo Board, following a process overseen by the nominations committee?

We support the proposed process which should result in a Change Panel with a broad range of skills. The current draft terms of reference for the Change Panel only lists one member jointly nominated by the Gas Transporters/Electricity Distributor Network Operators. Given the technical nature of some of the changes, we propose that the Change Panel would be more effective with separate Gas Transporter and Electricity Distributor Network Operator members.

Q4.3: Do you agree that the REC should encourage shorter and more frequent Change Panels, to be held remotely where possible?

We support the proposed frequency of Change Panels when the volume or urgency of changes dictates fortnightly meetings. This should help to ensure efficacy of the change management process. While agreeing that video conferencing can be efficient the REC should not preclude physical meetings of any group.

Q4.4: Do you agree with the proposed categorisation of REC documents and associated change paths?

We support the proposed categorisation of changes. This should result in an efficient management of change. It is worth noting the complexity of this approach is reliant on the quality and presentation of the Change Register to allow all REC Parties and others to proactively participate in the change process.

The Change Management Schedule section 24.2 requires the Code Manager to hold a vote of RECCo shareholders, however it is our understanding that only the RECCo Board may request a shareholder vote and we seek clarity on this point.

Q4.5 Do you agree that code administrators and managers should be able to raise any changes identified as necessary by the CCSG?

We support this proposal as this will facilitate industry change impacting multiple codes.

Q 5.1: Do you agree that we should extend the valid reasons for an objection to include ongoing and time-bound theft investigations, and subject to monitoring by the PAB? Do you have any suggestions for the period of time during which it should be possible to maintain investigations as a reason for an objection and what should trigger the start of that period of time?

We currently have no view on this issue.

Q5.2: Do you consider that the RECCo should be required to periodically review the effectiveness of the incentive scheme(s)?

We currently have no view on this issue.

Q5.3: To what extent, if any, do you consider that the Theft Target should be reduced pending the replacement of the Theft Risk Assessment Service?

We currently have no view on this issue.

Q5.4: Do you agree that the RECCo should procure a theft methodology, and use that to assess the effectiveness of a Theft Reduction Strategy, which it should also develop?

We agree that the REC should develop a Theft Reduction Methodology and Strategy which should focus on improving public safety and reducing energy theft.