



National Change

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Date

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Dear Switching Programme

The Retail Energy Code – proposals for version 1.1

I am writing on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc in response to the above consultation.

This response is not confidential.

Yours sincerely

Gemma Slaney
National Change Manager

Consultation Questions

Company and Code Governance

Question 2.1: Do you have any comments on the process for appointing additional RECCo directors?

We agree with the proposed process for appointing additional RECCo directors. It will ensure a greater breadth of experience as well as a smooth transition from the interim to enduring board. We agree with the proposal for the Nominations Committee to be given formal effect through REC v1.1.

We note that Clause 5.8(b) states that a vote will be held within three months of the Nomination Committee's recommendation. Whilst we don't necessarily disagree, we question the length of this period and whether it could be reduced.

Within the legal text, Clauses 5.8 (b) states 'majority of parties who cast a vote' and 5.11 (c) states '75% of the Parties who cast a vote' and we are concerned that there is no minimum requirements for the number of votes required which could result in an unfair vote.

With regards to the Nominations Committee Draft Terms of Reference we have the following comments. Paragraph 2.7 has 'with this' duplicated. In Paragraph 2.9 it states 'as he secretary' and it should state 'as the'. We feel that 'objectives' in Paragraph 3.1(a) should be capitalised. Paragraph 3.1(f) states 'nonexecutive' and should state 'Non-Executive'.

We also feel that there are inconsistencies with capitalisation of different terms throughout the document. Finally, these Terms of Reference do not have a Category detailed at the beginning of the document like the other Terms of Reference in this consultation.

Question 2.2: Do you agree that MEMs should be Party to the REC?

Whilst we agree that MEMs should be Party to the REC, as it would ensure direct obligations and performance assurance could be placed on them, we are keen to understand how an issue will be resolved if both the MEM and the Supplier refuse to own an issue.

Question 2.3: 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 agree with the principle that that the obligations currently placed upon metering agents by the BSC could be integrated with the REC, especially if MEMs are to become parties to the REC.

Question 2.4: 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 believe that codifying this requirement will ensure that is properly considered. Whilst we agree that there should only be a 'light touch' within the legal text, we wonder if there should perhaps be a further document that sets out the specific requirements and areas that the strategy should include.

Question 2.5: Do you agree that RECCo should adopt zero based budgeting from 2021/22?

We agree with the proposal that the RECCo should adopt zero based budgeting as it will help drive continuous improvements and efficiencies as well as providing a clear rationale and supporting business case for each budget item.

Question 2.6: Do you agree that future RECCo budgets should be decided upon by the RECCo Board, subject to appeal by REC Parties?

We believe that the RECCo budgets should be decided upon by the RECCo Board, and be subject to appeal by REC Parties.

We would also like to note the following from the REC Main Body legal text. Clause 9.6 states 'between those costs items' and should read 'between those cost items'. Clause 9.9 (b) states 'lower than the REC' and we believe that this should be 'lower than the REC'.

Performance Assurance

Question 3.1: 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 agree with the proposal of the different types of members, however the Terms of Reference does not currently indicate how many Supplier Parties or independent experts will be appointed and therefore we cannot give a view on the final composition as it is unknown.

We have the following comments regarding the Terms of Reference. There is an inconsistency with the use of 'Paragraph' and 'paragraph' and in 2.7 the word is omitted completely. Under the section regarding the composition, the phrase '(to the extent that they are different)' is omitted after 'secretary' where it is present in the Change Panel Terms of Reference. Paragraph 5.8 states 'each PAB members' and it should state 'each PAB member'. Under Paragraph 5.10 it is unclear when the deadline for comments to the minutes are required where there is no meeting scheduled within five calendar weeks and we feel that 'secretary' should be capitalised. Finally, there is also an inconsistency with the way numbers less than 10 are written, with some being in word format and some being in numerals (see 5.10).

Question 3.2: 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 any organisation undertaking activity governed by the REC should be within scope of the performance assurance framework. It seems sensible that users of REC services who are not required to accede to the REC, sign up to the relevant schedule.

Question 3.3: Do you agree that at least one of the PAB's priorities should be determined by Citizen's Advice?

We agree that Citizen's Advice should input into the priorities, however, if they are to select at least one, we would seek assurance that this wouldn't be to the detriment of another that should be given priority, for example if there can only be a fixed number of priorities then it might not be appropriate.

Question 3.4: 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?

Whilst in theory we are minded to agree with this proposal, we feel we are unable to form an opinion without further information. We seek further details on the Menu of Performance Charges and the Performance Levels required as well as what the range and escalation the PAB would have.

We also seek clarification with regards to who the 'Parties' are that are referenced in Annex B that are expected to comply as it is currently unclear.

We have the following comments regarding the Performance Assurance Schedule. In 3.3(a) it states 'establish of a Risk' and this should read 'establish a Risk'. Also please consider if 3.3(f) should refer to 'Party' rather than 'party'. Paragraph 5.1 states 'PABfor' and should read 'PAB for'. Paragraph 6.3 states 'to members of the PAB members' which needs correcting to remove the second 'members'. We question whether the paragraph 'A PAB member shall not disclose to his employer...disclosure to the PAB.' should really be Paragraph 6.5 and the subsequent numbering updated. Paragraph 6.9 states 'tio' instead of 'to'. Paragraph 7.1(a) has 'identifying' with a capital 'i'. Paragraph 7.3(c) states 'tothe' and it should read 'to the'.

We seek clarification regarding Paragraph 7.11 as it suggests that the revised Performance Assurance Operating Plan shall be approved by the PAB and not follow the same process as the other documents and be issued for consultation. We are unsure why this is.

Paragraph 7.15(a) and 7.15(c) both have alignment errors on the second line and in 7.15 it states 'the REC Party may request' but we question whether this should state 'the REC Party or REC Service Provider'. At the end of Paragraph 7.17 there is an extra full stop. Paragraph 7.20(b) states 'Provdiers' and should state 'Providers'. Paragraph 8.1 has an extra space before the word toolkit. Paragraph 9.4(i) states 'derigation' and it should state 'derogation'. Paragraph 10.2 appears to be missing text after 'itself'.

In Annex B Paragraph 2.9 states 'provide' and should state 'provided'. We question if 'Menu of Performance Charges' should actually be the start of Paragraph 3 and numbered as such. Under the Menu of Performance Charges it states 'SLA' however this isn't terminology that is used in this schedule and we question if 'Performance Level' is a more appropriate phrase. We also question if the second paragraph in this section is complete as the way it reads it is unclear as to what the REC Party or REC Service Provider are agreeing to.

Within Annex X it states 'eabled' and not 'enabled' and also 'raeder' and not 'reader'. The definition of Menu of Performance Charges states 'Assuranec' and should state 'Assurance'. We also question if, under the definition of Performance Data 'Market Participant' is the correct terminology or whether it should state REC Party and REC Service Provider? Under the definition of 'Performance Assurance Framework' we ask you to consider if Service Providers should be capitalised. There are no definitions for Performance Assurance Methodology or Risk Register and although there is no comment to state 'to be added' we assume that this is the case. We question if the Sandbox Register should actually continue to the completion of the Sandbox derogation rather than just to the completion of a successful application.

We have also noted an inconsistency with this schedule when it refers to the website as it states both the REC website and also the RECCo website.

Question 3.5: 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 agree that restricting a supplier's ability to acquire new customers is a strong sanction and is a suitable option for ensuring serious issues are resolved whilst also allowing risk of bad debt to be mitigated.

Change Management

Question 4.1: Do you support our proposals regarding the production of preliminary and

detailed IA?

We are pleased that the current issues that are seen with industry change have been noted. We support the proposal within the consultation that gives fixed timescales for impact assessments. We are also supportive of IAs being reported to the PAB with consequences for late or inadequate IAs as well as the ability to withhold payment until it an IA is complete. We hope that the proposals will ensure timely and accurate IAs from the Service Providers.

Question 4.2: Do you agree that the Change Panel should be appointed by the RECCo Board, following a process overseen by the nominations committee?

We agree that the RECCo Board should appoint the Change Panel members as it will allow for a dynamic approach and ensure that there is suitable representation.

We also note the question regarding whether the initial composition should match the PAB but would like to refer you to our response to question 3.1.

With regards to the Change Panel Terms of Reference we have the following comments. Whilst we understand the statement made in Paragraph 2.5, we question whether the terms should state guidance of what to do in the event of confidential information. Paragraph 2.6 references '2.10' and we believe that this should state 'Paragraph 2.9'. Paragraph 2.7 states 'The PAB Chair' which we believe is incorrect and should state 'The Change Panel Chair'. Paragraphs 2.8 and 2.9 both reference Paragraph 2.7 but we believe it should be Paragraph 2.6. Paragraph 2.12 states 'there alternate' and should state 'their alternate'. Paragraph 3.1 states 'matter if made' and it should state 'matter is made'. We believe that the word 'secretary' in Paragraph 3.2 should be capitalised. Paragraph 5.6 is missing 'a' after 'the agenda of'. There are two Paragraphs numbered 5.7. In the first Paragraph 5.7 it states 'will no be' and it should be 'will not be'. Paragraph 5.8 states 'Change Panel members' where it should state 'Change Panel member'. Under Paragraph 5.10 it is unclear when the deadline for comments to the minutes are required where there is no meeting scheduled within five calendar weeks. Under Paragraph 5.12 it states that the headline report will be published on the REC Portal, however the PAB equivalent states the REC website. Is there a reason that these are different as it would be easier if all meeting documentation was published in the same place? Finally Paragraph 6.2 states 'or to steps' when it should state 'or take steps'

Question 4.3: Do you agree that the REC should encourage shorter and more frequent Change Panels, to be held remotely where possible?

We understand and agree with the proposal of shorter and more frequent Change Panels to help assist with a timely and efficient change process.

We have the following comments on the Change Management Schedule. Whilst we understand the requirement in Paragraph 7.3 the wording doesn't allow for an alternative method of raising a Change Proposal, should the REC Portal be unavailable. Paragraph 9.6 refers to Appendix 2 which has not been included in the documentation. Throughout the schedule there are references to 'Relevant Service Providers' and we are seeking confirmation that this term, since it is capitalised, will be a defined term or whether 'Service Provider' would suffice. Paragraph 10.1 states 'providing' and it should state 'provide'. Paragraph 10.3(d) has both an ']' and '}' after 'Board' and should only have '}'. Paragraph 11.6 is missing a full stop between 'approval' and 'Where'. We question whether the requirements in Paragraph 18.3 should explicitly require details of the cost benefit analysis of the change. Finally, given experiences under the SEC, we question if clause 20 needs to include the ability to send the change proposal back for further development if it is felt this is needed, prior to casting a vote. At the moment the drafting suggests that a vote has to be made and we question if this could result in unnecessary rejections.

Appendix 1 states 'below currently indication' which needs correcting to either 'is a current indication' or 'and

currently indicates'. Also 'the suite of document' needs changing to 'the suite of documents'.

Question 4.4: Do you agree with the proposed categorisation of REC documents and associated change paths?

Whilst we agree with the proposed categorisation we do have a couple of concerns. Within the consultation document both Categories 1 and 3 use the term 'operational' which could be misleading.

With regards to Category 3 documents, we agree with the proposal but feel that there needs to be a clear understanding and expectation on where and how these documents are located and managed.

Question 4.5: Do you agree that code administrators and managers should be able to raise any changes identified as necessary by the CCSG?

We agree that code administrators and managers should be able to raise changes as identified by the CCSG. This will avoid unnecessary delays in trying to find a proposer. It will also relieve burden on parties having to become proposers of changes just so that a consequential change can progress.

We note the following in the CCSG Terms of Reference. Paragraph 2.1 references 'the codes referred to in paragraph 2.1'. We believe that this is actually referring to Paragraph 3.1 of the Change Management Schedule and should state this explicitly. This also goes for the reference in Paragraph 3.1 where it references 'section 2' and Paragraph 6.2 where it references 'Paragraph 2'. There is also an inconsistency with 'paragraph' and 'Paragraph'. For consistency with other Terms of Reference, we feel that Paragraph 4.1 should state 'video/teleconference'

Theft Arrangements

Question 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 agree that theft investigations are a valid reason to object to a switch. It will ensure that investigations can be completed. As a Distribution Network Operator we do not have specific views on the time period that should be allowed.

Question 5.2: Do you consider that the RECCo should be required to periodically review the effectiveness of the incentive scheme(s)?

It feels appropriate that any incentive schemes are periodically reviewed by the RECCo to ensure not only overall effectiveness but also consideration of party type.

Question 5.3: To what extent, if any, do you consider that the Theft Target should be reduced pending the replacement of the Theft Risk Assessment Service?

As a Distribution Network Operator, we feel that this question is best answered by Supplier parties.

Question 5.4: 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 with the proposal that RECCo should procure a theft methodology as it will help with any cost benefit analysis that is required within this area. We also agree that a Theft Reduction Strategy should be developed and reviewed regularly.

We have the following comments on the Energy Theft Reduction schedule. In Annex 1, Paragraph 2.2 it states 'ETTOS Service Provider' but it should state 'ETTOS Service Providers'. Under Paragraph 2.3, for consistency we think that after 'Clause 9' it should state 'of the main body of this Code'. In Paragraph 8.6 it states 'Gas Transporters' but it should state 'Gas Transporter'.

The margin alignment of Annex 3 is not consistent. Annex 3 Paragraph 1.2 has a close bracket after 'Schedule' in error and this Paragraph currently doesn't read correctly. We suggest adding 'is' between 'to' and 'all'. Under the definition of 'Commercial Sector' and 'Residential Sector' we believe that 'and/or Supply Points' should be added. Under the definition of 'Indicative Scheme Summary Report' we believe that the reference to Paragraph 6.6 is incorrect. Paragraph 5.6 states 'unless that' but it should be 'unless they'.

Miscellaneous: Below are comments that we don't feel fit into any of the questions asked.

The main REC body uses 'paragraph' without capitalisation when referring to the schedules. As mentioned above, we feel that there should be consistency throughout the REC with regards to this as there are a lot of times it is used with a capital. Clause 7.1 refers to 'person or persons' and given that the Code Manager is actually comprised of three companies rather than an individual(s), we question if this is the correct terminology. Now that the REC Manager has been appointed and is made up of three separate entities, we question if the references to 'Code Manager' are always apparent which company it is referring to, should there be some guidance produced or further detail added to the Code?

We are unsure if the reference to Clause 1 in Clause 7.5(b) and 7.5(c) is correct. Clause 7.1 uses the phrase REC Board and Clause 7.8 uses RECCo Board. We believe that these both refer to the same group. This also occurs throughout all the documentation. We believe that it would be easier to understand if one consistent phrase is used and referred to, unless our understanding is wrong. We feel that there is also an inconsistency with the phrase User and REC Service User and again one reference should be used throughout the documentations.

Clause 16.1(d) states 'order is made' but should state 'order made'. Clause 20.2 states 'The purpose of such processing is to provide the Central Switching Service.' which we feel is missing some text. Clause 20.4 refers to Clause 1.1 and we are unsure if this is correct.