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23 February 2021

Dear Rachel

Response to Ofgem's Retail Energy Code v2.0 and Retail Code Consolidation

Thank you for the opportunity to respond to the above consultation on Retail Energy Code v2.0. Our observations, comments and concerns are largely technical in nature rather than being matters fundamental to high level policy. Our key points are set out below and we expanded on them in our answers to specific question in Annex 1.

- We have some concerns and observation on some aspects of the Qualification and Maintenance schedule (in relation to assurance of data security). These are detailed in our answer to question 2.1;
- We agree with the intent of the principle that *a consumer should be no worse off by virtue of a theft investigation being undertaken by a network company rather than a supplier*. However, consideration must be given to the interaction of any new rules included in the REC with existing licence obligations and any conflict with those existing obligations must be avoided. We expand on this in our answer to question 2.7;
- More than one metering group may be needed in the REC governance structure to cover all of the metering activities and provide effective support to the REC Manager and Performance Assurance Board;
- We would welcome more engagement on the terms of reference and operational arrangements for the Cross Code Steering Group (CCSG). Our observations are set out in our answer to question 3.1;
- We would like further discussion and consideration of the Code Manager's ownership of Energy Market Messages. We have some observations on metadata ownership in our answer to question 4.1; and
- We have concerns about the proposals for changes to data reporting mentioned in paragraph 4.18 of the consultation document and we believe that further engagement on this matter is necessary.

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We hope you find our response helpful in the development of this version of the REC and we look forward to further engagement on this version and on the development of REC version 3.

Yours sincerely,

CT Allanson

Chris Allanson
Commercial Manager – Industry Governance

Annex 1 – Retail Energy Code v2.0 and Retail Code Consolidation

1. This is Northern Powergrid’s response to Ofgem’s consultation on the Retail Energy Code v2.0 and Retail Code Consolidation.

Section 2. Retail Code Consolidation: REC v2.0 Schedules

Q2.1: Do you agree with our proposed approach to information security and data protection assessment under the REC? In particular, do you agree with the requirement for all REC Service Users to notify the Code Manager of a security breach?

2. Yes, we are supportive of the proposed approach in general, but we have some concerns and observation on some specific aspects. We note the high-level arrangements for qualification and maintenance are in paragraphs 2.11 and 2.13 of the consultation document. We also note that DNOs (as existing market participants) will be deemed qualified and will not be required to go through a qualification process. With regard to maintenance of qualification, we have some observations on the requirement for annual statements of compliance (as outlined in paragraph 2.13) including assessment of the items in the bulleted list in paragraph 2.15 and as set out in sections 8, 11, 12 and 13 of the Qualification and Maintenance schedule. Our observations are by reference to clause number, as follows:
 - 8.2(a) and 8.2(a)(i): The internal information security and data protection risk assessment should be limited to an assessment necessary for compliance with the REC. There will be many elements of a party’s internal information security risk assessment that are irrelevant to compliance with the REC and will be sensitive information by its very nature. The REC should not introduce disclosure obligations regarding matters that are not relevant to a party’s obligations under the REC. 12.1(a) already has the caveat that the risk assessment should be in respect of “risks associated with obligations under this Code” so the wording of 8.2(a)(i) should be consistent i.e. “its internal information security and data protection risk assessment **in respect of risks associated with obligations under this Code**”.
 - 8.2(b) The ICO’s checklists are for guidance purposes to support an organisation’s compliance. Completion of them is not mandatory so there should not be a contractual obligation to do so. In any event, “relevant” is too vague.

- 11.7 A better definition of what “could compromise the security or integrity of any REC Service or other REC Service Users” would be helpful, for example the inclusion of a reference to any compromise involving the access systems to support the REC. In addition, the use of “promptly” may need to be more specific.
 - 12.1(b) Same comment as 8.2(b).
 - 12.1(d) this should be limited to security of systems used to support obligations under the REC.
 - 12.1(e) The confirmation should be “there have been no security breaches or any ICO reportable data incidents **associated with obligations under this Code**”.
 - 13.1 The obligation should only be required to provide information relating to the systems that are used for accessing the REC system as being associated with obligations under the REC.
 - 13.1(a) Same comment as 8.2(a)(i).
 - 13.1(b) Same comment as 8.2(b).
 - 13.1(c) Regarding “evidence that it has appropriate information security accreditation reflective of the risks applicable to its organisation (e.g. Cyber Essentials Plus Certification)” as per 12(d) this should be limited to security accreditation of systems used to support obligations under the REC.
 - 13.1(d) The requirement should be in respect of “...circumstances that would give rise to an increase in security or privacy risk **associated with obligations under this Code**”.
 - 13.1(e) Same comment as 12.1(e). The intent in 12.1(a) is that the applicable requirements should be “**associated with obligations under this Code**” so there should be consistency throughout the Qualification and Maintenance schedule (and any other relevant parts of the REC) in that respect.
3. We agree with an overall requirement that all REC Service Users should notify the Code Manager of a security breach but this requirement should be limited to **relevant** breaches. Please see our comment above on drafting of clause 11.7.

Q2.2: Do you agree with our proposal to extend entry qualification to new gas MEMs? If not, please explain why.

4. Not applicable to electricity.

Q2.3: Do you agree that the change effected by MAP CP 0338 should apply equally to gas?

5. Not applicable to electricity.

Q2.4: Do you agree that the clarification on the applicability of the schedule to non-domestic suppliers sufficiently gives regard to non-domestic suppliers who do not serve prepayment customers?

6. Not applicable to electricity.

Q2.5: Do you agree that the approach and processes for gas unregistered sites should be standardised, as set out in the Unbilled Energy Code of Practice?

7. No comment.

Q2.6: Do you agree that the REC should make provision for the PAB to consider the case for reconciliation of data held by PPMIPs and CDSP for the purpose of identifying unregistered sites? If so, do you agree that this process should sit in the Unbilled Energy Code of Practice?

8. Yes, this should be useful if it assists with identifying unregistered customers and is cost effective.

Q2.7: Do you agree with the principle that a consumer should be no worse off by virtue of a theft investigation being undertaken by a network company rather than a supplier?

9. We agree with the intent of the principle. However, it needs to be drafted in such a way that it does not conflict with the DNO's existing licence obligations, including standard licence conditions 49.7 and 49.8 i.e. to avoid a mismatch of obligations as between the REC and the licence. It would also be prudent to consider any relevant licence conditions that apply to suppliers in this context. Any new rules, for example on back-billing should be considered for consistency and assessed alongside existing licence conditions as they may necessitate licence changes to avoid any conflict between the REC and existing licence obligations.
10. An additional point to consider regarding back-billing was highlighted by another DNO at a recent United Kingdom Revenue Protection Association (UKRPA) meeting i.e. if there are to be limits on back-billing, consideration may be needed as to whether this would restrict a DNO's ability to ensure customers pay for their extracted electricity when they knowingly do not have a supplier and are therefore not paying a bill. It was suggested that some unregistered customers only pursue supplier registration when they come to sell their homes because having an MPAN and a supply contract is a requirement for a sale to proceed. In specific circumstances e.g. where a single property has been subdivided to create additional

homes, it is potentially possible for customers to have free electricity for several years before they pursue a supply contract.

Q2.8: Do you agree that the requirements relating to provision of customer contact details should apply equally to non-domestic suppliers, as set out in the Transfer of Consumer Data Schedule?

11. As paragraph 2.46 is about gas customers we have no comment.

Q2.9: Do you agree with our proposal to extend 'Gas use case 5: Payment of Guaranteed Standard of Performance Payments' to cover voluntary payments?

12. Not applicable to electricity.

Q2.10: What risks (if any) do you foresee in the transfer of processes associated with Commissioning, Complex Sites, Proving and Faults from BSCP514 to the REC Metering Operations schedule?

13. We see no explicit risks in the transfer itself. We assume sufficient technical performance assurance will be created to support the REC. More than one metering group may be needed to cover the range of metering activities (from domestic smart through to current transformer metering and complex sites). The Performance Assurance Board, other REC functions and support services will need access to sufficient technical expertise to monitor compliance. The requirements of commissioning and fault remediation are interlinked with the other processes so there may be additional risk created by having some procedures under the REC and the governance of some requirements under the BSC. However risks should be minimised by both code managers recognising linkages in performance assurance risk assessment.

Q2.11: Do you agree that requirement to comply with the BSC CoPs should be placed directly on MEMs in the REC? If not, please explain your reasons.

14. Yes. Generally speaking it is the MOPs (MEMs) who have the metering expertise at a detailed level (rather than the suppliers) with regard to metering specifications and requirements to comply with BSC, MOCOPA etc. so it is logical that they be directly accountable, rather than indirectly accountable.

Q2.12: Do you agree that metering operations rules and processes in the REC could be assured by the BSC, particularly with regard to PARMS reporting and technical assurance audits, until the assurance function can transition to the REC? If not, please explain your reasons.

15. Yes. This is the logical place during the transition period.

Q2.13: Do you agree that the information in the RGMA Baseline relating to exceptions should be out of scope of the mandatory Schedule?

16. Not applicable to electricity.

Section 3. Consequential Changes to Other Codes

Q3.1: Do you agree that the proposed text to embed the Cross Code Steering Group will enable the intended improvements to cross code change? If not, please suggest alternative or additional drafting.

17. We see clear merit in cross-code coordination, including for consequential changes to transfer content between codes to develop the REC up to faster switching go-live. However, we would welcome more information and consultation on the proposed operation of the CCSG including the terms of reference for the CCSG and its operating principles. For example, will its terms of reference be limited to coordinating consequential changes for the transfer of code content up to the REC 'go-live' version of the REC or will it have an enduring role beyond that point? If it were to have an enduring role its terms of reference may need to be in two distinct parts and further consultation would be essential.

Section 4. REC Technical Specification

Q4.1: Do you agree with the assignment of Code Manager ownership (Metadata Owner) of each Energy Market Message within the "Annex D – Message Scenario Variant Catalogue"?

18. No, not entirely and we would welcome further discussions and consideration. Our initial view is that the work to produce the annex has been considerable and thorough in its approach. However, during the period of the consultation we were unable to carry out a line by line review, although we do have the following over-arching comments:

- Data flows to support DUoS billing should be under DCUSA ownership (including D0030 'Aggregated DUoS Report', D0036 'Validated Half Hourly Advances for inclusion in Aggregated Supplier Matrix', D0275 'Validated Half Hourly Advances', D0314 'Non Half Hourly Embedded Network DUoS report' and D0315 'Embedded Network Super customer DUoS Daily Statement').
- Data flows to support de-energisation and disconnections should be under DCUSA ownership (including D0134 'Request to Change Energisation Status', D0139 'Confirmation or Rejection of Energisation Status Change', D0327 'Request Green Deal Plan End Date Amendment' and D0318 'Response from GDCC to Distributor').

Q4.2: Do you agree with the classification of existing flow notes (including DTC Annex C) to either one of, a rule within the Data Specification, a Guidance Note (managed under the respective code, e.g. a REC Level 3 document) or a process obligation (e.g. a rule within a REC Schedule / BSCP)?

19. No, not entirely. We agree with the principle of the classification, but we have a strong preference that all existing flow notes are catalogued in one place so that parties can access the information more easily. We have no further comment on the detail at this time.

Q4.3: Do you agree that the data items identified in 'Redundant Data Items for Review' spreadsheet should no longer be represented in the Data Specification as they are not associated to any Market Messages?

20. Although we can confirm that the electricity (J items) are not included in any data, we have concerns that the items have been in existence for some time and may be being used as reference to processes, hence their existence. We would question why the items have not been removed previously if they have no value, although we assume MRASCo has been involved in the review process such that the removal will not have any detrimental impact.

Further comments

21. We have concerns about 4.18 in the consultation which states that IREG is continuing to work with DNOs on the use case for monthly downloads because, although we have sought further engagement, we have not been able to establish the current position. The suggestion in 4.18 that there may be creation of a new report with fewer data items, not including the necessary data item 'energisation status', is a significant concern to us as the report is important to at least two of the DNOs. Consequently, we require more engagement on the detail.