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Rachel Clark
Programme Director
Switching Programme
Ofgem

By email to switchingprogramme@ofgem.gov.uk

23 February 2021

Dear Rachel,

Retail Energy Code v2.0 and Retail Code Consolidation

SGN welcomes the opportunity to respond to the above consultation¹. We note that the Retail Energy Code encompasses a wide variety of parties, which is reflected in the nature of the consultation questions. As such, we have responded to key questions below which are relevant to SGN as a Gas Transporter.

Should you require any further information with regards to our response then please do not hesitate to contact me at Hilary.Chapman@SGN.co.uk

Yours sincerely,

Hilary Chapman
Regulation & Codes Manager
SGN

¹ https://www.ofgem.gov.uk/system/files/docs/2020/12/retail_code_consolidation_condoc_final_for_publication_15.12.2020_v1.1.pdf

2. Retail Code Consolidation: REC v2.0 Schedules

Question 2.5: 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?

We agree that there need to be parameters put in place for managing unregistered gas sites that are shared across the gas distribution networks, and SGN would welcome the opportunity to work with the other gas distribution networks to produce a workable set of guidelines that can be used across the gas industry.

Question 2.6: 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?

In 2019/2020 SGN raised SPAA Change Proposal SCP473 to implement a process whereby PPMIP data would be reconciled against CDSP systems, with a view to reducing unregistered sites. This change was ultimately rejected by a vote at the SPAA Change Board, however we would support REC making provisions for the PAB to undertake a similar exercise.

Question 2.7: 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?

We agree with the general principle of consistency in arrangements as much as possible, and also that customers should not be adversely impacted due to theft being investigated by one organisation rather than another. However, we would highlight that each theft event is different and therefore suppliers and networks require sufficient flexibility to treat every customer appropriately. For example, the Theft of Gas Code of Practice appears to suggest the restriction of back-billing to a single year, rather than the more standard six years or an even longer period, depending on the specific theft in question. Gas Transporters have a licence condition to pursue recovery of theft where the cost of the investigation does not outweigh the potential value being recovered – a shorter recovery period may adversely impact this balance and could impact both our ability to pursue recovery and therefore also the wider customer community.

Question 2.9: Do you agree with our proposal to extend 'Gas use case 5: Payment of Guaranteed Standard of Performance Payments' to cover voluntary payments?

We agree with the proposal to extend gas use case 5 as set out in SPAA Schedule 42 and amended by SPAA Change Proposal SCP443 approved for implemented on 26th June 2020 to include that of voluntary payments.

3. Consequential Changes to Other Codes

Question 3.1: 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.

Below we have provided drafting principles, developed by Northern Gas Networks, which should be consistent across all codes and should drive the appropriate drafting:

Drafting Principles

- Code Administrators are obligated to inform the CCSG of any potential cross code impact once identified. The CCSG establish a Lead Code and inform the relevant Code Administrators of their decision.
- The Lead Code is obligated to create a plan of progression taking into account the views of the other Code Administrators. Code Administrators are obligated to use reasonable endeavours to follow the agreed timetable. Any delay in progress against the timetable must be reported to the Lead Code and CCSG. The CCSG members are responsible for sharing agreed timetables and relevant updates with the Industry Code Panels they represent.
- Where the CCSG determine a cross code impact, Code Administrators can raise Modifications to their own Code. In this circumstance Code Administrators are considered to be Proposers and will progress Modifications as such.
- All Modifications that the CCSG determine have a cross code impact must have a Lead Code and that Lead Code shall produce a timetable as described above. This allows for the inclusion of Modifications raised by other bodies where cross code impacts are not identified until later in the process; rather than limiting the process to only changes where cross code impacts are identified from the outset and raised by Code Administrators.
- Urgent modifications are permitted to be raised under the CCSG, these will need to be on an agreed timetable with the lead code collating and presenting all modification proposals to the Authority for a decision on Urgency, and for the timetable to be set by the Authority.
- All Modifications that the CCSG determine have a cross code impact must be issued to the Authority for determination. Note, Ofgem would need to amend the Self Governance rules to exclude items raised under the CCSG.
- Code Administrators must inform the Lead Code and CCSG of recommendations being made to Ofgem by the appropriate code governing body.
- Modifications raised by the code administrators as instructed by the CCSG cannot have alternatives raised. It will be up to the code administrators, as proposers, to ensure parties views are taken into account whilst still achieving the CCSG objective, with the minimum overall direct, or consequential impact.