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Smart Markets Project Update

1. Purpose

The Smart Energy Code (SEC), along with other Codes, are providing resource support for Ofgem's Faster Switching Programme. This paper provides the SEC Panel and Parties with a monthly overview of the key activities of the Ofgem Switching Programme Subject Matter Experts (SMEs) provided by SEC. The paper also covers other updates from the Programme that may be relevant to Parties. The Panel is requested to note the contents of this paper.

2. Ofgem October 2018 Decision and Consultation Document

As noted in last month's update on 15 October 2018, Ofgem published the "*Switching Programme: Regulation and Governance – way forward and statutory consultation on licence modifications*". The document set out the:

- conclusions to the June 2018 consultation[1];
- statutory consultation on licence changes that will be introduced early 2019;
- enduring content that will be designated as part of the Retail Energy Code (REC) V2 (planned for mid-2021); and
- proposals for developing further REC V2 and V3 content.

A summary of the consultation and a draft SEC Panel response was provided at the November 2018 Panel meeting. The Panel response was subsequently agreed, with minor amendments, prior to it being submitted to Ofgem on 15 November 2018 and made available on the SEC Website for SEC Parties to view.

3. Switching Programme Data Working Group

Ofgem held the first Data Working Group (DWG) meeting on 14 November 2018. The focus of this new Ofgem facilitated meeting is to oversee and discuss matters relating to:

- the cleansing, population and migration of registration. The DWG will enable this exercise to be centrally coordinated, as well as building data knowledge resilience in the programme;

[1] Ofgem, *"Switching Programme: Proposed Modifications to Regulation and Governance"*, June 2018

- facilitate cross-sector agreements on delivering the data requirements and processes that will underpin a reliable, dual-fuel switching service;
- actioning recommendations from Ofgem-commissioned data assurance activity; and
- enable transparent reporting of progress and challenges in meeting the requirements for data for Go Live and the move to next day switching.

The first meeting focused on clarifying the terms of reference for the meeting and areas of focus (and associated timescales) for discussion at subsequent meetings. SEC SMEs will continue to attend these sessions and advise if any data matters arise that impact the Panel and its duties.

4. Consequential SEC Changes

As noted at the 9 November 2018 Panel meeting, with details also included in the October 2018 consultation, Ofgem has requested that Code Panels and their administrators undertake reviews of each respective Code's content to determine the likely consequential impacts (if any) of the Switching Programme and the introduction of the Retail Energy Code (REC) and the Central Switching Service, by the end of 2018.

SEC SMEs have commenced the analysis of the consequential impacts on the SEC with initial analysis identifying the following:

- **Required changes** – 19 housekeeping references (consisting of references to the Master Registration Agreement (MRA) and Supply Point Administration Agreement (SPAA) that are expected to need replacing with references to the REC)
- **Potential changes** – references to the Uniform Network Code (UNC), Data Transfer Catalogue (DTC) and specific data flows (D-flows) may need to be updated. This will depend on Ofgem consultation conclusions on whether existing location endures.
- **Further information required** – six areas where the interface between Registration Data Providers (RDPs) and the Data Communication Company (DCC) is referenced. These areas within the SEC may need revision, depending on how registration data will be provided and stored in the CSS systems and how those systems interface with the DCC Data Service Provider (DSP) Systems.

SEC SMEs have also commenced the legal drafting that will action the straight forward housekeeping type changes. However, further details and conclusions on the changes to the registration data interfaces are needed prior to the preparation of any associated SEC legal drafting changes.

Ofgem has advised that they will keep the SEC SMEs informed of the ongoing discussions and conclusions on the CSS and DCC DSP interface. This will then enable next steps to be taken on the consequential impact analysis and associated legal drafting.

5. Joint Industry Plan Development

Ofgem has continued its work on the Joint Industry Plan (JIP) and is planning to publish a draft in due course. The timeline for completing the Impact Assessment (IA) and first drafts of Significant Code Review (SCR) Mods remains unchanged, with Code bodies expected to have undertaken an IA of the respective codes by the end of 2018.

6. Retail Energy Code (REC) development

In the last month, the Regulatory Design Team (RDT) has been further developing the draft REC V2 Schedules based on feedback received to the Ofgem October 2018 consultation. The schedules published in October 2018 included the:

- Registration Services;
- Data Management;
- Address Management;
- Switching Service Management;
- Entry Assessment and Qualification;
- Debt Assignment Protocol; and
- Switch Meter Exceptions Schedule.

The RDT has also been focusing on further developing the remaining REC V2 and V3 content, incorporating feedback from the October 2018 consultation and further discussions with Ofgem. Ofgem anticipates baselining the REC V2 content in early 2019.

7. Regulatory Design User Group

Ofgem plans to hold monthly Regulatory Design User Group (RDUG) meetings from 10 December 2018 to walkthrough the REC V2 content prior to baselining.

A draft agenda and forward plan was shared with RDUG Members at the end of November 2018. The RDUG meeting on 10 December 2018 will include:

- an update from the Switching Programme and the Joint Industry Plan;
- a presentation of the revised terms of reference for the Regulatory Group;
- an overview of consultation responses; and
- a walkthrough of the published REC V2 Schedules.

The remaining RDUG meetings are planned for 14 January 2019, 18 February 2019 and 23 March 2019.

8. Working Support to Ofgem

By far the largest effort this month has been on finalising the SEC Panel response to the (October) Ofgem Faster Switching Programme Consultation and commencing the analysis of the consequential impacts of the introduction of the REC and CSS on the SEC.

In line with the effort as set out above, a total of **7.86** days has been expended on the project by the SECAS SMEs.

9. Recommendations

The Panel is requested to **NOTE** the contents of this paper.

David Barber

Smarter Markets Team

7 December 2018