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Smarter Markets Project Update

1. Purpose

The Smart Energy Code (SEC), along with other Codes, is 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. Design Forum

The Design forum was held on 28 January 2019. Key discussion items were:

CR-E31 Additional Network Requirements

This change was described as a number of housekeeping changes. One of the housekeeping changes effectively increased the switching volume assumption by a factor of 10. This change will go to the Design Authority (DA) on Friday 8 February 2019 for decision. Ofgem indicated that an updated version of the External Change Control Log will be published on 1 February 2019[1].

CR-E24 Decommissioning of the RDP to DSP gateway

CR-E24 was raised by the DCC and seeks to reduce the number of connections between the Central Switching Service (CSS), Registration Data Providers (RDP) and Data Service Providers (DSP). Ian Marshall, DCC, presented the change to the Forum and he committed to present the change similarly at the next TABASC, on Thursday, 21 February 2019, for their consideration. He will be accompanied by Jenny Boothe (Ofgem), who expressed a concern that the CSS might have to validate the data it received from the DSP, as a consequence of this change. The RDPs were invited to provide a high level impact assessment of this change on their own systems.

Gemserv have since discussed the potential change with the TABASC Chair and the Security Sub-Committee Chair. Due to the potential consequential impacts on SEC Parties we will continue to monitor the change and update the SEC Panel as necessary.

[1] https://www.ofgem.gov.uk/system/files/docs/2019/02/switching_programme_external_change_control_log.xlsx

3. Regulatory Design User Group (RDUG)

The last RDUG meeting was held on 14 January 2019. Key items that were raised and of interest to SEC were:

- Ofgem provided an update on the latest switching programme plan and confirmed the planned activities in the Regulatory Design stream;
- Ofgem presented some high-level options for the future governance of the Meter Point Administration Service (MPAS) requirements;
- An indicative budget forecast for Retail Energy Code Company (RECCo) was shared with RDUG prior to publication in Ofgem's consultation on 25 January 2019 and views were invited on several items including the cost items, estimates and whether future work should be provisioned in the costs.
- Regulatory activities until March 2019 will focus on completing the REC V2 drafting, developing consequential changes for the existing codes for implementation as part of the Switching Significant Code Review (SCR), and determining policy positions in relation to the migration of provisions to facilitate the closing down of the Supply Point Administration Agreement (SPAA).
- The Ofgem Programme Board has agreed that a second SCR will be launched in Spring 2019 to cover the closure of SPAA and Master Registration Agreement (MRA), with provisions migrating into the REC and other Codes e.g. DCUSA. This Code Consolidation SCR will be progressed in parallel with the Switching SCR implementation at the Central Switching Service (CSS) go live.

4. Retail Energy Code Company (RECCo) Budget Consultation

On 25 January Ofgem released a consultation on the RECCo Limited 2019/20 budget. REC v1.0 was designated on 1 February 2019 and will come into effect on 28 February. Ofgem have issued accession forms to relevant parties, which are to be returned by 28 February 2019.

The REC Company will serve as the corporate vehicle for ensuring the proper, effective and efficient implementation and ongoing management of the REC. During the implementation of the Switching Programme the RECCo costs will fall into two main categories:

- Administrative arrangements to support the establishment and operation of the REC and of RECCo itself; and
- Services to support the delivery of the Switching Programme.

Once the new switching arrangements are implemented and REC v2.0 takes effect (due mid-2021), the RECCo will also be responsible for the payment of other REC governed services, including those of the CSS. The RECCo will recover such costs from funding parties in accordance with the relevant charging methodology.

As the REC is not yet in effect, and in the absence of a REC Manager, Ofgem is consulting on the 2019/20 budget and the forecasted costs for the next two years. It is expected that the budget will be subject to an annual consultation carried out in accordance with the REC once designated.
Ofgem will summarise responses to this consultation and submit them as part of a budget paper for approval at the inaugural meeting of the RECCo Board, which is expected to be in late February 2019.

It is expected that initial invoices will be issued from 1 March 2019 and due for payment by the end of that month. This will ensure that funds are available to the RECCo from 1 April 2019.

The interim RECCo Board has now been appointed by Ofgem. This Board will be appointed until there is sufficient business for the enduring RECCo Board to be fully constituted, at the time of implementation of REC version 2.0 and 3.0. The appointments were drawn from existing MRA and SPAA Boards with the main REC categories being represented. They are:

Chris Anastasi - Independent Chair – SPAA Executive Committee,

Kevin Woollard - Regulatory Manager: Centrica
Director: MRA Service Company Limited,
SPAA Limited DCUSA Limited
SMiCOP Limited,

Rachael Anderson - Senior Market Transformation Advisor: Utilita
Director: MRA Service Company Limited
SPAA Limited,

Steve Mulinganie - Regulation & Compliance Manager: Gazprom
Director: SPAA Limited and

Tracy Pitcher - National Systems Manager: Western Power Distribution
Director: MRA Service Company Limited.

5. Working Support to Ofgem

By far the largest effort this month has been on meeting attendance or review of material provided at or for these meetings by SEC SMEs.

In line with the effort as set out above, a total of 19 days has been expended on the project by the SECAS SMEs.

6. Recommendations

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

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8 February 2019