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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. Design Forum Meetings

Design Forum Meetings were held on 8 April 2019 and 29 April 2019. Change Requests of interest to SEC are:

8 April 2019:

CR-38 Switching Domain Data Management

The Design Forum further discussed Switching Domain Data options. The change states that Market Domain Data will be managed by Xoserve for gas and Elexon for electricity and not within the REC.

The Design Forum recommended the CR for approval. The decision followed on from discussions around Switching Domain Data options at the meeting on 25 March 2019.

29 April 2019:

CR-E39 - Clarification of Registration Lifecycle statuses and removal of DSP confirmed synchronisation

The underpinning change has already been approved, however it was decided that the change will be developed further before approval, to mitigate the risk of misalignment in gas systems.

Relevant Issues Raised

The work on the consequential changes to the MRA, as a result of the implementation of the CSS and the REC, is continuing and a number of working assumptions were raised on which clarity was required. One of the assumptions / issues was whether it would be possible for the registration / de-registration date to be set to a date in the past. This was not categorically confirmed in the meeting

and an assumption may need to be added to the baseline documents to confirm the situation. Parties were asked to feed in comments to Ofgem as soon as possible if they have views on this issue.

3. Regulatory Design User Group (RDUG)

RDUG met on 29 April. Points of interest for SEC are:

Licence Changes

Ofgem shared the licence changes they plan to consult on in a consultation document currently scheduled for publication in May.

Their plan is to

- Consult on table of required changes to ensure the list is complete
- Develop the licence change proposals with RDUG – second half 2019
- Consult on the licence drafting – Q1 2020
- Conduct a Statutory Consultation – Q3 2020
- Publish the Decision Notice – early 2021

Specifically, for Smart Metering:

Summary of Smart Meter Licence changes	
Code consolidation	• Amend defined terms so that they refer to REC and other codes rather than MRA and SPAA
Switching	• Possible amendment to the definition of the CRS to remove references to current switching services as this meaning may become less transparent over time

REC Schedules

Ofgem shared their current thinking on **prepayment, change management, performance assurance, data access and consumer facing - switching and billing (CFSB).**

Drafts of the schedules have been circulated for comments. Ofgem plan to release / consult on them again in the May consultation.

The Prepayment Meter (PPM) Schedule covers smart and legacy meters and Ofgem specifically asked about the Smart PPM switching exceptions process:

- Should this be moved to the CFSB schedule, as a switching related exceptions process? Could the Prepayment Schedule then apply to legacy meters only?

Views were sought from parties.

Ofgem indicated that they are considering options for a number of meter associated codes of practice and shared the opportunities that the options presented. They felt that placing it in the SMICoP (Smart Metering Installation Code of Practice) was a good fit for the REC, as a consumer-focused code. Ofgem indicated that they plan to ask the following questions in the May consultation:

- Do you agree that the scope of the SMICoP should be extended beyond the initial smart meter installation?
- Do you think the 'brand' of SMICoP should be retained when these provisions move to the REC?

Consequential Changes to Codes

Ofgem highlighted the progress of the consequential changes required in existing codes to implement the CSS and the REC. The changes will form part of the May consultation document, and for the SEC changes, the impacted areas will be highlighted, but a definitive view will not be available until the CSS design, and MRA and UNC work advances post publication of the consultation.

BEIS – Code Governance

BEIS gave an update on their Energy Code Review. They highlighted the terms of reference relating to a substantial reform of the codes system; highlighting consolidation and a review of the regulatory and governance approach. A white paper is due in the summer.

4. SEC Changes as a Consequence of the CSS and REC Implementation

The SEC changes required principally relate to references and definitions held within other codes and the interfaces between the RDPs (Registration Data Provider) and the Smart DSP (Data Services Provider).

The MRA (Master Registration Agreement) will cease to exist with the implementation of the REC. Consequently, the impacted definitions and references will have to be transferred to the REC or another code and these must be verified to ensure that their meaning remains the same and will have no impact on the working of the SEC. The relevant definitions and references in the SEC have been identified, but the REC definitions are not yet available.

The interfaces between the RDPs, CSS and the DSP all require more detail to define definitively. The detail will be revealed as the CSS design and the consequential work on the MRA and UNC progresses. SECAS have met with Smart DSP representatives and will begin discussions with the RDP representatives shortly to progress the work on the interfaces, to ensure that when the detail becomes available, the consequences to the SEC can be defined without delay.

Ofgem's Switching Programme consultation will also provide greater detail on the content of the REC and the REC content may also have consequential impacts which have not yet been identified.

Current analysis indicates that consequential changes to the SEC are unlikely to impact parties directly but will impact the providers of central services and therefore may have consequential impacts on other codes.

5. Consultations

5.1 DCC DBT (Design, Build, Test) Business Case Consultation

On 10 April 2019, the DCC published a business case outlining its plans and activities and to support its forecast costs for the DBT phase of the Switching Programme. The consultation is on the DCC

website[1] and looks to obtain views on its proposed activities; the contingency charging and business case structure and base assumptions.

The consultation is due to close 7 May and the DCC have planned an industry workshop to discuss the business case.

The primary focus of the consultation is on funding and the delivery approach, rather than on the scope of the project. The consultation is based on known and published Ofgem and DCC documentation, assumptions and principles.

5.2 Ofgem Switching Programme Consultation (currently scheduled for May publication)

In May, Ofgem will begin to consult on proposals to change industry codes and licence conditions to deliver the Switching Programme. This will include updates on the REC content, and consequential changes to existing codes required changes for the go-live. They will also consult on Ofgem's policy proposals to consolidate codes. The consultation process is expected to run for twelve weeks.

6. Working Support to Ofgem

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

In line with the effort as set out above, a total of **14** days has been expended on the project by the SECAS SMEs.

7. Recommendations

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

Hannah Brissenden

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2 May 2019

[1] DCC, Draft DCC Internal Business Case Consultation, April, 2019