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MP134A ‘Use of SMKI Certificates relating to a SoLR event’

Annex B

Refinement Consultation responses

About this document

This document contains the full collated responses received to the MP134A Refinement Consultation.

Question 1: Do you agree with the solution put forward?

Question 1				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	No	<p>This solution is not fully developed as the Shared Resource Providers (SRP) obligations are not robustly defined enough to provide sufficient care and protections for the Energy Consumer, compared to those obligations of a Responsible Supplier (set out in the supplier licence). These obligations are in place for Energy Suppliers to ensure a well-functioning market, retain Energy Consumer trust and protection, and are also there as a mechanism/vehicle for which the regulator can investigate and/or enforce any breaches.</p>	<p>SECAS and the Proposer disagree that this solution is not fully developed. This issue has been the subject of a SECAS project for over a year and has been discussed and the Proposed Solution has been discussed and supported at both Panel, the Security Sub-Committee (SSC) and the Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA). The business need is strongly supported by Citizens Advice. Ofgem are also supportive. We will update the Modification Report to include the references to these documents and meetings to ensure the full history is documented for clarity.</p> <p>We understand the point about Shared Resource Providers not having the same obligations or capability to service consumers as Licences Suppliers. However, when a Supplier makes a disorderly exit from the market, until a SoLR is appointed and onboards those</p>

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Question 1				
Respondent	Category	Response	Rationale	SECAS Response
			<p>Without these robust obligations, Utilita are not convinced that Energy Consumers are protected to the same degree, meaning for a period of time under this mod proposal, Energy Consumers would be subject to less stringent protections during a period of uncertainty (having had their chosen Energy Supplier experience a SoLR).</p> <p>Suppliers have already expressed concerns over the MP134B solution particularly with the SRP, therefore the justification for a similar solution to be considered as a short-term option remains unclear.</p>	<p>consumers which could take weeks, the consumers are not being serviced by ANY organisation and the SRP is the only organisation that has the ability to communicate with those Devices to ensure consumer remain on supply.</p> <p>The responsibility for Energy Consumers will not be changing therefore they will not be any better or worse off in terms of protection but will in terms of safety and security of supply. If the SoLR has been appointed the consumers will be protected as they will be the responsibility of the SoLR but that is the case with or without this modification.</p> <p>One Supplier offered their opinion at the Working Group that they did not believe the MP134B solution would provide sufficient consumer service. This was not supported by other Suppliers and did not appear to be a majority view. However, we would re-iterate the point made above that the reason for these modifications is not for the SRP to offer a 'service' to the</p>

Question 1				
Respondent	Category	Response	Rationale	SECAS Response
			<p>A solution should have been in place before the DCC went live, but instead, this proposed solution is only being examined (with reference to it being 'urgent') 3 years later. It is important that we are not rushing to find a 'quick fix' just because this should have been delivered several years ago.</p> <p>There does not appear to be a justifiable change to the risks of the energy retail market presented in this mod proposal, to justify this mod being pushed for implementation in Summer 2021.</p> <p>We recognise the need to work on a solution and welcome consideration of other solutions. Discussing the below ideas could trigger thoughts about other options which could be developed, and challenges worked through:</p> <ul style="list-style-type: none"> • Concept of fully licensed SoLR Supplier, perhaps via amended Energy Supply Licence Conditions • A Licensed Supplier with ringfenced SoLR duties only such that they cannot participate in the market other than fully licensed SoLR Supplier, for example, this could be achieved through existing Large suppliers. 	<p>consumer but to simply offer a way to send an 'emergency' message to the PPM consumers Devices to ensure they do not lose supply during the transfer period.</p> <p>As stated, this issue has been the subject of an investigation for over a year. The reason for setting the implementation date as an ad-hoc Release is simply to ensure this mechanism is in place before the start of the next winter period (generally considered as 31st October) for the protection of consumers. (The next scheduled SEC Release would be November 2021)</p> <p>Thank you for your suggestions, however, these are longer term solutions. We would be happy to discuss these under MP134B. MP134A is designed to be an immediate, short term solution.</p>

Question 1				
Respondent	Category	Response	Rationale	SECAS Response
			<ul style="list-style-type: none"> An administrator role which is fully licensed as a SoLR Supplier perhaps An administration role undertaken by Ofgem or a regulated body (not market participant like Supplier), akin to the Special Administration provisions in the licence <p>Obliging the 'Old Supplier' to put the customers into a non-disconnect period and get meter reads as part of the Ofgem living will package of obligations introduced in Dec 2020.</p> <p>This modification needs to be in the best interest of Prepayment Energy Consumers. As it stands, there is a risk of customers being managed by an unlicensed/unregulated and inexperienced Shared Resource Provider (SRP) without having made that choice, during a time of high uncertainty as their chosen Supplier stops operating. There is a risk of Prepayment Energy Consumers accruing unnecessary debt and added stress through this process.</p> <p>We must ensure the solution is, on balance, a better outcome for Energy Consumers than the current situation (without the solution) or the potential risks posed by the introduction of this modification. We, therefore, believe this modification should be sent back for more</p>	<p>We would hope that the failing Supplier would take these actions as per the Ofgem Customer Supply Continuity Plan.</p> <p>It is not the intention of this modification that the consumers are 'managed' by the SRPs but that the SRPs in this particular circumstance and on the instruction of Ofgem can issue a simple Service Request to ensure consumers are not at risk of losing supply during a short transitional period.</p> <p>The Proposer, the Panel, SSC and SMKI PMA all believe that this is a better</p>

Question 1				
Respondent	Category	Response	Rationale	SECAS Response
			development, and further review the options highlighted above.	outcome for Energy Consumers (specifically Prepayment consumers).

Question 2: Will there be any impact on your organisation to implement MP134A?

Question 2				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	Yes	<p>Although all energy suppliers are taking over an unknown situation when acquiring a SoLR, this solution adds complexity to the process – instead of taking over from a failed supplier, in effect, the gaining supplier is taking over from an unlicensed entity.</p> <p>This solution is likely to result in the need for further debt management processes to be in place for the affected Energy Consumers; and may drive Energy Consumer contact during the SoLR process.</p>	<p>This is not the case. The failed Supplier will still be the 'Responsible Supplier'. This modification does not transfer any of the obligations on to the SRP.</p> <p>We believe this would be limited due to the number of PPM consumers likely to be affected and the length of time of the on-boarding by the SoLR. The continuity of consumers' energy supply is the main concern of this modification.</p> <p>It would be the decision of the new Supplier (the SoLR) to reclaim any consumer incurred debt once the consumer had been on-boarded.</p>

Question 3: Will your organisation incur any costs in implementing MP134A?

Question 3				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	Yes	For the reason highlighted in Question 2.	See responses above

Question 4: Do you believe that MP134A would better facilitate the General SEC Objectives?

Question 4				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	Overall, No	<p>While the overarching aim of this Modification is to better facilitate SEC Objective A so that Prepayment Energy Consumers remain operational, there remains too great a risk that by using the SRP to move Energy Consumers to a non-disablement calendar:</p> <ul style="list-style-type: none"> • There are inefficient provisions for Energy Consumers; • Energy Consumer protections are reduced; and <p>The impacts this may have on the overall energy retail market with increased contact to Energy Suppliers driven potentially by increased uncertainty which in turn, drives costs and reduces trust in the market.</p>	See responses above

Question 5: Noting the costs and benefits of this modification, do you believe MP134A should be approved?

Question 5				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	No	While we welcome work toward a solution, we have concerns that SRPs are not best placed to manage any Services Requests to the Energy Consumer.	See responses above

Question 6: How long from the point of approval would your organisation need to implement MP134A?

Question 6				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	NA	NA	-

Question 7: Do you agree with the proposed implementation approach?

Question 7				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	-	<p>As mentioned in question 1, we are unsure why this modification is only being progressed at this late stage and is then expected/targeted for release in summer 2021. This rush should not be necessary, and if there is a reason, should be explained and justified.</p> <p>Rushing this mod to implementation places a number of risks on consumers as set out already. We also question the rationale for the urgency of this modification – what evidence is there that the SoLR process will be required so soon? Ofgem's price caps are set at a level which enable suppliers to operate profitably.</p>	See responses above

Question 8: Do you agree that the legal text will deliver MP134A?

Question 8				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	No	<p>From May 2021's Working Group (slide 6), MP134A was said to only be about including the legal text to allow for the continuation of SMKI Certificates month by month. On review of the legal text and proposed solution in the MP134A's refinement consultation, it includes the foundations of MP134B legal changes to enable SRP (SEC Section L16.3 - L16.5), which we can not support.</p> <p>If A and B are following the SEC Modification process and being treated as two modifications, the legal text to enable each one should be presented discretely to avoid a situation whereby one is accepted, the other rejected, yet the legal text for the rejected is accepted.</p>	<p>This text was drafted by the SEC Lawyer to enable the intent of MP134A. MP134B was not considered during the drafting of this text. L16.3 and 16.4 obligate the SRP to send the appropriate SRV as instructed by the Authority as quickly as practicable. L16.5 allows the SRP to use the SMKI Certificates in the manner described and amend the Anomaly Detection Thresholds (ADTs) to allow this to happen but limits this ability to what has been instructed by Ofgem. L16.5 b has been included to allow the authority some flexibility in their instruction. It was felt that limiting the instruction to the non-disablement calendar was too rigid and may not allow for other circumstances which would be individual to the failed Supplier.</p>

Question 9: Do you believe there will be any impacts on or benefits to consumers if MP134A is implemented?

Question 9				
Respondent	Category	Response	Rationale	SECAS Response
Utilita	Large Supplier	Yes	See Q 1 + 4	See responses above

Question 10: Please provide any further comments you may have

Question 10			
Respondent	Category	Comments	SECAS Response
Utilita	Large Supplier	-	-