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## Smarter Markets Project Update

### 1. Purpose

The SEC, along with other Codes, are providing resource support for Ofgem's Faster Switching Programme. This paper provides SEC 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.

### 2. Ofgem 2018 Decision and Consultation Document Published

On 15 October 2018, Ofgem published the "*Switching Programme: Regulation and Governance – way forward and statutory consultation on licence modifications*". The document sets out the:

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

In terms of implementation timelines, Ofgem envisages the REC V1 along with licence changes, to come into effect in January 2019. The objective of REC V1 is to strengthen governance for the DBT phase of the Programme. Ofgem proposes to establish a nominations committee that would appoint the members for the interim RECCo Board to ensure this governance body is in place for April 2019. Accession, invoicing and any changes to designated REC V1 and draft REC V2 content would be managed by Ofgem.

Where possible, Ofgem envisages the full REC drafting to have been completed by March 2019. A summary of the consultation and a draft response that may be of interest to SEC Panel and SEC parties, have been captured in SECP\_62\_0911\_02 which will be presented for discussion.

The deadline for consultation responses is 16 November 2018.

<sup>1</sup> Ofgem, "[\*Switching Programme: Proposed Modifications to Regulation and Governance\*](#)", June 2018

### 3. Joint Industry Plan (JIP)

On 18 October 2018, Ofgem held a planning meeting with existing Code SMEs involved in the Regulatory Design Team. The meeting invite was also extended to other Code Administrators that would be impacted by the new arrangements.

At the meeting, Ofgem provided an update on its proposals for:

- developing the Significant Code Review (SCR) modifications; and
- an updated draft plan for developing the remaining REC V2 and REC V3 content.

The Gemserv SMEs attending the meeting stressed the need to ensure that the relevant parties' interests are represented by the relevant Code SMEs, in particular, for those deliverables where there will be a harmonised approach and where input from all affected codes is essential.

Ofgem's updated draft plan will require parallel development of REC V2 and V3 content along with development of SCR modifications. It is currently anticipated that existing codes will have undertaken an impact assessment by end of 2018 and draft SCR modifications completed by March 2019.

### 4. Consequential SEC Changes

Ofgem has begun contacting Code Panels and their administrators to prompt reviews by Codes to determine the likely consequential impacts on their codes (if any). SEC SMEs have begun discussing such a review with Ofgem. Ofgem has published a new version of the Switching Programme plan (September 2018) and expects the necessary changes to existing codes to be completed by March 2019.

SEC SME's continue to contribute to identifying and analysing the consequential changes that will be required due to the design of the CSS system and interfaces.

### 5. Working Support to Ofgem

By far the largest effort this month has been on drafting and reviewing the REC content ahead of the latest (October) Ofgem Faster Switching Programme Consultation, ensuing the publication of the consultation and the drafting of a response on behalf of SECCo.

In line with the effort as set out above, a total of 5.27 days has been expended on the project by the SECAS SMEs.

### 6. Recommendations

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

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**2 November 2018**