RETAIL ENERGY CODE

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01	Proposal Plan
02	Impact Assessment
03	Consultation
04	**Final Recommendation**

CHANGE REPORT

R0105 – REVIEW OF ONAGE SLAS

DOCUMENT VERSION	V2.0
PROPOSED IMPLEMENTATION DATE	N/A
IMPLEMENTATION APPROACH	N/A

RESPONSIBLE COMMITTEE	METERING EXPERT PANEL	**CHANGE PATH**	SELF-GOVERNANCE
PRIORITY STATUS	LOW	**URGENCY**	STANDARD
IMPACTED STAKEHOLDERS	MAMs, Gas Suppliers		

LEAD ANALYST (SOLUTION LEAD)
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OVERVIEW

Schedule 14 – Metering Operations sets a Service Level Agreement (SLA) of 2WDs for Metering Equipment Managers (MEMs) to respond to the ONAGE Market Message, which is sent from the Supplier to request de-appointment. This change seeks to review this SLA in light of Faster Switching.

RESPONSIBLE COMMITTEE DECISION

On 11 September 2024, in line with the Code Manager recommendation, the REC Metering Expert Panel voted to:

- **REJECT** the proposed change solution.

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BACKGROUND

1 SUMMARY

Schedule 14 – Metering Operations sets out the arrangements for the de-appointment of a Metering Equipment Manager (MEM), and the subsequent appointment of a MEM. The schedule sets out the different scenarios in which this might occur, such as a change of supply with a concurrent change of MEM, or a change of supply with no change of MEM. The change in appointment status request is sent from the Supplier to the MEM in the form of the ONAGE Market Message (MM40013) – With two Scenario Variants, one for de-appointment (SV40033) and one for appointment (SV40032).

For most de-appointment/appointment scenarios, once the MEM has received the ONAGE to notify them of their change of appointment status, they have two working days (WDs) to respond. This response is sent via an RNAGE – A scenario variant of the generic Response Market Message (MM40020). Schedule 14 attached the 2WD SLA to the RNAGE – The MEM must acknowledge the ONAGE via the RNAGE within this time limit. During a Change of Supply with a concurrent change of MEM, this message/response pair will occur twice – The Losing MEM will receive an ONAGE to de-appoint them, and the gaining MEM will receive an ONAGE to appoint them. In both cases, the 2WD SLA applies.

As a result of the Faster Switching programme, Switches currently take place in 5WDs, and in the future, the industry will ultimately move towards next day switching. Whilst many other switching SLAs have been reduced as a result of the Faster Switching programme, the ONAGE response SLA has remained the same. In order to align with the reduction in the timescale of the Switching process, it may be necessary to review these ONAGE SLAs.

2 PROBLEM STATEMENT

Current ONAGE SLAs may no longer be proportionate to the length of the Switching process as a result of the Faster Switching programme. Lengthier ONAGE SLAs relative to the timescale of the switching process may result in Consumers being left without a MEM during the switch process. The proposer has asked the Code Manager to conduct a review of the ONAGE SLAs to explore whether these SLAs are still appropriate, and therefore ensure that Consumers are subject to any detriment.

3 IMPACTS

CONSUMERS
Gas Consumers

REC SERVICE PROVIDERS
N/A

RECCO / REC CODE MANAGER
N/A

REC PARTIES AND SERVICE USERS
Gas Supplier
MAMs

REC DOCUMENTS / PRODUCTS
Schedule 14 – Metering Operations

Gas Consumers will be minimally impacted. The Code Manager will ensure that during solution analysis and development, Consumers are considered, and that any change to the ONAGE SLA will not directly or indirectly result in any detrimental impact on MEM coverage during a Consumer's Switch journey.

Gas MEMs will be directly impacted by this Change. Should the Code Manager consider any reduction in the ONAGE SLA as part of a proposed solution, this will translate into changes to operational processes for MEMs. This will likely manifest as changes in ways of working to accommodate different ONAGE response times, and associated costs resulting from the aforementioned changes.

Gas Suppliers can expect minimal impact; as the Party who initiates the de-appointment/appointment process and being the originator of the ONAGE, their impact will be incidental and indirect.

The Code Manager expects that the only affected REC Document/Product will be Schedule 14 – Metering Operations. This is where the ONAGE SLA is captured, in Sections 9.5. 10.5, 11.6 and 12.5. The Code Manager does not expect any impact on the ONAGE or RNAGE Market Messages themselves within the Data Specification, as the structure or function of the Market Message is not changing, only it's utilisation.

4 CROSS CODE IMPACTS

The Code Manager does not expect there to be any cross-code impacts.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**16-Apr-24**	**26-Jul-24**
	Solution Analysis and Development	16-Apr-24	28-Jun-24
	Party Impact Assessment	04-Jul-24	26-Jul-24
Change Proposal		**08-Aug-24**	**04-Sep-24**
	Preliminary Change Report and Consultation Issued	08-Aug-24	08-Aug-24
	Consultation	08-Aug-24	30-Aug-24
	Final Change Report Issued	04-Sep-24	04-Sep-24
Voting		**11-Sep-24**	**25-Sep-24**
	Responsible Committee Decision	11-Sep-24	11-Sep-24
	Appeal Window Closure	25-Sep-24	25-Sep-24

6 STAKEHOLDER ENGAGEMENT

The Code Manager plans to work closely with the REC MEP in its capacity as a "Critical Friend". The Code Manager sought advice from the MEP in their April meeting on certain elements of Solution design. The Code Manager may also seek similar advice as the Change progresses on an ad-hoc basis.

7 PRIORITY STATUS AND URGENCY

PRIORITISATION MATRIX

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Direct	1	27	27
	Retail Markets Impact	Retail Risk(s)	1	17	17
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	0	7	0
		Legal and Regulatory Compliance	1	14	14
Resource	Complexity / Effort / Duration		2	9	18
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		1	17	8
	Contribution to/ Alignment with RECCo's Forward Work Plan		0		0
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity	0	10	0
				Overall Priority Score (rounded)	84

Priority Score	Priority Status
171 and above	Critical
151 to 170	High
101 to 150	Medium
0 to 100	Low

Priority Status	LOW
Change Proposal Type	STANDARD

Urgent Change Proposals meet the Criteria for Urgency as set out by Ofgem

This Change has a priority status of Low, based on a score of 84. This score has been calculated as follows:

- Direct Consumer Impact has been ranked at 1, meaning Minor Impact/Improvement. The Code Manager is keen to ensure that the outcome of a review into ONAGE SLAs will not result in any change to Consumer Metering Asset arrangements. As such, the direct impact on Consumers as a result of such a review is likely to be minor.
- Retail Market Impact – Retail Risk(s) has been ranked at 1, meaning Minor Impact/Improvement. A review of the ONAGE SLA that results in a reduction may introduce efficiencies into the switching process by reducing the MEM de-appointment/appointment timescale.
- Legal & Regulatory Compliance has been ranked at 1, meaning Minor Impact/Improvement. This is because this Change plans to review an SLA surrounding a regulatory obligation for a REC Party (MEMs), and therefore any change to such an SLA is likely to impact the regulatory compliance framework around that SLA.
- Strategic Alignment with REC Objectives has been ranked at 1, meaning Minor Impact/Improvement. A reduction in the ONAGE SLA following a review, if implemented, would represent a minor efficiency saving for REC Parties, and across the market more widely.

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SOLUTION

8 SUMMARY OF ANALYSIS UNDERTAKEN & PROPOSED SOLUTION

Following a review of the ONAGE SLA, the Code Manager is minded not to reduce the existing ONAGE SLA in Schedule 14 – Metering Operations, and to retain it at 2WDs, as it is currently. This decision has been based on engagement the Code Manager has had with various parties, including the REC Metering Expert Panel (in their role as a critical friend to the Code Manager), legal counsel, ad-hoc discussions with industry experts and Code Manager Subject Matter Experts (SME's).

Whilst the Code Manager acknowledges that there would be benefits for Metering Asset Managers (MAMs) in an ONAGE reduction, on balance we expect that the regulatory and operational complexity of lowering the ONAGE SLA would likely outweigh these benefits.

Operational Complexity

- From our conversations, we would expect that whilst larger MAMs would be able to adapt to an ONAGE reduction with relative ease, smaller MAMs may struggle to make this change. As larger MAMs have more resource and therefore more capability for automation of ONAGE response, we would expect that they would be able to adapt to a reduction in a way that a smaller MAM might not. We've been told that smaller MAMs value the current 2WD SLA as it allows them time to respond, and that an SLA reduction might create undue operational pressures.
- The ONAGE 2WD SLA already allows time for a next-day appointment. Whilst there is a 2WD SLA to respond to the ONAGE, there is capacity inside that to accept an appointment on D+1, whilst then responding to that appointment on D+2. As such, some of the functionality that a MAM might gain by having a reduced ONAGE SLA (greater agility in terms of response to changes of appointment status) are already present in the existing functionality of the Market Message.

Regulatory Complexity

- During conversations with the REC Metering Expert Panel at their April meeting, it was highlighted that a reduction in the ONAGE SLA might have unintended impacts on other existing processes, such as the requirement for MAMs to notify work conducted as per their obligations under the Connections and Disconnections (C&D) notices. Whilst the Code Manager did consult with legal counsel on this specific interaction and determined that there wouldn't be a legal impediment to an ONAGE reduction, the Code Manager does still acknowledge that a reduction in the SLA would likely have implications for these other existing obligations, which must be considered. On balance, the Code Manager has determined that any benefit associated with the ONAGE SLA reduction would be unlikely to justify the substantial potential increase in regulatory complexity required to facilitate the reduction.

9 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

9.1 SERVICE PROVIDER IMPACT ASSESSMENTS

The Code Manager has not conducted a service provider impact assessment.

9.2 REC PARTY IMPACT ASSESSMENTS

The Code Manager conducted a 15WD REC Party impact assessment between 04 July and 26 July. Three responses were received, two from MEMs and one from a Supplier. All three respondents agreed with the Code Managers position that an ONAGE SLA reduction is not feasible.

10 RISKS, ISSUES, ASSUMPTIONS AND DEPENDENCIES

The Code Manager has not identified any Risks, Assumptions, Issues or Dependencies at this stage.

11 COST BENEFIT ANALYSIS

11.1 COST BENEFIT ANALYSIS

As the Code Manager is not proposing a solution that involves any change to REC Products or Services, there are no costs associated with this Change, and therefore a cost benefit analysis is redundant.

12 CASE FOR CHANGE

SELF-GOVERNANCE

As no changes are being proposed to REC Products or Services, there is no case for change for an ONAGE SLA reduction.

13 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 08 August 2024 to obtain views on the Preliminary Change report (found here). In total three responses were received, from one Supplier and two MEMs. The key themes from these responses have been summarised and set out below.

13.1 SUMMARY OF RESPONSES

13.1.1 COMMENTS ON THE SOLUTION AND PROPOSED LEGAL TEXT

All respondents supported the Code Manager's position and agreed that it would not be appropriate to reduce the ONAGE SLA.

13.1.2 BENEFITS RELATIVE TO IMPLEMENTATION AND OPERATIONAL COSTS

One respondent raised the point that whilst there would have been some identifiable benefits associated with an ONAGE reduction SLA, these are outweighed by the increased operational complexity of such a reduction. As such, they have agreed with the Code Manager's assessment outlined in Section 8 of this document. Whilst there were no other explicit comments from respondents on operational benefits, the general tone of all responses supports the Code Manager's position that the Change Proposal should be rejected.

13.1.3 CASE FOR CHANGE AND CODE MANAGER'S RECOMMENDATION

All respondents agreed with the Code Manager's assessment that an ONAGE reduction would not constitute a case for change, and therefore agreed with our recommendation that the Change Proposal be rejected.

13.1.4 IMPLEMENTATION APPROACH AND DATE

N/A – The Code Manager did not consult on the implementation approach as there isn't one.

14 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

The Code Manager has not made any changes to our approach vis-à-vis retention of the existing ONAGE SLA as a result of the Consultation responses. In contrast, these responses have substantiated the Code Manager's position that it would not appropriate to reduce the ONAGE SLA below the current 2WDs.

15 APPENDIX

CHANGE PROPOSAL	Link
CONSOLIDATED IMPACT ASSESSMENT RESPONSES	Link
CONSOLIDATED CONSULTATION RESPONSES	Link

16 GLOSSARY

TERM	DEFINITION
Appointed	means, in respect of a Supplier Agent and for a particular RMP, that the Supplier Agent is recorded against that RMP under this Code (or the BSC or UNC, as applicable); or, in respect of a period of time, that the Supplier Agent is or was so recorded during that period. "Appoint" and "Appointment" shall be interpreted accordingly.
Faster Switching*	means proposals to introduce a new dual-fuel code which would contain transitional rules for the implementation of the Faster, More Reliable Switching Programme.
Gas Supplier	means a person holding a Gas Supply Licence
Market Message	means a structured communication sent between two Market Participants in the form and with the content required (and as otherwise specified) by the Data Specification.
Metering Equipment Manager	means, as applicable, either: (a) for electricity, the 'Meter Operator Agent' (as defined in the BSC) Appointed by an Electricity Supplier; or (b) for gas, the 'Meter Asset Manager' (as defined in the UNC) Appointed by the Gas Supplier.
Scenario Variant*	means the permissible options available for a given Market Message and defines particular options and flow structures depending on who the source and target recipients for the message are.
Service Level Agreement*	means an agreement between a service provider and a customer. Particular aspects of the service – quality, availability, responsibilities – are agreed between the service provider and the service user.
Switch	means a change to the Registered Supplier for an RMP.

* - Term not found in Schedule 1 – Interpretations & Definitions. Definition provided by the Code Manager instead.