RETAIL ENERGY CODE

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

# CHANGE REPORT

## R0170 – WITHDRAWAL OF SERVICE TERMINATION ISSUE REPORTING GUIDANCE (STIRG) FROM REC GOVERNANCE

| | |
|---|---|
| **DOCUMENT VERSION** | V1.0 |
| **PROPOSED IMPLEMENTATION DATE** | N/A |
| **IMPLEMENTATION APPROACH** | N/A |

| | | | |
|---|---|---|---|
| **RESPONSIBLE COMMITTEE** | CHANGE PANEL | **CHANGE PATH** | SELF-GOVERNANCE |
| **PRIORITY STATUS** | LOW | **URGENCY** | STANDARD |
| **IMPACTED STAKEHOLDERS** | DNOs, Electricity MEMs, Energy Suppliers | | |

| LEAD ANALYST (SOLUTION LEAD) | SUBJECT MATTER EXPERT |
|---|---|
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### OVERVIEW

The current governance for the Guidance for Service Termination Issue Reporting (STIRG) document may be unsuitable, and it should be removed from the REC into the Energy Networks Association (ENA) governance

## CODE MANAGER MINDED TO POSITION

The Code Manager's minded to position is that the Change Panel:

- **REJECT** the proposed change solution.

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# BACKGROUND

## 1 SUMMARY

Following the feedback received after the rejection of R0145 - Service Termination Issue Reporting (Change to Category 2 document), the Code Manager has reviewed whether the REC is the correct place for the STIRG document to sit. A lot of Parties and Metering Expert Panel (MEP) members fed back that they felt the correct place for the STIRG to sit is within the ENA rather than the REC.

This change has been raised by the ENA, to move the STIRG from REC governance to ENA. This is on the provision that any changes made to the STIRG must be reviewed by the MEP before they are binding under the REC.

## 2 PROBLEM STATEMENT

The issues surrounding the status of the STIR Guidance document is impacting on the ability of involved Parties to review and update the guidance.

## 3 IMPACTS

| CONSUMERS |
|---|
| No impact |
| |
| |

| REC DOCUMENTS / PRODUCTS |
|---|
| REC Baseline Statement |
| Metering Expert Panel Terms of Reference |
| Schedule 1 – Interpretations and Definitions |

| REC PARTIES AND SERVICE USERS |
|---|
| Electricity MEMs |
| DNOs |
| Energy Suppliers |

| MHHS DESIGN |
|---|
| No impact |

| MHHS DATA SPECIFICATION |
|---|
| No impact |

| MHHS CODE DRAFTING |
|---|
| No impact |

## 4 CROSS CODE IMPACTS

There are no direct cross code impacts associated with this change, but it has been raised at the Cross Code Steering Group (CCSG) for DCUSA awareness.

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## 5 PROPOSAL PLAN

| Milestone | Activity | From | To |
|---|---|---|---|
| **Definition** | | **21-Jun-24** | **12-Jul-24** |
| | Party Impact Assessment | 21-Jun-24 | 12-Jul-24 |
| **Change Proposal** | | **15-Jul-24** | **30-Sep-24** |
| | Responsible Committee Review | 06-Aug-24 | 06-Aug-24 |
| | Consultation | 09-Aug-24 | 02-Sept-24 |
| | Final Determination | 20-Sept-24 | 20-Sept-24 |
| **Voting** | | **01-Oct-24** | **01-Oct-24** |
| | Appeal Window Closure | 15-Oct-24 | 15-Oct-24 |

## 6 PRIORITY STATUS AND URGENCY

### PRIORITISATION MATRIX

| Category | Significance / Resource impacts / Urgency | Further selection / breakdown | Score (0-3) | Weighting | Weighted Score |
|---|---|---|---|---|---|
| **Impacts** | Consumer Impact | Indirect | 0 | 27 | 0 |
| | Retail Markets Impact | Innovation and Market Arrangements | 2 | 17 | 33 |
| | RECCo / REC Party / REC Service Provider Impact | Operational Effectiveness and Efficiencies | 2 | 7 | 13 |
| | | Legal and Regulatory Compliance | 3 | 14 | 43 |
| **Resource** | Complexity / Effort / Duration | | 1 | 9 | 9 |
| **Strategic Alignment** | Contribution to/ Alignment with the objectives of the REC | | 0 | 17 | 0 |
| | 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)** | 98 |

| | |
|---|---|
| **Priority Status** | LOW |
| **Change Proposal Type** | STANDARD |

# SOLUTION

## 7 PROPOSED SOLUTION

This change proposes to remove the STIRG document from REC Governance and place it under ENA governance. This will be achieved by:

- Removing the STIRG document from the REC Baseline Statement;
- Revising the definition of STIRG and ENA in Schedule 1 – Interpretations and Definitions to state that the STIRG is only legally binding under the REC if ENA have had the document reviewed by the REC MEP; and
- Update the MEP Terms of Reference to include this review of the STIRG document in their responsibilities.

The proposed legal text specifically states that the MEP is only required to review changes made to the STIRG document and does not require the MEP to approve them.

## 8 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0170 can be found here.

# PRELIMINARY ASSESSMENT

## 9 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

### 9.1.1 SERVICE PROVIDER IMPACT ASSESSMENTS

No Service Provider impact assessments were required as part of this change.

### 9.1.2 REC PARTY IMPACT ASSESSMENTS

A Party impact assessment was conducted from 28 June 2024 to 12 July 2024, requesting feedback from DNOs, electricity MEMs and Energy Suppliers. A total of 12 responses were received, one of which was anonymous and one of which was confidential.

Respondents included the Energy Networks Association, the Association of Meter Operators (AMO), 3 Energy Suppliers, 3 MEMs and 4 DNOs.

The non-confidential responses have been published on the REC Portal, here.

| | |
|---|---|
| **DISTRIBUTION NETWORK OPERATORS (PLUS THE ENA)** | • The ENA and DNOs were in favour of the change.<br>• The ENA and 2 DNOs suggested updates to the legal text to make it clearer that the MEP has no right of approval of the STIRG document.<br>• DNOs and the ENA are confident they can continue to work collaboratively with MEMs to make improvements to the STIRG document and believe this process may be faster under ENA governance than under REC governance.<br>• The ENA has confirmed this change would have an administrative cost to them which they are willing to absorb. |
| **ELECTRICITY MEMS (PLUS THE AMO)** | • The AMO and MEMs were not in favour of the change.<br>• They highlighted risks associated to the move to ENA governance, the largest of which was the loss of voting rights for MEMs and Energy Suppliers on the STIRG document (which would affect these Parties and could cause adverse effects to their business if changes were made without their consultation).<br>• A risk was highlighted concerning how Parties could incur unforeseen costs for training, tooling, resourcing etc. depending on changes made to STIRG by the ENA.<br>• They also highlighted the lack of ability to raise changes under the ENA, and lack of appeals process for changes they disagreed with.<br>• They feel this change would remove the joint approach to review and voting that occurred while this document was held under MOCoPA and continues under the REC.<br>• A risk was raised by the AMO that the STIRG document could become out of sync between the ENA and REC if it is not reviewed by the MEP, creating extra risk within the industry. |

| | |
|---|---|
| **ENERGY SUPPLIERS** | • 1 Energy Supplier was supportive of the change, whilst 2 further Energy Suppliers expressed that they were not in favour of the change.<br>• 1 Supplier noted they would only be supportive of the change if the REC MEP had the right to approve (not just review) changes, so the Code Manager is counting this as being against the change in its current form.<br>• The 2 Suppliers not in favour highlighted similar risks to MEMs about the lack of voting rights or right of appeal for other Parties if the document was moved under ENA. One specifically called out that the STIRG being held by the ENA, which is exclusive to Energy Networks, may be a conflict of interest when they are not the only Party that would be affected by changes to the document. |

## 10 KEY RISKS ISSUES ASSUMPTIONS AND DEPENDENCIES

### 10.1.1 ASSUMPTIONS AND DEPENDENCIES

| NO. | ASSUMPTION | NOTES | HOW/WHEN TO VALIDATE |
|---|---|---|---|
| R0170.CPP.A001 | The ENA will be ready to start hosting the STIRG document from the same day it is withdrawn from the REC. | | ENA are the Proposer so the Code Manager will keep in close contact with them to ensure there are no days when the STIRG document is not available. |

## 11 BUSINESS CASE ASSESSMENT

### 11.1.1 COSTS

No immediate costs have been identified to the REC or REC Parties from the implementation of this Change Proposal. The ENA have confirmed there would be an administrative cost to them that they are willing to absorb. There may also be other unforeseen costs to MEMs or Energy Suppliers (for example to assist with training, tooling or resourcing) depending on what changes are made to the STIRG document under ENA governance.

Risks have been raised that moving the STIRG document to ENA governance means the loss of voting rights for electricity MEMs and Energy Suppliers, both of whom are also directly and indirectly impacted by this document. It would also see these Parties unable to propose changes to this document without approaching a DNO to raise them on their behalf, and the loss of an appeals process for changes they disagreed with.

### 11.1.2 BENEFITS

| INTANGIBLE BENEFITS | BENEFITS DESCRIPTION |
|---|---|
| **FASTER CHANGE PROCESS** | As the ENA does not have a defined Change Process, there is the potential for changes to the STIRG document to be processed faster than under the REC (although they will need to align with the monthly MEP meeting for their review). |
| **ENHANCED DNO CONTROL OVER THE STIRG DOCUMENT** | This change was raised because DNOs want more control over the STIRG document, as it primarily refers to assets under their ownership. The solution for this Change Proposal does achieve this. |

### 11.1.3 COST BENEFIT ANALYIS SUMMARY

While there are no immediate costs to the REC or REC Parties identified for the implementation of this change, the Code Manager does not believe the benefits outweigh the risks associated with this solution.

In summary, the benefits are that the move to ENA could provide a faster change process for any changes that need to be made to the STIRG document and provide DNOs with more control over a document which primarily refers to assets under their ownership. However, any changes would still need to be reviewed by the REC MEP (which meets monthly) for the changes to be binding under the REC.

The risks associated with the change are the loss of voting rights on the document for electricity MEMs and Energy Suppliers, both of whom are potentially affected by any changes made to the STIRG document. Although this change does include legal text to say the document must be reviewed by MEP for it to be binding under the REC, Parties have identified that if the MEP or any REC Party disagree with the change, it may still be progressed. These Parties have also identified there is no way for them to directly raise changes to the document without approaching a DNO to do so on their behalf. Lastly, there is also the loss of an appeals process to the Authority.

## 12 CASE FOR CHANGE

The Code Manager does not consider there to be a robust positive case for change.

This change was known to have differing opinions among Parties when it was raised, and the Code Manager has used the Party Impact Assessment to gather as many of these opinions as possible. It is clear there is no single solution which equally benefits all Parties.

Keeping the STIRG document within REC governance ensures that DNOs, electricity MEMs and Energy Suppliers are all able to raise changes to the document, have voting rights via their MEP representative, and have the right to appeal any change (rejected or approved) to the Authority if they disagree with the outcome. It also means that the document is subject to a documented change process with clear engagement points under the REC Code Manager, who will act as a neutral body between the various Party types to evaluate and progress any

changes raised. DNOs and MEMs have called out that this document was worked on collaboratively and successfully under the MOCoPA arrangements where both Parties had voting rights, and the Code Manager believes that the REC governance more closely reflects those arrangements than ENA governance would.

The Code Manager also notes that the Change Proposal has no direct link to the REC Objectives, which include the achievements of the mission statement, guaranteeing the protection of Consumers' interests and data, and promoting ongoing efficiency and improvements within the operation of the REC.

At present, the Code Manager is unable to recommend the approval of this Change Proposal due to the risks outlined by Energy Suppliers and electricity MEMs regarding the loss of their voting rights on a document that will affect their organisations, as well as the absence of a clear, documented appeals process. An industry consultation will be issued, and this position will be reviewed upon consultation closure to determine the final Code Manager recommendation.

## 13 APPENDIX

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|---|---|
| **CHANGE PROPOSAL** | Link |
| **LEGAL DRAFTING** | Link |
| **CONSOLIDATED IMPACT ASSESSMENT RESPONSES** | Link |

## 14 GLOSSARY

| TERM | DEFINITION |
|---|---|
| Distribution Connection and Use of System Agreement (DCUSA) | means the agreement of that name maintained pursuant to the Electricity Distribution Licences. |
| Distribution Network Operator (DNO) | means a person holding an Electricity Distribution Licence. |
| Energy Networks Association (ENA) | means Energy Networks Association Limited (Company Number 4832301). |
| Guidance for Service Termination Issue Reporting (STIRG) | means a guide for MEMs on reporting and acting on DNO asset condition issues. |
| Meter Operation Code of Practice Agreement (MOCoPA) | means the electricity metering code of practice that has now been incorporated into the Consolidated Metering Code of Practice (CoMCoP). |
| Metering Equipment Manager (MEM) | means, as applicable, either:<br>(a) for electricity, the 'Meter Operator Agent' (as defined in the BSC) Appointed by an Electricity Supplier; or<br>(b) for gas, the 'Meter Asset Manager' (as defined in the UNC) Appointed by the Gas Supplier. |