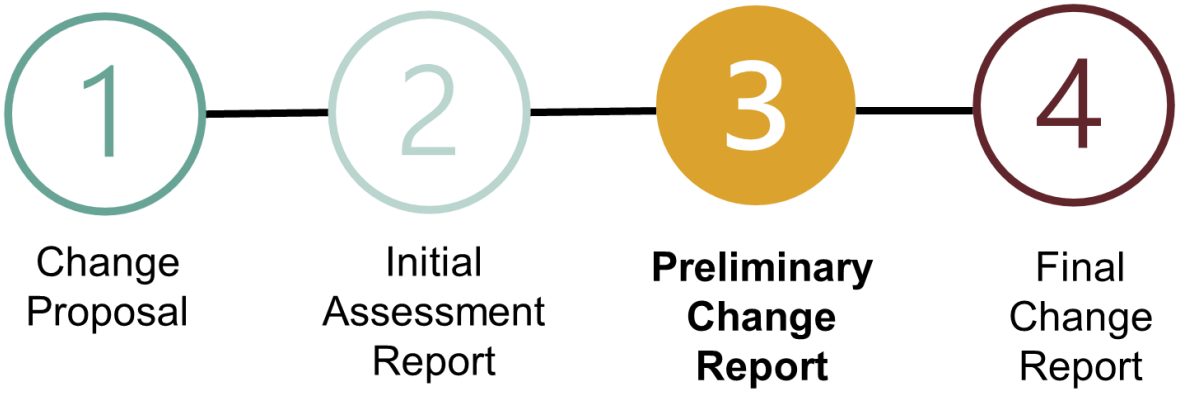
RETAIL ENERGY CODE

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PRELIMINARY CHANGE REPORT



PURPOSE:	The Preliminary Change Report is drafted by the Code Manager when a Change Proposal has a fully formed solution that has been sufficiently assessed to allow a decision to be made on whether this should be approved for implementation. The report includes a summary of the Change Proposal, details of the proposed solution and the Code Manager's view on the case for change and recommendation.
NOTES:	The report sets out the minded-to position, prior to formal consultation, and may be changed when publishing the Final Change Report.
NEXT STEPS:	The Preliminary Change Report will be issued for consultation. Following this, the Code Manager will produce a Final Change Report and the Responsible Committee will make a decision on whether to approve the Change Proposal.

RETAIL ENERGY CODE

01	Initial Assessment Report
02	Preliminary Change Report
03	Final Change Report

PRELIMINARY CHANGE REPORT

R0047 – METERING CODE OF PRACTICE CONSOLIDATION REVIEW

DOCUMENT VERSION	2.1
DATE ISSUED	16/09/2022 (Typographical error corrected 28/09/2022)
DOCUMENT APPROVAL STATUS	APPROVED BY RESPONSIBLE COMMITTEE

RESPONSIBLE COMMITTEE	REC CHANGE PANEL

LEAD ANALYST	SHELLEY ROUSE	EMAIL

CHANGE OVERVIEW

This Change Proposal seeks to consolidate the current Metering Codes of Practice into a single set of arrangements that are simplified, proportionate and relevant, which can be monitored via a single audit scheme.

	High Impact: N/A
	Medium Impact: Energy Suppliers, Meter Equipment Managers (MEMs), Approved Meter Installers (AMIs), Meter Installers (MIs), Distribution Network Operators and Metering Scheme Auditors
	Low Impact: N/A

CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0047 is **APPROVED** for implementation on 01 April 2023.

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BACKGROUND

1 SUMMARY

Prior to the designation of the Retail Energy Code (REC) Version 2.0, on the 01 September 2021, metering activities were covered by five separate Metering Codes of Practice (CoP):

- Approved Meter Installer Code of Practice (AMICoP)
- Meter Asset Manager Code of Practice (MAMCoP)
- Meter Operator Code of Practice Agreement (MOCoPA)
- Automated Meter Reader Service Provider Code of Practice (ASPCoP)
- Smart Meter Installation Code of Practice (SMICoP).

These five CoPs were transitioned into the REC as 4 CoPs on a largely 'as is' basis. The CoPs are now known as:

- Gas Metering Code of Practice (MCoP): This CoP consolidated the metering regimes for AMICoP and MAMCoP;
- Electricity Metering Code of Practice (MOCoP): This CoP replaced MOCoPA;.
- Automated Meter Reading Service Provider Code of Practice (ASPCoP); and
- Smart Metering Installation Schedule (SMICoP).

Each of the current CoPs has a separate scheme auditor that awards accreditation to Meter Equipment Managers (MEMs), Approved Meter Installers and Meter Installers. The four different auditors undertake these activities independently across the different schemes, which may mean that a REC Party may require multiple separate accreditations and audits.

This approach is time consuming and costly, therefore, in line with RECCo's objectives on simplicity and efficiency, RECCo is completing a Metering Code of Practice Consolidation Review[1].

This review has concluded, and the outputs of that review are contained within this change proposal.

2 PROBLEM STATEMENT

The current metering arrangements, with separate Metering Codes of Practice, contains duplication and inefficiencies. There are currently four different auditors that undertake accreditation and audit activities across the different schemes. This could mean that a REC Party may require multiple separate accreditations and site audits, resulting in unnecessary operational impacts and costs.

3 USER STORIES

REF.	USER STORIES
MARKET PARTICIPANT USER STORIES	
M1	As a DNO, MEM, AMI or MI, I want all CoP obligations to be clear and transparent, to ensure all obligations placed upon my organisation and operatives are understood and can be met in the most efficient way.
M2	As a MEM, AMI or MI, I want metering accreditation and audit activity to be streamlined and duplication removed, so that efficiency is increased, and unnecessary costs reduced.
M3	As an Energy Supplier, I want to be confident that my Appointed agents are compliant with all relevant CoP to ensure the safety of my Consumers.
M4	As RECCo, I want the metering scheme accreditation and audit arrangements to be managed and delivered in a cost efficient, effective and consistent approach, to ensure the arrangements deliver against the RECCo strategic aims.

[1] https://www.retailenergycode.co.uk/metering-code-consolidation/

4 SUMMARY OF ANALYSIS UNDERTAKEN

In line with its objectives on simplicity and efficiency, RECCo completed a Metering Code of Practice Consolidation Review. For more information on the review and the work undertaken by RECCo in this area please see the 'Metering Code Consolidation' area of the RECCo website here.

In developing its proposed solution, RECCo worked with the REC Metering Expert Panel (MEP), where they presented their progress, and subsequently, the output of the review and consolidation activity. During this time REC Parties were invited to review and comment on the earlier versions of the consolidated CoP.

At the MEP meeting on 12 July, panel members approved the draft consolidated CoP. This enabled the Code Manager to carry out a wider industry assessment and consultation on the proposed changes. A summary of the review approach undertaken by RECCo is set out below:

Step 1

RECCo developed the 'CoP Project - Guiding Principles' and 'CoP Working Document' as the starting point for their review.

Step 2

Three main documents were created based on journey stages:

- a. CoP Pre-Installation
- b. CoP Installation
- c. CoP Post Installation.

The metering lifecycle was then broken down in to 22 lower-level stages, with each CoP Paragraph being assigned a lower-level stage.

Step 3

Draft documents were created, for initial review by MEP members and were then reviewed by wider interested stakeholders.

The documents created at this stage were:

- 1. CoP Pre-Installation Final Draft v1
- 2a. CoP Installation pt1 Final Draft v1
- 2b. CoP Installation pt2 Final Draft v1
- 3. CoP Post Installation Final Draft v1

Step 4

A total of 12 responses were received and all comments were assessed.

Step 5 and Step 6

Governance and Appendix content was finalised with the creation of the following documents:

- CoP governance
- CoP Appendix

All working documents referenced in steps 1 to 6 can be found on the REC Portal here. These are for information only, to provide a clear view of how the final proposed solution has been developed.

Step 7

The pre-impact assessment drafting of the proposed solution was completed using an Excel version of the obligations set out, which can be found here, and the draft legal text which can be found here.

5 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

5.1 REC PARTY IMPACT ASSESSMENTS

A Party impact assessment was published by the Code Manager on 29 July 2022, inviting REC Parties to provide their responses by 19 August 2022. Seven responses were received from Parties, one from a MEM, two from energy Suppliers and four from Distribution Network Operators. The responses received are contained in the consolidated impact assessment responses document, which can be found on the REC Portal here.

ENERGY SUPPLIERS	• Supportive of the intent of the proposal – to consolidate the existing metering CoPs • Recognise that the proposal does not introduce new obligations and is a consolidation of existing code • Agree that implementation of the proposal will benefit the industry by increasing the efficiency of the process and reducing the number of audits • Questions and clarifications were received on the Legal Text, which have been addressed by RECCo • Respondents agreed that the proposed implementation timeline can be met
DISTRIBUTION NETWORK OPERATORS	• Supportive of the intent of the proposal – to consolidate the existing metering CoPs • Recognise that the proposal does not introduce new obligations and is a consolidation of existing code • Agree that implementation of the proposal will benefit the industry by increasing the efficiency of the process and reducing the number of audits • Questions and clarifications were received on the Legal Text, which have been addressed by RECCo

	• Respondents agreed that the proposed implementation timeline can be met
METERING EQUIPMENT MANAGER	• Supportive of the intent of the proposal – to consolidate the existing metering CoPs • Questions raised around the absence of information relating to the audit process and associated costs, advised that this is not covered by this CP and will be covered by a separate activity currently being progressed by RECCo. • Noted that costs and benefits of this CP could not be fully assessed until the outcome of the RECCo audit activity is known • Agreed that implementation timeframes could be met

6 DELIVERY AGAINST CHANGE PROPOSAL PLAN

	PLANNED	COMPLETED
PARTY IMPACT ASSESSMENT ISSUED	29/07/2022	29/07/2022
PRELIMINARY CHANGE REPORT ISSUED	02/09/2022	02/09/2022

To date all activity has been completed within the planned timescales.

7 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

7.1 RISKS AND ISSUES

No risks or issues have been identified that would affect the progression of the Change Proposal.

7.2 ASSUMPTIONS AND DEPENDENCIES

No.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
A1	No business or technical process of a REC party should be fundamentally impacted following updates to the Consolidated Metering Code of Practice.		Closed – validated through the Impact Assessment
A2	No contracts which reference the prevailing Codes of Practice should require revision or early termination.		The Impact Assessment did not highlight the need for any contract revisions; however this

			will be validated during the Consultation
A3	No new obligations will be introduced through this consolidation review		Closed – validated through the Impact Assessment
A4	Proposed changes are in keeping with the guiding principles of the Metering Code of Practice Consolidation Review Terms of Reference, ensuring the Code protects the needs of the REC party and the energy Consumer.		This will be validated through the Consultation.
A5	New metering arrangements are flexible and can evolve as the REC develops.		This will be validated through the Consultation.
A6	Appendix items in the current CoP, which do not relate to Paragraphs and obligations with the CoP, should not be included in the proposed solution and legal text. The retention of these appendix items will be progressed separately to ensure useful information or guidance is not lost.		The Impact Assessment did not highlight any concerns around those Appendix items not being included in the proposed legal text, however this will be validated during the Consultation

No.	DEPENDENCY	NOTES	STATUS
D1	Procurement of the new single metering scheme auditor to enable the transition to the new arrangement in line with the new scheme year in April 2023		Open

8 PROPOSED SOLUTION

The proposed solution, which seeks to deliver the outcomes of the RECCo review, is to combine the existing 4 metering codes of practice into a single consolidated CoP, simplifying the arrangements and removing duplication:

The solution does not propose to introduce any new obligations but seeks to improve efficiency in the processes. Approval and implementation of this proposal will also facilitate the delivery of a single audit scheme and allow a single audit service provider to be appointed.

The proposed solution has been developed using a number of methods, including existing documentation reviews, highlighting obligation duplications, peer reviews and party feedback.

9 DRAFT LEGAL TEXT

The updated legal text changes to deliver the proposed solution to R0047 can be found here.

10 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	01 April 2023

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

To align with the start of the metering scheme audit year, we propose this change is implemented in an extraordinary REC release on 01 April 2023.

11 CHANGE PATH

CHANGE PATH	SELF-GOVERNANCE

12 RESPONSIBLE COMMITTEE

RESPONSIBLE COMMITTEE	CHANGE PANEL

13 BUSINESS CASE ASSESSMENT

13.1 BENEFITS

	BENEFITS DESCRIPTION
INTANGIBLE BENEFITS	Increased consumer confidence in metering practices
	Improved experience for industry with a simpler & more efficient process

	A single service provider for audits
	A single point of contact and visit for audits
	Consumer benefits including consistent governance rules, consistent protection of consumer data and consistent provisions for vulnerable customers

Although the benefits are not easily quantifiable and measurable, intangible benefits have been identified, which will improve the efficiency of audit arrangements, as well as see a reduction in supplier management of multiple service providers. This Change Proposal is being progressed to simplify the metering arrangement and increase efficiency in line with RECCo's wider objectives.

The current arrangements, with separate Metering Codes of Practice, contains duplication and inefficiencies. There are currently four different auditors that undertake accreditation and audit activities across the different schemes. This may result in a REC Party requiring multiple accreditations and site audits, resulting in unnecessary operational burdens and costs.

The proposed solution will consolidate the four existing codes into a single metering Code of Practice. By removing duplication and creating a more efficient set of documents, it will ensure that parties have clarity and confidence in the governance of metering arrangements in the REC.

14 CASE FOR CHANGE

The Code Manager considers that there is a positive case for change to implement this Change Proposal, on the basis that:

- The proposed solution is fully formed and appropriately resolves the problem statement.
- There are no identified additional costs to the market in implementing the proposed solution.
- A positive business case can be made, as detailed in section 13 of this report.

15 CODE MANAGER'S RECOMMENDATION

Based on the evidence in sections 13 and 14 of this report, the Code Manager considers a positive business case can be made for implementing this solution and recommends that the Change Panel:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 01 April 2023.

16 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report will be published on the REC Portal on 13 September 2022 and will close on 7 October 2022.

Following consultation, the Code Manager will produce an updated version of this Preliminary Change Report (referred to as the Final Change Report). This will include the outcome of the consultation, setting out a summary of the consultation submissions and the Code Manager's response.

The Final Change Report will be issued to the Change Panel to make its determination.

17 APPENDIX

CHANGE PROPOSAL	R0047
LEGAL DRAFTING	Legal Drafting (Redlined and Clean Versions)
CONSOLIDATED IMPACT ASSESSMENT RESPONSES	LINK