RETAIL ENERGY CODE

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

CHANGE REPORT

R0145– SERVICE TERMINATION ISSUE REPORTING (CHANGE TO CATEGORY 2 DOCUMENT)

CHANGE REPORT	FINAL
DOCUMENT VERSION	1.0
ISSUED DATE	14/02/2024
DOCUMENT APPROVAL STATUS	POST-VOTE

RESPONSIBLE COMMITTEE	METERING EXPERT PANEL
PRIORITY STATUS	HIGH

CHANGE PATH	SELF GOVERNANCE
URGENCY	URGENT

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	24/11/2023

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

This Change Proposal updates the Categorisation of this REC document to a Category 2 document. It is currently classified as a Category 3 document – which are used for guidance documents that have no material impacts on REC Parties. Category 3 changes are generally implemented immediately with no Consultation. The REC obligates compliance with this document through Schedule 14 – Meter Operations and the Consolidated Metering Codes of Practice (CoMCoP).

	High Impact: Electricity Suppliers/MEMs/DNOs
	Medium Impact: N/A
	Low Impact: N/A

RESPONSIBLE COMMITTEE DECISION

On 14 February 2024, the Metering Expert Panel voted to **REJECT** R0145 for implementation on 12 April 2024.

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BACKGROUND

1 SUMMARY

The Service Termination Issue Reporting (STIR) Guidance document was transitioned into the REC from the Meter Operation Code of Practice Agreement (MOCOPA) when the REC was designated in September 2021 as a Category 3 document. This change has been raised to reclassify the document to a Category 2 to reintroduce consultation and voting on each change as the document was previously under the control of MOCOPA where the Distribution Network Operators (DNOs) and Metering Equipment Managers (MEMs) had each had voting rights.

2 PROBLEM STATEMENT

Compliance with the CoMCoP and Schedule 14 – Metering Operations includes obligations on the MEMs to report incidents of danger, damage, or interference with the DNO Equipment in accordance with the requirements set out in the document. The classification as a Category 3 document is causing concern as they are not mandatory and do not allow for industry consultation or scheduled implementation. This means MEMs or DNOs have the risk of failing to comply with obligations due to processes out with their control. Failure to comply with these requirements will leave the MEM subject to permission to work on the DNO's equipment being revoked, which will have consequences on their ability to work as a REC MEM more widely. Legal review recommended changing the classification to Category 2 which allows for full consultation and agreed scheduled implementation.

3 USER STORIES

REF.	USER STORIES
MARKET PARTICIPANT USER STORIES	
M1	As a DNO I want to ensure that the MEMs who work on my network have the requisite skills and experience and that they will follow the instructions relating to reporting incidents of danger, damage, or interference with the DNO Equipment, as set out in the Service Termination Issue Reporting document.
M2	As a Supplier I want any MEM I employ to have clear instructions on how to report incidents of danger, damage, or interference with the DNO Equipment.
M3	As a MEM I want information on what actions I need to take where there is danger, damage, or interference with the DNO Equipment at site, so that issues can be safely addressed in the appropriate timescales.
M4	As the Code Manager, I want clarity on the governance and for change processes of the document to be appropriate, for the subject matter and relevant affected parties.

PROPOSAL

4 SUMMARY OF ANALYSIS UNDERTAKEN

There has been a review of the governance of this document by the Code Manager following discussions that have been conducted at the Metering Expert Panel (MEP). Following those discussions, a legal review was undertaken by RECCo's legal representative to consider the points raised.

It was identified that the existing STIR had transitioned in from MOCOPA in September 2021 as a Category 3 Product – with the MEP being nominated as the Responsible Provider accountable for maintaining it – as per the REC Baseline Statement. A Category 3 Product is a guidance document required to support, but not place obligations upon, market participants. As such, it does not follow the standard REC Change process which results in changes being implemented with little or no consultation or advance notice. The legal representative concluded that the document did place obligations on REC Parties in both Schedule 14 – Metering Operations and in the CoMCoP. Therefore, it was inappropriate for it to continue to be classified as a Category 3 Product and that it was more appropriately a Category 2 Product, subject to a different change process to that of Category 3 Products. It was also concluded that the MEP should continue as the Responsible Provider accountable for maintaining the STIR.

5 PROPOSED SOLUTION

Following the advice of the legal representative, the Code Manager proposes to add the STIR as a Category 2 Product within the REC Baseline Statement, which will make it subject to the REC change process set out in Schedule 5 – Change Management. On approval of this Change Proposal, the Code Manager will raise a complimentary Category 3 Change Proposal to remove the Category 3 Product from the Baseline Statement.

5.1 AN ALTERNATIVE APPROACH

An alternative solution to create a new subcategory for Category 2 changes was discussed at MEP which would limit voting Parties to DNOs and MEMs due to the risk of commercial impacts on them. This was discounted as all Parties have the right of appeal. It was also noted that the existing MEP Terms of Reference already differ from the standard voting process set out in Schedule 5 as it states that at least 2 categories of Party must vote in support of a change, rather than the standard majority vote. On this basis we are confident that the MEP Terms of Reference considered and designed the voting arrangements purposefully to encourage change to be determined by a wider group of REC Parties.

The Terms of Reference were designed to support the REC Objectives and required that in making decisions on changes, the Responsible Sub-Committees members would act impartially and independently of the interests of their employer (and of any person or class of persons) when exercising functions assigned to it under the REC.

We have no evidence to suggest that the current governance arrangements are not working or have failed any particular category of REC Party, we cannot recommend progression of this alternative approach.

6 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0145 can be found here.

A statement (below) will be added to the Version Control Table to confirm the status of the document and that changes to it will be made in accordance with Schedule 5 – Change Management:

"*This Category 2 document may be revised in accordance with the REC Change Management Schedule, following consultation with the RECCo Board and relevant stakeholders. The following table sets out the history of changes made to this document*."

7 DELIVERY AGAINST CHANGE PROPOSAL PLAN

All activity has been completed within the planned timescales, and the Change Proposal Plan can be found here.

8 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

8.1 RISKS AND ISSUES

NO.	RISK	NOTES	MITIGATION
PCR.R.001	The DNOs are concerned about the future governance of the document and may want to address this matter before changing the categorisation of the document	We have taken legal advice and haven't attempted to address any changes to the document other than the correct categorisations. All Parties have the right of appeal as set out in Schedule 5.	Narrow scope of the change – as outlined with Parties, removes the inability to update the document with necessary Asset Condition Code changes. Parties have the right of appeal as set out in Schedule 5.

9 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	12/04/2024

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

The changes proposed are simply documentary changes and do not need any systems changes to be implemented. We have progressed the change at an accelerated pace so as not to unduly delay progression of changes needed to Asset Condition Codes already agreed as necessary. The Change is proposed to be implemented in the next available scheduled release on 12 April 2024.

10 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 24 November 2023 to obtain views on the Preliminary Change report. In total 8 responses were received from DNOs and Suppliers. One response was confidential, and the remaining responses have been consolidated and comments provided by the Code Manager. This can be found here. The key themes from these responses have been summarised and set out below.

The DNO responses focused on some key themes. The first being the voting arrangements for changes to the document. The DNOs felt that the Code Manager had failed to address their strong concerns that the voting under the MOCOPA was not mirrored under the REC and that REC voting puts the DNOs at a disadvantage. The DNOs asserted that the document relates to the management of the safety of network equipment for which they hold liability and as such the DNOs alone or with the MEMs together, should be the determining parties on changes to the document, and would like to remove the right of Suppliers to have a say on any changes to the document. The second being that the governance of the document should sit elsewhere which removes the risk to the DNOs. The ENA was put forward as a potential alternative home. Finally, the DNOs collectively suggested that they would prefer the approval of this change to be delayed until a fundamental review of the DNOs' concerns are addressed.

The Supplier representatives were fully supportive of the change, reflecting that they have confidence in the REC Change Management processes to ensure that the changes are correctly developed and implemented, and appropriate compliance is correctly captured in the document. The Suppliers were fully supportive of implementing the Change Proposal in April 2024, with one party wanting the restoration of the mandatory status of the document which existed under MOCOPA being restored to that which operates under the REC.

No MEMs responded to the consultation.

10.1 COMMENTS ON THE SOLUTION AND LEGAL TEXT

The DNO responses focused strongly on their concerns that the solution did not mirror the governance arrangements under MOCOPA, and that this did not consider the risk to them particularly when it related to matters of network policy.

There were no challenges on the specific wording of the legal text, other than DNOs rejecting the text for the reason that they rejected the solution.

10.2 BENEFITS RELATIVE TO IMPLEMENTATION AND OPERATIONAL COSTS

DNOs recognised that the STIR should not be a classified as Category 3. However, they did not believe there were any benefits from implementing the change as currently drafted, and in fact they called out the disadvantages to them by the MEP voting. arrangements in the Terms of Reference, whereby they were capable of being outvoted. The DNOs requested that we consider a veto for the DNOs over any changes to the document on the basis that it affected policy decisions in relation to their assets.

MEMs have previously indicated their preference for the governance of the document to remain within the REC, as they believe that under the REC there is a requirement for all affected Parties to have a say in determining changes to the document (including implementation timescales)., whereas it would be detrimental particularly to the MEMs, to remove it from the

governance of the REC to somewhere that the MEMs do not have any influence or control over its future development.

Suppliers also supported the retention of the management of the document in the REC as a Category 2 document as they valued the confidence in the Code Manager's operation of the Change Processes. They recognised that where obligations are placed on Parties, it is appropriate for those Parties to be included in the decision making.

10.3 CASE FOR CHANGE AND CODE MANAGER'S RECOMMENDATION

The Code Manager notes that Ofgem's RECv2 Consultation in 2020 stated "More generally, the governance of the REC will apply to matters such as change control. We have therefore extended the right of a MOCOPA applicant to appeal a decision of the registration agent and/or auditor to the PAB, consistent with the PABs role on the gas CoPs". This set out that the MOCOPA change process would not be followed in the REC but added the right of appeal for all Parties. Category 2 classification resolves the key issue of implementing obligation with no consultation or warning, which is currently putting Parties at risk of non-compliance. The Code Manager analysed the evolution of the STIR and the voting arrangements and noted the following:

- Initially under DCUSA the obligation sat just between the Supplier and the MEM and required that the Suppliers' MEMs to be compliant with these obligations. DNOs, in raising DCP044 wanted to go further and obligate in the MEMs specifically and required them to accede to MOCOPA so that they could improve the compliance with the documents and frame them with audit and assurance requirements. The benefit of that audit and assurance requirement being shared with Suppliers was felt to improve the quality of work of all MEMs operating in the market, as they set a common standard to which all MEMs were held in respect of reporting danger, damage or interference, and that the transparency of the audit arrangements meant that the Suppliers could have visibility of the their MEMs' performance when attending the Suppliers' Consumer premises.
- MOCOPA voting arrangements excluded suppliers, so only included DNOs and MEMs with not right of appeal.
- On transition to the REC and during mobilisation, consideration was given to the Terms of Reference and the specific voting arrangements that would apply to the documents that sat under the control of the MEP. As stated above, a deliberate decision was taken not to mirror the MOCOPA voting arrangements as it was believed that they impeded rather than support change, and so the current voting was designed to include Suppliers and for decisions to be by majority, so as not to exclude any party category from voting.

On the REC change process more generally, only two Change Proposals that have been developed have subsequently been appealed, one of which is the Change Proposal that was appealed by a Party and the appeal was rejected by the Authority, and the other was an alternate Change Proposal to one that was implemented. So, we are confident that the Code Manager takes a balanced approach when making its recommendations such that the consideration of all impacted Parties is taken into account when changes are being recommended, and that the industry has not needed to ask the Authority to overturn the decisions made by the relevant sub-committees.

10.4 IMPLEMENTATION APPROACH AND DATE

Of those who supported the change and provided a response on this issue, no concerns were raised about the implementation date or approach. Those who rejected the change also rejected the implementation date, based on the fact they rejected the change not the date itself. However, the implementation date has been pushed back slightly to the 12 April 2024 to allow MEP to make a decision at a scheduled meeting rather than ex-committee.

11 BUSINESS CASE ASSESSMENT

11.1 COST BENEFIT ANALYSIS

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
TRANSPARENCY	All parties impacted by the document will have full visibility of the changes as the Code Manager has an established communication network with all REC parties and will ensure a consistent approach to communication of changes to the document. Parties will also have the right of appeal, if required.
GOVERNANCE	As a Category 2 document, the STIR will be subject to the standard change process, meaning that all affected parties will be consulted on changes and will have a role in determining whether changes are approved or recommended for approval, including implementation timescales.

11.2 COST BENEFIT ANALYIS SUMMARY

There are no costs associated with implementing this change.

12 CASE FOR CHANGE

12.1 SELF-GOVERNANCE

The Code Manager believes that the Proposed solution appropriately resolves the problem statement. Approval of the change will ensure a consistent approach to governance of REC documents and will ensure that REC Parties have equal rights in determining development of the documents that impact them. Any Party who feels a change is detrimental to them may appeal any self-governance decision of the REC to the Authority, and the change will become Authority determined.

The proposed solution delivers positive outcomes for consumers and REC Parties as there will be a consistent, transparent, and efficient change process which in turn will bring benefits in the operation of the retail energy market by ensuring the obligations within it are clearly understood and applied by Suppliers and their MEMs and that DNOs have confidence that these important requirements are being adhered to.

RELEVANT OBJECTIVES

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[1]	Positive	By ensuring that the STIR is appropriately categorised so that the correct change process can be used, ensures that those parties impacted by the obligations within it, will be able to participate in the development of the document. The DNO companies have previously indicated the transparency with the audit findings will aid suppliers in ensuring they have competent MEMs who achieve the required standards to work on the DNO equipment, and that this should lead to fewer non-compliances that affect the safety of the DNOs equipment and the Consumer's premises.
To ensure customers interests and data is protected in the operation of the REC	Positive	Rather than the document being categorised as Category 3, by having clear expectations on what obligations apply to the Suppliers and their MEMs, backed up with an audit and assurance framework, then consumers can rely on safe working and reporting arrangements being consistently applied. in respect of the DNO equipment. By having the document subject to the standard change management processes, there is complete transparency for all parties and effective communication of changes that may affect how operatives work at site. This has knock-on benefits to the consumer experience as all MEMs will be required to meet the same standards and Suppliers will be able to appoint MEMs with confidence that they are being assured appropriately.
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Positive	By having a document that creates obligations on parties subject to the standard REC change management process, it will mean that those affected by it are able to fully engage in the development and updating of the document. This will enable all parties to have a clear understanding of the requirements of their contracting Parties and participate in the change process.

[1] REC Mission Statement

13 CODE MANAGER'S RECOMMENDATION

The Code Manager recommends that the Metering Expert Panel

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 12 April 2024.

14 RESPONSIBLE COMMITTEE DECISION

This report was discussed at the REC Metering Expert Panel meeting on 14 February 2024.

The REC Change Panel voted to:

- **REJECT** the proposed change solution;
- **REJECT** the proposed implementation approach; and
- **REJECT** the proposed implementation date of 12 April 2024.

15 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Link
CONSOLIDATED CONSULTATION COMMENTS AND CODE MANAGER'S RESPONSES	Link

16 GLOSSARY

TERM	DEFINITION
Asset Condition Code	Codes that reflect the condition of DNO asset conditions, as set out in the Service Termination Issue Reporting Document.
Category 3 Product	refers to the operational documents and RECCo guidance which are required to support, but do not place obligations upon, market participants and as such will be maintained by the Responsible Provider.
Category 2 Product	refers to the operational documents and RECCo guidance which are required to support, but do not place obligations upon, market participants and as such will be maintained by the Responsible Provider.
Consolidated Metering Code of Practice (CoMCoP)	means the code of practice against which relevant ASPs, MEMs and MIs are assessed pursuant to the Metering Accreditation Schedule.
Distribution Network Operator (DNO)	means a person holding an Electricity Distribution Licence.
Metering Equipment Manager (MEM)	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.
Metering Operation Code of Practice Agreement (MOCOPA)	means the Metering Operation Code of Practice Agreement (MOCOPA©) that existed commercially before the designation of the REC in September 2021.
Retail Energy Code (REC)	means this Code, including its Schedules and the Technical Specification, maintained pursuant to the electricity supply licences granted under the Electricity Act 1989 and the gas supply licences granted under the Gas Act 1986, as such code is modified from time to time in accordance with its provisions.
REC Baseline Statement	means the document of that name setting out: a) a list of documents that make up the Code and the Responsible Committee for approving changes to each document; and

TERM	DEFINITION
	b) a list of Category 3 products and the Responsible Provider responsible for maintaining each product.
STIR	Service Termination Issue Reporting Guidance document