

By email.



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BSC Panel

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Date: 28 January 2020

Dear BSC Panel,

Through the Switching Programme we are taking steps to transform current switching arrangements, and deliver faster, more reliable switching for customers. The introduction of the Retail Energy Code will govern these new switching arrangements, and provides an opportunity for wider retail code consolidation.

Ofgem has now consulted upon and launched two separate Significant Code Reviews to implement the necessary amendments to existing codes: the Switching SCR¹ and Retail Code Consolidation (RCC) SCR².

To that end, there are two matters we set out in this letter for the BSC Panel:

- (a) Requesting visibility of the BSC Panel's plans to provide Ofgem with the consequential changes required to the BSC. This should be provided by 31 March 2020, in order to support a Spring 2020 consultation by Ofgem of the required SCR changes to all codes.
- (b) Our expectations for collaborating with the BSC Panel throughout the SCR period, in terms of ensuring that modifications to the BSC and subsidiary documents that may have an impact on the SCRs, are appropriately assessed and monitored

We understand that Section F of the BSC, paragraph 5.2, sets out the provisions for progressing Modifications which are raised during a Significant Code Review. The steps we have set out below are in accordance with these provisions. Notwithstanding the provisions in the code, we expect the code administrator to work proactively and flexibly with us on dealing with any questions, issues and modifications as they arise.

SCR Timelines

- We expect that SCR consequential change drafting to the BSC will be consulted on as part of a complete package of end-to-end drafting, to launch in Spring 2020. To enable a comprehensive quality assurance and legal review of the text, we expect this text to be provided to Ofgem by 31 March 2020.

¹ The latest Switching SCR scope is set out here:

https://www.ofgem.gov.uk/system/files/docs/2018/10/regulation_and_governance_-_way_forward_and_satutory_consultation_on_licence_modifications_4.pdf

² <https://www.ofgem.gov.uk/publications-and-updates/retail-code-consolidation-scr-launch-statement>

- This text will, following consultation and any required changes identified via consultation, be baselined. Any amendment to it will require a Change Request to be agreed through Ofgem's programme governance. Following a further quality review, this will be used as the basis for a Draft Modification Report to be submitted to all relevant code bodies including the BSC Panel in November 2020.
- Whilst the Draft Modification Report submitted by Ofgem pursuant to the SCRs will be subject to consultation with the relevant signatories and other stakeholders of each relevant industry code, and as far as practicable follow the normal procedures of those individual codes, we encourage all code administrators and Panel's to collaborate in order to ensure a timely and efficient process. In particular, we consider that it would be appropriate for the relevant text that is proposed to be modified to each code form part of a single Draft Modification Report, allowing those Parties who are signatories to multiple codes to submit a single representation.
- Each relevant code body, including the BSC Panel is expected to submit its recommendation form inclusion as part of a combined Final Modification Report to the Authority in January 2021. This will facilitate a decision being taken on the modification(s) around the end of January 2021, and subject to the outcome of that decision, for the modifications to take effect 1 April 2021.

To that end, we ask that the BSC Panel provide Ofgem, by 15 February 2020, with its plans for providing the draft legal text. This should include any risks and issues identified and any proposals for engaging with stakeholders. We would welcome the opportunity to work with you to develop this plan.

Please also note that whilst the proposed legal text will allow for the RCC changes to be implemented 1 April 2021, our intention is that the modifications required for the Switching Programme will be given effect on a date to be designated by the Authority, to be coterminous with the implementation date of the Central Switching System (CSS). The CSS implementation date will be determined once the systems have been proven through testing, and is expected to take place Summer 2021.

We would also welcome your plan for developing an alternative set of legal text that would deliver the Switching Programme changes first.

BSC Modifications during the SCR phase

Initial Authority decision

- We have included as an annex to this letter a guidance document for the Panel to use to determine whether a Modification should be notified to the Authority against the scope of either SCR.
- We expect, as per Section F Paragraph 5.2, that when a BSC Modification is raised, the Panel will assess whether the subject matter relates to either the Switching or RCC SCR. In such cases, the Panel should submit to the Authority a SCR Suitability Assessment Report to the Authority which shall include the Panel's assessment of:
 - whether such Modification Proposal falls within scope of either SCR;
 - the Panel's reasons for that assessment; and
 - any other matters which the Panel considers to be relevant, including the urgency or otherwise of the Modification Proposal.
- Where Ofgem has received a written assessment under Paragraph 5.2 as above, we will review and provide direction to the Panel as to whether the Modification Proposal can proceed or not.

To aid our planning, we ask that the BSC Panel provide Ofgem with a stocktake of all BSC Modification Proposals currently progressing, or that are expected to be raised.

SCR Exempt Modifications and re-assessment against the SCR

- The BSC sets out that any time during the development of a Modification, and prior to the submission of a SCR Exempt Modification Report, the Authority may direct the BSC Panel to re-submit an SCR Suitability Assessment to the Authority in respect of that SCR Exempt Modification Proposal and/or any associated Alternative Proposal.
- We expect that in practice, the BSC Panel would notify Ofgem when it is identified during the progress of a Modification, it is in scope of either SCR. Ofgem would then re-assess the Modification, and provide a decision back to the BSC Panel on whether it should proceed or be suspended.

Carrying Modifications through to REC text

- We recognise that there will be Modification Proposals that are determined to be SCR exempt and will proceed, which are likely to have an impact on the baselined REC text or baselined BSC SCR text. If an impact to either set of published baselined text is identified as the Change Proposal progresses, then we would expect to be notified. In the case of the BSC SCR text, this is only expected if the Modification impacts a red-lined section of the text.
- A Change Request will be raised, either by the modification proposal or by Ofgem itself, and taken through Switching Programme governance for assessment and approval of change to the baselined text. This will facilitate a coordinated decision on the BSC Modification itself and any complementary amendment to the baselined text, ensuring that the two versions of the code text remain aligned.

We would welcome feedback on ways of how best Ofgem, along with the BSC We would welcome feedback on ways of how best Ofgem, along with the BSC Panel and ELEXON (as BSC Secretariat) should collaborate during the SCR period. In particular, if you have concerns with the proposed approach to the SCR set out in this letter, we would be happy to meet and/or attend a future meeting of the BSC Panel to discuss.

Regards,



Rachel Clark
Director, Retail Systems Transformation

Appendix 1: Assessment of Code Modifications Impacts against SCR's

When completing a Change/Modification Proposal, the Proposer and/or Code Administrator is to consider if the modification impacts a Significant Code Review (SCR) and whether the Change/Modification Proposal should be notified to the Authority for decision.

The below list is our expected considerations to apply to a Change/Modification, in determining whether the Change/Modification should be raised to the Authority:

Expected impact of the Change/Modification Proposal to the Switching Programme and Retail Code Consolidation SCR's will include an assessment of:

- Impacts to Switching Programme primary and secondary systems and consequential impacts this may have on testing or readiness requirements for the Programme.
- Impacts to the end-to-end physical design of the Switching Programme or the logical design contained within Abacus; including data, interfaces, process and service descriptions.
- Impacts to the Business Case of the Switching Programme.
- Impacts to the drafting of the Retail Energy Code or consequential changes to other codes.
- Any other impacts on the scope, objectives or timetable of either SCR, including the Programme Plan and the milestones contained within the Plan. This will include considerations from a resourcing perspective and whether when viewed in the context of cumulative delivery, this change is appropriate.
- Impacts any of the Switching Programme documents under change control, for example the E2E Testing Plan, Core Systems and Services Integration Approach or E2E Data Migration Strategy.

Central Switching System Changes

Any changes to central systems that directly impact the Switching Programme design (such as UK Link, MPRS, ECOES, DES, and DSP) will be subject to approval by the Authority prior to progressing during the Switching SCR and a Switching Programme Change Request will be required if these proceed. This will be assessed in accordance with the Switching Programme Change Management process and will consider impacts to (as well as other criteria in the Change Management process):

- The Switching Programme Business Case
- Switching Programme design and approved documentation (including consequential impacts on other systems).
- Timescales for delivering the change and impacts on Switching Programme milestones.
- Testing and testing milestones.

- Additional costs associated with testing re-runs / regression testing.
- Urgency of the change and the implications of this not being implemented prior to CSS go-live.

Non-Central Switching System Changes

Any changes to non-core systems to the Switching Programme, that are impacted by the Retail Code Consolidation SCR (such as GDCC, additional ECOEs services, theft related services, metering audit services) should be treated in the same way, as a change impacting the drafting of the Retail Code Consolidation SCR. Changes to these services will require changes to the associated REC Service Definition documents that will be introduced through the Retail Code Consolidation SCR.

Other considerations

There should also be an assessment of the benefits and drawbacks of the Change/Modification Proposal proceeding during the SCR, and any risks or impacts associated with delaying the Change Proposal until after the conclusion of the SCR. This will include the consideration of any manual workaround solutions that could be implemented prior to the Change/Modification Proposal being progressed after the conclusion of the SCR, and any costs associated with implementing this solution.

We would welcome early discussions with Code Administrators, upon identification of a new Change/Modification Proposal. Please email switching.programme@ofgem.gov.uk to arrange a discussion if any clarification is required.