

Modification proposal:	Master Registration Agreement (MRA) Change Proposal (CP): 0270 – Retail Code Consolidation SCR		
Decision:	The Authority ¹ has decided to approve ² this modification ³		
Target audience:	MRA Executive Committee, Parties to the MRA and other interested parties		
Date of publication:	2 July 2021	Implementation date:	Retail Code Consolidation ⁴

Background

The energy code landscape is complex and fragmented, making it difficult for market participants to understand and navigate code change processes. Code consolidation will help simplify and make it easier for them to understand their responsibilities and comply with their obligations. The creation of the Retail Energy Code (REC) as a dual fuel retail code will support the introduction of faster and more reliable switching through a centralised switching service. It will also help with efficient management and delivery of code change, supporting innovation, lowering costs and achieving better outcomes for consumers.

In November 2019, we launched the Retail Code Consolidation Significant Code Review (RCC SCR).⁵ Our RCC SCR has the objective of rationalising retail energy codes by closing down the electricity Master Registration Agreement (MRA) and gas Supply Point Administration Agreement (SPAA) and consolidating their requirements into the REC or another appropriate industry code. The REC will also bring together a number of other codes and codes of practice for metering and Green Deal provisions, facilitated by the making of consequential changes to other codes. The RCC SCR also looks to better facilitate cross-code change through the introduction of a Cross Code Steering Group under the REC.

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ ‘Change’ and ‘modification’ are used interchangeably in this document.

⁴ Retail Code Consolidation is the date to be designated by the Authority. The date of Retail Code Consolidation is currently expected to be, and will not be earlier than, 1 September 2021.

⁵ The [RCC SCR launch statement](#) is on the Ofgem website.

The REC is being developed in phases. Since the designation of Version 1.0 of the REC in February 2019 and our launch statement in November 2019, the REC has been revised to make changes needed to facilitate energy theft consolidation.⁶ Version 2.0 of the REC (REC v2.0) will take a significant step forward in code consolidation and will be implemented through Ofgem's Switching Programme governance, in accordance with Version 1.1 of the REC. We intend for REC v2.0 to take effect on the date of Retail Code Consolidation (RCC). RCC is the date to be designated by the Authority. The date of RCC is currently expected to be, and will not be earlier than, 1 September 2021.⁷

The modification proposal

On 30 April 2021, MRA CP 0270 (the proposal) was raised as an Authority-Led Modification by Ofgem under the RCC SCR pursuant to Clause 9.18E of the MRA. We also issued a direction under Clause 9.18I, which set out the timetable for the MRA Executive Committee (MEC) to progress this proposal.⁸

The proposal seeks to make the changes that are necessary, as part of the RCC SCR, to close down the MRA (in accordance with the provisions in Clause 60 of the MRA (Close down of this agreement on the Close Down Date)), resulting in removal of all clauses and schedules of the MRA. However, certain enduring clauses are to be retained and moved into other appropriate codes (the REC, Balancing and Settlement Code (BSC) or Distribution Connection and Use of System Agreement (DCUSA)) as part of Retail Code Consolidation.⁹ In addition, the removal from the MRA of the MRA Products will take place.¹⁰ The proposal also removes the BSC Agent as a party to the MRA, as there is no requirement for them to remain as an MRA party.

The proposal is being treated as urgent to meet the timelines required by the RCC SCR. It is a material change to the MRA and was developed after extensive consultation with code

⁶ More information about [energy theft consolidation](#) is on the Ofgem website.

⁷ More detailed information about the underlying policy behind Retail Code Consolidation and our decisions on taking it forward are in our [Decision on REC v2.0](#) (30 April 2021). We have also published an [open letter regarding the SCR modifications for Retail Code Consolidation](#) (30 April 2021) setting out our approach to taking these changes forward.

⁸ The [Change Proposal](#) can be found on the [MRASCo](#) website.

⁹ The [Change Report](#), which is also on the [MRASCo](#) website, provides full details of all the changes being made by MRA CP 0270.

¹⁰ The MRA Products consist of: the [Data Transfer Catalogue](#), [MRA Agreed Procedures](#) and [Working Practice Product Set](#) and are defined and hosted on the [MRASCo](#) website. The MRA Agreed Procedures and Working Practice Product Set will be permanently removed and superseded by other arrangements, while the Data Transfer Catalogue contents are to be transferred to the REC.

administrators and wider stakeholders, eg at the Regulatory Design User Group (RDUG) under Ofgem's Switching Programme governance.

The Authority, as proposer, considered that the proposal would better facilitate all of the MRA Relevant Objectives except Objective (e), against which it is neutral,¹¹ and that it would facilitate the changes needed to reflect and give effect to retail code consolidation as set out in the RCC SCR.

MRA Development Board (MDB)¹²

At the MDB meeting on 16 June 2021, the MDB noted that an impact assessment of the proposal had returned minor comments from MRA parties suggesting changes to the proposed legal text as follows:

- Correcting formatting
- Deletion of the definition of 'Force Majeure', and
- Addition of a note stating 'do not use' to Schedule 12.

The MDB noted that Ofgem had responded positively to making these amendments which had resulted in an amended version of the proposal. The MDB therefore, voting on an amended solution, considered that the amended MRA CP 0270 would better facilitate the requirements of Electricity Distribution standard licence condition (SLC) 23 and recommended its approval. The MDB agreed that the amended MRA CP 0270 better facilitated MRA Relevant Objectives (a), (b), (c), (d) and (f). No appeals to the MRA Forum were made.

Our decision

We have considered the issues raised by the modification proposal and the final Change Report dated 16 June 2021.¹³ We have also considered and taken into account the responses to the industry impact assessment which have resulted in an amended solution for MRA CP 0270. We have considered and taken into account the votes of the MDB on the amended

¹¹ The Relevant Objectives are set out in Clause 5A of the MRA and Condition 23 of the [Electricity Distribution Licence](#). Objective (e) relates to compliance with EU legislation.

¹² The MRA Executive Committee (EC), established pursuant to Electricity Distribution standard condition 23.7(a), delegates its decision making power in respect of proposed code modifications to MDB, a sub-committee of MRA EC.

¹³ MRA modification proposals and change reports can be viewed on the [MRASCo](#) website.

proposal which appear in the Change Report, as well as considering the wider aims of the RCC SCR. We have concluded that:

- implementation of the modification proposal following its amendment, as explained above, will better facilitate the achievement of the Relevant Objectives of the MRA, and
- directing that this modification be made is consistent with our principal objective and statutory duties.¹⁴

Reasons for our decision

For the reasons given below, we consider that this modification proposal, taking into account the amendments explained above, will better facilitate the achievement of all of the MRA Relevant Objectives except for Relevant Objective (e) where it has no impact.

(a) to develop, maintain and operate efficient, coordinated and economical procedures and practices to be followed in relation to changes of Electricity Supplier;

We consider that implementation of the proposal will put all the processes necessary for switching under a single retail code, the REC, ahead of the introduction of new switching arrangements under the Switching Programme in 2022. Having all the processes in one code for both gas and electricity will make dual fuel changes to the change of supplier processes more efficient as a result.

(b) to promote effective competition between Electricity Suppliers and their agents;

We consider that, fundamentally, the REC is designed to better facilitate innovation and competition between electricity suppliers. To the extent that this proposal seeks to support the transition to the REC, it therefore, in our view, also better facilitates competition between electricity suppliers.

¹⁴ The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

(c) to promote efficiency in implementing and administering the MRA arrangements;

We agree that this proposal supports the efficient closure of the MRA as part of RCC. It makes clear to parties how the obligations they currently discharge under the MRA have been or will be transferred to, and incorporated into, the REC as part of RCC.

(d) so far as is consistent with sub-paragraphs (a), (b) and (c), to efficiently discharge the licensee's obligations under this licence;

The licence changes that we expect to make to reflect RCC include the removal of an obligation on supply licensees to be parties to the MRA. This proposal ensures that the MRA will align with our planned licence changes. The proposal makes it clear to market participants that the obligations and processes currently in the MRA will no longer apply to them.

(f) to facilitate, so far as is consistent with sub-paragraphs (a) to (e), the maintenance and operation of an accessible, efficient, coordinated and economical system for the Green Deal.

We consider that the changes to be made to reflect RCC, which include consolidating Green Deal provisions in the REC and bringing them under REC governance, will ensure that the Green Deal is maintained and operated in an accessible, efficient, coordinated and economical manner.

Directions and implementation

Pursuant to and in accordance with standard licence condition (SLC) 23 of the Electricity Distribution Licence and Clause 9.20C of the MRA, the Authority hereby: (1) approves and accepts Authority-Led Modification MRA CP 0270 'Retail Code Consolidation SCR' incorporating the amendments referred to above (Modification MRA CP 0270), and (2) directs that Modification MRA CP 0270 (as amended) be made.

Pursuant to Clauses 9.18I.3 and 9.30 of the MRA, the Authority hereby directs MEC to implement Modification MRA CP 0270 (as amended) so that it takes effect on Retail Code Consolidation. Retail Code Consolidation is the date to be designated by the Authority. The date of Retail Code Consolidation is currently expected to be 1 September 2021. The Authority

will also designate the Close Down Date¹⁵ relating to the MRA pursuant to Clause 59 of the MRA in due course.

We expect this to be the last decision in respect of the MRA under the RCC SCR. However, if circumstances change before the end of the RCC SCR, which necessitate further Authority-led modification proposals in respect of the MRA, we will consult further. As set out in our open letter dated 30 April 2021, we submitted all Authority-led modification proposals in relation to the RCC SCR to the panels of all relevant industry codes within a specified time window to ensure that the submissions aligned so far as is possible with the dates on which the relevant panels convened. This means that there is not a single date for Authority decisions on all of the Authority-led modification proposals under the RCC SCR. In due course, we will confirm when we have made our decision on the final Authority-led modification proposal under the RCC SCR and, accordingly, when the RCC SCR as a whole has ended.

Rachel Clark

Deputy Director, Switching Programme

Signed on behalf of the Authority and authorised for that purpose

¹⁵ As this term is defined in the MRA.