

Modification proposal:	Supply Point Administration Agreement (SPAA) Change Proposal (CP): SCP 513 - Authority-led modification to deliver Retail Code Consolidation		
Decision:	The Authority ¹ has decided to approve ² this modification ³		
Target audience:	SPAA Parties, SPAA Panel, SPAA Executive Committee 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 a 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.⁶ 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

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority. 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 38A of the Gas Act 1986.

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.

⁶ [Our decision to approve SPAA SCP 506](#) in January 2021 (SCP 506) made the required amendments to the SPAA in order to facilitate an orderly closedown of SPAA Ltd following transition of the SPAA to the REC.

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.

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. 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 4 May 2021, SPAA SCP 513 (the proposal) was raised by Ofgem as an Authority-Led Modification pursuant to Clause 9.39 of the SPAA. We also enclosed a direction pursuant to Clause 9.5C of the SPAA, which set out the timetable for the SPAA Executive Committee and the SPAA Change Board to progress the proposal.⁸

The proposal aims to make the changes that are necessary, as part of the RCC SCR, to enable the transition of requirements from the SPAA to the REC, eg by removing a number of schedules to the SPAA that will no longer be required after RCC, marking these as "not used".⁹ The proposal was developed after extensive consultation with code administrators and wider stakeholders, eg through the Regulatory Design User Group (RDUG) under our Switching Programme governance.

The Authority, as proposer, set out that, in its view, the proposal better facilitated a number of the relevant SPAA objectives, namely SPAA General Objectives (a) to (e), and that it was neutral against SPAA General Objectives (f) and (g). The proposal will facilitate the changes needed for retail code consolidation as set out in the RCC SCR, placing all processes relating to

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 Each of the industry codes defines a code modification proposal raised by the Authority pursuant to an SCR differently. We refer to it here as an Authority-led modification.

⁹ Details of all the legal text changes to be made as a result of SCP 513 can be found in the [SCP 513 Change Report](#) on the SPAA website.

switching under a single code, facilitating competition between suppliers through innovation, and aligning the SPAA with licence changes that reflect RCC.

Change Board¹⁰ recommendation

At the SPAA Change Board meeting on 8 June 2021, the Change Board voted on the proposed modification. Noting that one I&C supplier abstained from voting, all votes cast were to accept the proposal, the proposed implementation date of 1 September 2021 and the proposed implementation technique.

In accordance with the weighted vote procedure¹¹, the Change Board considered that SCP 513 would better facilitate the relevant objectives of the SPAA and therefore recommended its approval.

Our decision

We have considered the views of the Change Board and the contents of the Change Report dated 15 June 2021. We have considered and taken into account the votes of the SPAA Change Board on the proposal, as noted in the Change Report, as well as the wider aims of the RCC SCR. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the SPAA;¹² and
- directing that this modification be made is consistent with our principal objective and statutory duties.¹³

Reasons for our decision

For the reasons given below, we consider this modification proposal will better facilitate the achievement of SPAA objectives (a) to (e) and has no impact on the other relevant objectives.

¹⁰ The Change Board is established and constituted pursuant and in accordance with the SPAA.

¹¹ The threshold for a change proposal being accepted by relevant SPAA parties is 65%, as set out in clause 9 of the SPAA.

¹² As set out in Standard Licence Condition ([SLC 30.5 of the Gas Supplier Licence](#)).

¹³ The Authority's statutory duties are wider than matters which the Change Board must take into consideration and are detailed mainly in the Gas Act 1986.

(a) the development, maintenance and operation of an efficient, coordinated and economical change of supplier process

We agree 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 modifications to the change of supplier processes more efficient as a result.

(b) the furtherance of effective competition between Gas Suppliers and between relevant agents

We consider that the REC is fundamentally designed to better facilitate innovation and competition between gas 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 gas suppliers.

(c) the promotion of efficiency in the implementation and administration of the supply point administration arrangements

We agree that this proposal supports the efficient closure of the SPAA as part of RCC. It makes clear to parties how the obligations they currently discharge under the SPAA 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), the efficient discharge of 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 SPAA. This proposal ensures that the SPAA will align with our planned licence changes. The proposal makes it clear to market participants that the obligations and processes currently in the SPAA will no longer apply to them.

(e) the establishment, maintenance and operation of the Meter Asset Manager arrangements

We are using RCC to bring together metering provisions in the REC Metering Operations Schedule. These will include the provisions that relate to Meter Asset Managers (MAMs) which currently sit in the SPAA. This proposal supports the transition of the MAM arrangements to the REC by making clear to affected parties that the relevant SPAA provisions will no longer apply.

Directions and implementation

Pursuant to and in accordance with Standard Licence Condition (SLC) 30 of the Gas Supplier licence and Clause 9.43 of the SPAA, the Authority hereby: (1) approves and accepts modification proposal SPAA SCP 513 'Authority-led modification to deliver Retail Code Consolidation' (SCP 513), and (2) directs that modification SCP 513 be made.

Pursuant to Clause 9.5C.3 of the SPAA, the Authority hereby directs the SPAA EC to implement modification SCP 513 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.

We expect this to be the last decision in respect of the SPAA 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 SPAA, 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