

Lloyds Court
78 Grey Street
Newcastle Upon Tyne
NE1 6AF

8 July 2024

Jakub Komarek
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Dear Jakub

Re: DCC Review Phase 2: Governance and Centralised Registration Service arrangements

We agree with the proposal in Ofgem’s latest consultation on the Governance and Centralised Registration Service (the “CRS”) arrangements to move governance of the CRS to the Retail Energy Code (the “REC”). The REC is the logical place for the CRS arrangements to sit and those arrangements would have been managed by Retail Energy Code Company (“RECCo”) originally – had RECCo been formed in advance of CRS go-live.

As a distribution network operator (“DNO”), we are reliant on the CRS in order to process switching of registered suppliers, which allows us to recover our main source of revenue via Use of System Charges. Consequently, we set out below, in response to the consultation, our more detailed views relating to: (i) governance/operational arrangements; (ii) the REC Board; and (iii) transitional arrangements. We do not have any comments on the remaining areas covered by the consultation.

Governance/Operational Arrangements

Moving responsibility for governance of the CRS will streamline the governance arrangements because, currently, RECCo has limited influence over the Data Communications Company (the “DCC”) and the associated service providers which, in turn, creates challenges for the various parties.

For example:

- i. Concerns/clarifications by the DCC and service providers are formally raised via the REC Performance Assurance Board (the “PAB”), which can have the effect of

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complicating and so lengthening the resolution process. If governance of the CRS arrangements is moved to the REC, RECCo would have greater control over the process, which should create efficiencies and resolution of issues in a timelier manner.

- ii. The Central Switching Service is working well from a technical standpoint. It is not working as well in respect of matters that relate to its service management, e.g. incidents raised to incorrect parties, which RECCo may be best place to improve and manage more effectively.

The REC Board

In relation to the composition of the Board, the REC Board is currently independent of RECCo and has independent members, although the chair is currently a RECCo representative. This would need to be considered by the wider industry, the PAB and Ofgem in order to ensure the right governance framework is implemented. We believe that RECCo would be satisfied with an independent chair and DNOs would continue to be a service provider managed by RECCo. The independent chair would need to manage performance charges to the DCC accordingly and consult, where appropriate.

Transitional Arrangements

Finally, the transition of the CRS to the REC must be smooth. The Market-wide Half Hourly Settlement ("MHHS") programme is a key industry priority and this reform must not adversely impact MHHS. If action is required from DNOs, we need to be informed well in advance to allow us to plan accordingly and maintain our MHHS programme performance. To this end, we believe that performance assurance requirements should remain the same in the near-term.

Should you have any questions regarding the above please do not hesitate to contact me.

Yours sincerely



Leanne Yates
Registration Services Manager