

Regulation and policy update for community and local energy stakeholders (September 2021)

We are producing this document in response to stakeholder feedback to help highlight relevant regulation and policy and provide context as to why it is important to community and local energy stakeholders. The electricity industry is going through a period of rapid development this is not an exhaustive list, but will hopefully be a useful summary and prompt for further reading. Only the updated sections are included here noted in blue highlight.

Name of regulation / policy	What is it?	Owner	What stage is it at?	Why it matters
COVID-19 Industry implications	<p>Ofgem and the various code administrators have been publishing numerous documents in response to the impacts of COVID-19 on the energy sector.</p>	<p>Various</p>	<p>Update – Ofgem has continued with its programme of improving the mechanisms to support customers and the industry through the pandemic. Ofgem has set out the mechanisms to recover any bad debts arising as a direct result of the Network Charge Deferral (NCD) scheme. It has also completed and published “Consumers’ Experiences with Energy During the Covid-19 Pandemic – Summary of Research Findings” to develop its next steps.</p> <p>Ofgem and the Code administrators have been responding to the significant challenges resulting from the COVID 19 pandemic. A number of derogations have been put in place (See below) and these will be under review as the situation develops.</p> <p>Ofgem - https://www.ofgem.gov.uk/coronavirus-covid-19</p>	<p>These changes have been brought in to recognise the issues which are likely to be created (or have already resulted) from the pandemic and government response.</p> <p>These changes are likely to be kept under review.</p>

		<p>Ofgem recognised and paid tribute to the network companies for the considerable efforts made in managing the crisis and supporting customers.</p> <p>Ofgem has announced that it is currently reviewing the planned work for this year, so it can prioritise protecting consumers during the crisis. They have temporarily paused the publishing of new policy publications on the website, with the exception of legally required releases or information relating to the coronavirus only, until this review has completed.</p> <p>Ofgem are seeking to ensure that companies prioritise work sensibly and respond to the impacts of COVID-19 on their customers, staff and supply chains. Ofgem’s key aims are to ensure that customer needs are met, particularly the most vulnerable, maintain secure, reliable and safe supplies of energy to consumers in the short to medium term; and to ensure the safety and protection of consumers and the workforce.</p> <p>BSC - https://www.elexon.co.uk/about/about-elexon/coronavirus-covid-19-latest-information/</p> <p>Update – ELEXON has continued to monitor the performance of the companies during the ongoing pandemic. From January 2021, ELEXON will no longer plan BSC Changes in accordance with the COVID-19 prioritisation criteria.</p> <p>On 3 April the PAB agreed two temporary derogations from the BSC arrangements which allow electricity Suppliers to input more accurate estimates into ELEXON’s Settlement system for sites where demand is known to have significantly changed due to the lockdown and businesses closing.</p>	
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<p>DCUSA Change Proposal (DCP) 390 ‘Provision of Isolations for Safe Working on Customers’ Electrical Installations’</p>	<p>Proposed change under the Distribution Connection & Use of System Agreement (DCUSA) to define a process detailing how a customer can obtain timely main supply electrical isolations to allow for safe working on their electrical installations.</p>	DCUSA	<p>New - The Working Group issued an industry consultation to gauge parties views on the change with responses due back by 14 September 2021.</p>	<p>This change will help customers, their electricians and installers of low carbon technologies to have connections de-energised/re-energised in a timely manner where work is required on electrical installations.</p>
<p>DCUSA Change Proposal (DCP) 383 ‘Provision for Distributors to move meters for a service alteration’</p>	<p>Proposed change under the Distribution Connection & Use of System Agreement (DCUSA) to define a process detailing when a Distributor can move a Supplier’s meter during service alteration works.</p>	DCUSA	<p>Update – The Working Group issued a consultation with responses due by 21 July 2021. Following this the Working Group has started to draft the Change Report together with the draft legal text for the change.</p> <p>Jun-21 - The DCP 383 Working Group has been created and have met four times between March and May 2021 to develop the proposal.</p>	<p>This change will improve the customer journey through the service alterations process by offering a ‘one stop shop’.</p>

<p>Targeted charging review: Significant code review.</p>	<p>This is Ofgem’s method to review current industry rules/frameworks and this review will focus on:</p> <p>consideration of reform of residual charging for transmission and distribution, for both generation and demand, to ensure it meets the interests of consumers, both now and in future; and</p> <p>keeping the other ‘embedded benefits’ that may be distorting investment or dispatch decisions under review.</p>	<p>Ofgem</p>	<p>Update – The decisions on the remaining four modifications were expected on 27 August 2021, but Ofgem has advised that this will now be delayed and hasn’t yet provided an update on when the decisions will be published.</p> <p>Jun-21 - Three of the seven Connection & Use of System Code modifications related to the Targeted Charging Review have been approved by Ofgem. The decisions on the remaining four modifications are expected over the coming few months.</p> <p>Jan-21 - All Targeted Charging Review related modifications/change proposals for the Connection & Use of System Code (CUSC) and the Distribution Connection & Use of System Agreement (DCUSA) were submitted to Ofgem for the final decision. Ofgem has already approved the four DCUSA changes and one of the five CUSC modifications.</p> <p>In looking at the cross-code implications of the change proposals Ofgem is waiting for the whole suite of these to be submitted before making its final determinations.</p> <p>The code modifications to implement Ofgem’s decision are at different stages of the change process, however some of them are already with Ofgem for final determination.</p> <p>Change Proposals to the relevant industry codes were submitted to the code administrators which resulted in Working Groups being set up to progress these through the change process. Where changes link to other codes care was taken to set up combined Working Groups to avoid the duplication of work.</p>	<p>To spread the costs of maintaining the electricity grid more fairly providing savings for consumers.</p>
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<p><u>Access and forward looking</u></p>	<p>This is Ofgem’s method to review current working</p>	<p>Ofgem</p>	<p>Update – Ofgem issued a consultation on its minded to positions for three key areas of its Access and Forward-looking Charges Significant Code review: distribution connection</p>	<p>The objective of this Significant Code Review is to ensure that electricity networks are used efficiently and flexibly, reflecting users’ needs and allowing consumers to benefit from new</p>

<p>charges review: Significant Code Review</p>	<p>practices and this review will focus on:</p> <ul style="list-style-type: none"> a review of the definition and choice of access rights for transmission and distribution users a wide-ranging review of distribution network charges (Distribution Use of System (DUoS) charges) a review of the distribution connection charging boundary a focused review of transmission network charges (Transmission Network Use of System (TNUoS) charges) 	<p>charging, the definition and choice of access rights, and transmission charges for small distributed generators. The deadline for responses: 27 August 2021.</p> <p>Jun-21 - From a Distributors perspective this Significant Code Review is on hold until Apr/May 2021 while Ofgem carries out further work with a view to reassess the options being considered for Distribution Use of System (DUoS) and Transmission Network Use of System (TNUoS) charging, recognising that delays put the April 2023 implementation date at risk. This could result in a phased implementation approach being taken for elements of this Significant Code Review. Ofgem may issue a “minded too” consultation on their proposals for distribution connection charging reform before the summer break. It is likely that Ofgem will give a general update on their latest thinking when this document comes out. Ofgem’s proposals on distribution use of system charges (DUoS) are expected to follow on subsequently.</p> <p>Jan-21 – Responses were provided to the request for information and Ofgem had been planning to publish its minded to proposals for consultation by the end of this year but has now decided to push this back into 2021.</p> <p>This has an impact on development of the initial RIIO-ED2 business plan and Ofgem is considering in particular how impacts could be managed through re-openers or uncertainty mechanisms.</p> <p>The key reasons for the Ofgem delay are to explore the links with the development of flexibility markets and to have a clear overall vision for how flexibility will be valued. They are gearing up their work on developing this vision – working with BEIS –</p>	<p>technologies and services while avoiding unnecessary costs on energy bills in general.</p>
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<p>Switching – Significant Code Review</p>	<p>Ofgem is implementing changes to switching arrangements that will enable consumers to switch their energy supplier reliably and quickly.</p> <p>The provisions underpinning switching will be included in the Retail</p>	<p>Ofgem</p>	<p>UPDATE – In June 2021, Ofgem published an addendum to the REC v3.0 consultation entitled consequential changes to codes in the Switching SCR. Ofgem’s REC version 3.0 consultation and addendum consultation both closed on 30 July 2021.</p> <p>Ofgem’s timetable:</p> <ul style="list-style-type: none"> • Ofgem launch statutory consultation on switching licence changes and submit modification proposal to relevant code 	<p>The rationale for intervention is the current switching arrangements result in negative outcomes for some consumers and were designed in the last century and potentially</p>

	<p>Energy Code (REC) v3.0 . This version will come into force at the same time as the new switching systems and processes, expected to be summer 2022.</p>		<p>panels December 2021 (the consultation will close in January 2022)</p> <ul style="list-style-type: none"> • The Code panels submit recommendations on Ofgem’s recommendations in February 2022. • The Central Switching Service (CSS) and REC v3.0 goes live in Summer 2022. 	<p>act as a brake on innovation.</p> <p>In the future, the way that registration date and/or the switching process is managed could require changes if say consumers might want to power their houses from one supplier and their cars from another.</p>
<p>Retail Codes Consolidation – Significant Code Review</p>	<p>In February 2019, Ofgem confirmed their intention to deliver a Retail Code Consolidation Significant Code Review. Under this Significant Code Review Ofgem are proposing to transfer most of the content of the electricity Master Registration Agreement and gas equivalent into version v2.0 of the Retail Energy Code.</p>	<p>Ofgem</p>	<p>UPDATE – The Retail Codes Consultation came into force and REC v2.0 on 1 September 2021 including the proposed licence changes. This is simultaneous with the MRA and gas equivalent becoming obsolete at midnight (31 August 2021). The MRA Company has ceased trading and their services have now been transferred to the Retail Energy Code Company Limited (RECCo) where applicable.</p> <p>External parties can register for access to the REC documentation via the website.</p> <p>This Significant Code Review has now closed.</p>	<p>A number of processes have been moved under the Retail Codes Consolidation to the Retail Energy Code v2.0 which are non-switching such as provisions for Theft of Energy, Green Deal, Metering and priority services register.</p>
<p>DP175 ‘Alt Han Inventory</p>	<p>In June 2021, ENWL raised a new proposal to modify the Smart Energy Code (SEC) for the Alternative</p>	<p>SECAS (Smart Energy Code</p>	<p>Update - This draft modification proposal is currently on hold as the Alt Han Company recently advised SECAS that their selected technical solution is based on peer to peer technology and therefore Alt-HAN Co no longer need to obtain</p>	<p>When operating on BNO infrastructure, DNOs and MOPs often discover asset condition issues that</p>

<p>Information Sharing'</p>	<p>Home Area Network (Alt HAN) Company to share their inventory information, for the benefit of all SEC Parties moving forward.</p> <p>Distribution Network Operators (DNOs) and Meter Operators (MOPs) are often required to operate on electrical infrastructure, within Multiple Dwelling Units (MDUs). MDUs are owned by Building Network Operators (BNOs).</p> <p>The Alt HAN Company has started the development of an Alt HAN Company inventory. This will capture specific details of MDUs, including the information identifying MDUs. It will also include the details of the building owner or landlord, for those BNOs who do not require a Distribution Licence.</p>	<p>administrat or)</p>	<p>and store BNO or building owner information. Alt-HAN Co also advised that the information they have already obtained from BNOs and building owners to date is minimal and will not be maintained going forward.</p> <p>Alt-HAN Co commented that their Crowded Meter Rooms (CMR) project will probably be collecting BNO and building owner details but this will only be for a very small subset of Alt-HAN qualifying MDUs (5-10%). The CRM project will require a SEC modification (and likely being raised next year). ENWL have asked to be involved in any working group with a view for an opportunity that may help to meet the objectives of DP175.</p>	<p>require urgent attention. Whenever a BNO issue is discovered, it falls to the industry party discovering the issue to identify the building owner or landlord, to notify them of the problem.</p> <p>The identification of the building owner or landlord can, in some cases, prove to be considerably difficult. This can lead to a delay to industry Parties completing their works. In addition, this can lead to additional risks to the security of the supply of energy, within the affected building, which will affect the level of service, they provide to their customers.</p>
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<p>Mandatory Half Hourly Settlement Significant Code Review</p>	<p>Settlement reconciles differences between a supplier’s contractual purchases of electricity and the demand of its customers. Generators and suppliers trade electricity in the wholesale market in half-hourly periods. Currently, most customers are settled on a ‘non-half-hourly’ basis using estimates of when they use electricity, based on a profile of the average consumer usage and their own meter reads (taken over weeks and months).</p>	<p>Ofgem</p>	<p>Update: On the 12 August Ofgem published an update on this SCR stating their intention to submit later in August a first set of Authority-led proposals in respect of code modifications required to put in place the Market-Wide Half-Hourly Settlement (MHHS) implementation and governance arrangements to the relevant panels and administrators of the following industry codes:</p> <ul style="list-style-type: none"> • Balancing and Settlement Code (BSC) • Distribution Connection and Use of System Agreement (DCUSA) • Connection and Use of System Code (CUSC) • Smart Energy Code (SEC) • Retail Energy Code (REC) <p>Ofgem have set out their intention for the implementation of the MHHS by October 2025.</p>	<p>This significant code review will change the way that suppliers bill customers and will also change the amount of data provided to the industry.</p>
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