

4th August 2015
MRASCo Ltd
8 Fenchurch Place
London
EC3M 4AJ

Response to the CMA Notice of Provisional Findings

Dear Roger Witcomb,

I would like to thank you for this opportunity to respond to the Competition and Markets Authority's (CMA) Notice of Provisional Findings (the 'Report'). The MRA Executive Committee (MEC) note the report and its contents.

MEC is the committee that oversees the day-to-day operations of the Master Registration Agreement (MRA). The MRA, amongst other things, sets out the customer switching arrangements for the electricity market and plays a key role in a number of other retail governance areas.

Much of the report focuses on areas outside of the direct responsibilities of MRASCo Limited (the not-for-profit, legal entity set up to manage the MRA) and will therefore be for MRA parties¹ to respond in their own right.

MEC focus on three aspects of the provisional findings that it trusts will help the CMA in their work:

- the commercial basis for services provided by Gemserv Limited to MRASCo Limited;
- the Electricity Central Online Enquiry Service (ECOES); and
- the MRA code modification process.

MRASCo was set up as a Special Purpose Vehicle to administer the MRA and provide support as the MRA Secretariat (code administrator). In 2002, MRASCo entered into a Services Agreement with Gemserv Limited, for the latter to provide the services (such as secretariat services, facilitating and independently running industry meetings, critical friend, managing change and helpdesk support) and activities previously undertaken directly by MRASCo. The Agreement sets out roles and responsibilities, liabilities, reporting and monitoring provisions and is itself reviewed on a regular basis. The Agreement has a strong emphasis 'on value for money', reinforcing the benefits of competitively tendered contractual arrangements; for example, the MRASCo Services Agreement in particular, includes an efficiency factor, which ensures that prices are reduced in real terms against the Retail Price Index.

Outsourcing the MRA Secretariat services has enabled innovation within the services provided, facilitating easier engagement with the code and specifically the modifications process. An example of this is the web based sharing tool, which allows the upload of meeting papers and discussion boards for queries allowing parties alternate methods of engagement.

The MRA experiences a very high volume of changes (further information is provided in Appendix A) progressing through its change process driven by government initiatives, innovation, code parties seeking efficiency improvements and code administrative amendments. MEC is responsible for maintaining and managing a change process as part of its objectives and discharges its

¹ Electricity Suppliers, Electricity Distribution Businesses and ELEXON Limited

responsibilities in ways that best supports MRA parties and the core code aim of facilitating industry interoperability.

The CMA made a distinction in its report, between code administrators and delivery bodies. In the case of the MRA, MRASCo act as the code administrator and the delivery bodies are Suppliers, Distribution Businesses and third parties running central systems, managed by Gemserv. When delivering decisions under the MRA, the delivery bodies are those companies making the decision on the solution and the implementation date – all changes are included in a release strategy, which aligns to other electricity codes. The result of this arrangement is that the MRA delivers timely code changes with the support of industry parties. This is evident in the way changes to facilitate both smart metering and to support 17 day switching were progressed under the MRA. There are further changes that have been recently approved that will enhance the code modification process as part of the MRA Code Governance Review (CGR).

MEC has supported the CGR Phase 2 exercise, initiated by Ofgem, by systematically reviewing the MRA governance arrangements. After two years of excellent work, the review is about to conclude. The below are some of the changes that have been introduced:

- Introduction of Materiality Criteria
- Introduction of MRA Objectives
- Review of Code Administrator Role and definitions
- Introduction of Change Reports, send back powers and a process for Significant Code Reviews (SCR)
- Alignment to Code Administrators Code of Practice (CACoP)

Further to this, MRA parties have reviewed the constitution of the change board under the MRA (the MRA Development Board (MDB)), proposing to add an additional smaller Supplier seat and change the Distribution Business representation to align with the larger Supplier arrangements. MRA parties have also developed the use of alternatives change proposals in its change process, which has already been used effectively.

The original CGR Phase 2 purpose was to reduce regulatory burden and code fragmentation whilst increasing industry self-governance. The MRA has been a market leader in self-governance since its inception and continues to act as a successful model for other codes.

MEC also note the considerations relating to Price Comparison Websites and access to the ECOES. Currently there are controls on access to the ECOES, designed to avoid abuse and ensure fair access. In the past, access has been refused to organisations that are seeking financial gain and are not supporting the fulfilment of licence obligations. MEC is undertaking further work to consider how access can be provided to a wider selection of third parties, such as Price Comparison Websites, whilst remaining compliant to the Data Protection Act and fair access rules under the MRA.

If you would like clarification on any of the points raised in this letter or if there is anything else you would like MEC to consider, please contact MRAShelpdesk@gemserv.com or call 020 7090 1029.

Best Regards,

Alex Travell

Chairman of the MRA Executive Committee

Appendix A – Change Statistics

Table 1 below shows the number of Change Proposals (CPs) raised for each Product for the period July 2014 to June 2015.

	CPs Raised	Awaiting Vote	Approved	Withdrawn	Deferred	Appeals raised	Appeals Referred to Ofgem	CPs requiring Authority consent
Master Registration Agreement	15	1	12	0	0	0	0	10
MRA Data Transfer Catalogue	33	4	26	2	0	0	0	1
MRA Agreed Procedures	40	14	21	3	1	0	0	4
MRA Working Practices	4	0	4	0	0	0	0	0
Total	92	19	63	5	1	0	0	15

Table 1: Change Proposal Summary

Issue Resolution

Table 2 below shows the number of issues raised for the period July 2014 to June 2015.

Issues Raised	Open Issues	Closed Issues	Average time to close an issue
18	1	17	36 WD

Table 2: Issue resolution Summary