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**Citizens Advice response to CUSC Workgroup consultation: CMP285 CUSC Governance Reform - Levelling the Playing Field**

Dear Shazia,

We are pleased to be able to respond to this consultation. Citizens Advice has statutory responsibilities to represent the interests of energy consumers in Great Britain. This document is entirely non-confidential and may be published on your website. If you would like to discuss any matter raised in more detail please do not hesitate to get in contact.

We welcome changes to CUSC Governance to provide transparency and to level the playing field between the larger and smaller CUSC parties.

We have outlined answers to the questions in the consultation below.

**Question 1: Do you believe that CMP285 Original proposal, better facilitates the Applicable CUSC Objectives?**

Yes. In particular, this Proposal better facilitates Applicable CUSC Objectives:

- (b) - By providing more access to CUSC parties of a smaller size, this will level the playing field. It will enable CUSC Parties of any size to have a more equal say on the outcome of CUSC matters and therefore this should promote greater competition.
- (d) - The implementation and administration of CUSC arrangements will be improved by greater participation of a larger number of CUSC Parties. This should improve the diversity of views within the CUSC administration process.

**Question 2: Do you support the proposed implementation approach?**

We support the proposed implementation approach.

**Question 3: Do you have any other comments?**

It is important that implementation is achieved in time for the next round of CUSC panel elections in 2019 and wish for the workgroup to review any Alternative Requests as soon as possible so that implementation is not delayed.

**Question 4: Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**

No.

**Question 5: Do you think the draft legal text delivers the intent of the revised Proposal?**

We believe that the draft legal text does deliver the overall intent of the revised Proposal. While we have not assessed this in detail it is useful to see draft legal text as part of a workgroup report, however we would not advocate for this to be the norm.

**Question 6: As per the revised Proposal, do you believe that CUSC signatories owned under a controlling parent company structure should be grouped into voting groups to limit their votes to a maximum of four votes for the CUSC panel elections?**

The proposed approach appears to be logical. Importantly, this approach is similar to the BSC model where Trading Parties are allowed a maximum of 2 votes, based on the number of Energy Accounts they hold.

**Question 7: Do you have any alternative suggestions on how to ensure that some parent companies of CUSC parties are not able to potentially exercise overwhelming control over cumulative CUSC panel votes?**

Not answered.

**Question 8: As per the revised Proposal, do you support an independent model i.e. two independent (and salaried) panel members to join the remaining five user elected panel members?**

In principle, we support the inclusion of independent panel members joining the CUSC panel. As a member of the BSC panel, we see the benefits of having independent panel members. They have the potential to provide a different perspective on issues outside of the normal CUSC party viewpoint and are less likely to take decisions on the basis of the impact on certain parts of industry. However, this will add additional cost to the code administrator's role.

**Question 9: As per the revised Proposal, do you believe that the independent panel members should be remunerated for their services and do you believe the proposed remuneration arrangements are appropriate?**

In order to attract the best people to sit as independent panel members, they should be remunerated for their time and work. The arrangements should be aligned, or similar, with remuneration of independent panel members on BSC panel as there is already a precedent.

We note that the code administrator does not have the funding within the current price control framework (RIIO-T1) for this element of the Proposal. Therefore, it is likely that Ofgem would be required to provide approval for pass-through funding to allow this proposal to be implemented.

**Question 10: As per the revised Proposal, do you agree that the consecutive terms of office of panel members should be time limited? If so, is the proposed two consecutive term limit (i.e. four years before a panel member would have to take a one term break before standing for election again) appropriate?**

In principle, this seems a sensible approach as many of the current panel members have been part of the CUSC panel for a considerable amount of time which may have negative perceptions across the industry and by consumers. However, there is a danger that collective corporate knowledge could be lost if the majority of panel members leave at the same time - which will be the case in 2019 as 5 of the current 7 members would be ineligible to stand for reelection.

Participating as an active member of the CUSC panel is time consuming and for smaller players this might be a reason not to put themselves forward for election. If this Proposal fails to generate sufficient additional interest from potential new panel members then there might be a situation where there are not enough people who are nominated for the panel. In this event CUSC does not have a codified method to deal with this situation.

**Question 11: Do you believe there is a need to build greater knowledge and experience of CUSC matters across the industry? If so, does the revised Proposal help to share the knowledge and experience by ensuring a wider range of individuals sit on the panel over time?**

We see a need to build greater knowledge and experience of CUSC matters across the industry and how these matters impact consumers. In theory, the revised Proposal should open up the panel to a wider range of industry representatives over time. However, as noted in our response to question 10, many new players in the industry are small and have little time to devote to code panels. Therefore, to enable wider engagement with CUSC there is a responsibility of the code administrator to actively increase participation in CUSC matters.

**Question 12: As per the revised Proposal, do you agree with the suggested use of panel alternates whereby panel members would no longer be able to select an alternate in their absence and alternates would instead be allocated on the basis of being selected by the chair, or being next of a rota?**

The current approach is open to criticism as panel members select alternate members themselves. Therefore, anything which promotes fairness of process, reduces the opportunity for criticism and provides additional transparency in the way in which alternate panel members are selected is welcomed.

While we note that a rota would be in place should the Chair wave their right to select an alternate, more clarity is needed on what the Chair's criteria for selection of an alternate will be to ensure transparency of selection.

**Question 13: As per the revised Proposal, do you agree with the proposed changes to the nomination and voting process under Section 8A i.e. nominated candidates must provide additional information and parties wishing to vote must confirm their Voting Group to the Code Administrator in advance?**

In context of the proposed implementation of voting groups, the proposed changes to the nomination and voting process seems reasonable to ensure fairness. We believe it is also reasonable that parent companies will be able to provide accurate information regarding the validity of their votes.

However, we would caution against this becoming an administrative burden on the code administrator. Therefore the CUSC party must be responsible for providing accurate information and not the code administrator seeking it out through additional effort.

I trust that this response is clear, but would be happy to discuss any matter raised within it in more depth if that would be helpful.

Yours sincerely

**Stew Horne**

Principal Policy Manager, Energy Networks and Systems