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Retail Energy Code Performance Assurance Board Paper

PAB Derogation Extension Report – DER15-GRDA Amendment of RMP Status

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For decision	This paper sets out a report to the Performance Assurance Board (PAB) detailing a request from the Gas Retail Data Agent (GRDA), operated by Xoserve, to extend Derogation RECDER_15 for a further two years. The Derogation for RECDER_15 is due to expire in October 2026. In Section 2, RECCo sets out its recommendation following consideration of the current position and recent progress on REC Issue I0219. In Section 3, RECCo sets out possible outcomes following the recommended twelve-month extension. RECCo recommends that the REC Performance Assurance Board (PAB): **Approves** a twelve-month extension to RECDER_15, subject to Xoserve committing to provide PAB with a clear and detailed change plan, including credible delivery timescales for the enduring solution, within three months of the extension being approved.
Appendices	RECPAB_26_1027_07_ A_Appendix I0219 Stranded RMPs in Defunct Suppliers RECPAB_26_1027_07_B_Appendix RECDER_15-Derogation GRDA RMP Status Change RECPAB_26_1027_07_C_Appendix RECPAB_24_1029_09-Xoserve REC PAB Derogation Update 20241012

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1 Background

1.1 The Initial Derogation

RECDER_15 is a Derogation currently held by Xoserve, in its role as the Gas Retail Data Agent (GRDA), which allows the temporary amendment of Registered Metering Point (RMP) statuses to enable Suppliers inheriting portfolios of terminated supply points through Supplier of Last Resort (SoLR) events, acquisitions, or Supplier exits to complete registrations where standard REC processes cannot accommodate the scenario. The Derogation was introduced in April 2023 then extended in October 2024 for a further 2 years, following CSS implementation, which highlighted a gap in the industry arrangements for managing stranded or terminated supply points transferred between Suppliers. Under the Derogation, the GRDA can temporarily amend an RMP status from "Terminated" to "Dormant" to facilitate registration before reverting the status to its original state.

Whilst originally intended as a transitional arrangement, subsequent experience has demonstrated that the issue may continue to occur following future Supplier exits, acquisitions and SoLR events until an enduring solution is implemented. The primary beneficiaries of the Derogation are Suppliers and Shippers that inherit portfolios containing stranded or terminated Supply points, allowing them to register and manage affected Supply points that would otherwise be unable to progress through standard arrangements.

1.2 The Current Status of the Derogation and Issue Raised

REC Issue I0219, Stranded RMPs in Defunct Suppliers, was raised in October 2024 to develop an enduring solution for managing stranded RMPs inherited through Supplier exits, acquisitions and SoLR events. While Xoserve has considered a number of potential solutions, these are expected to require changes to industry systems, including the Central Switching Service (CSS) and/or UK Link, with consequential amendments potentially required to the REC and Uniform Network Code (UNC). An enduring solution, implementation plan and delivery timeline have not yet been agreed, and the issue therefore continues to rely on the temporary arrangements provided by RECDER_15.

Recent collaborative work between Xoserve, the Change Team, the Subject Matter Expert (SME), and the Design and Market Strategy Team has resulted in positive progress on I0219, with the options under consideration now narrowed to two potential enduring solutions. RECCo welcomes this progress and considers it important that the current momentum is maintained. Further work is now required to assess the feasibility of the identified options and establish clearer timescales for progressing an enduring solution.

Xoserve has advised that, due to the low number of impacted cases and competing priorities, progression of the issue remains a low priority. RECCo considers that the limited progress made since the issue was raised, combined with the absence of a clear delivery roadmap, weakens the justification for continuing a Derogation intended to provide a temporary solution while a permanent solution is actively progressed.

1.3 Impact and Risk Rating (of Code Manager Recommendation)

There remains a risk that further GRDA amendments may be required in future Supplier of Last Resort (SoLR) or acquisition scenarios while no enduring solution is in place. This is when a Supplier cannot have any remaining Meter Points in their portfolio for them to fully exit the market. There is a risk that Suppliers will remain indefinitely in the market without intervention from another party or another party being able to perform Registration activities.

Taking these impacts and risks into account, RECCo has assigned the Derogation a Risk Rating of 6.

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	SEVERITY				
Impact/Probabili	1 - Very Unlikely	2 - Unlikely	3 - Possible	4 - Likely	5 - Very Likely
1 - Negligible	1 - Low	2 - Low	3 - Low	4 - Low	5 - Low
2 - Minor	2 - Low	4 - Low	6 - Moderate	8 - Moderate	10 - Moderate
3 - Moderate	3 - Low	6 - Moderate	9 - Moderate	12 - Moderate	15 - High
4 - Significant	4 - Low	8 - Moderate	12 - Moderate	16 - High	20 - Critical
5 - Severe	5 - Low	10 - Moderate	15 - High	20 - Critical	25 - Critical

2 Recommendations

RECCo acknowledges that the underlying issue remains unresolved and may arise again in future Supplier exit, acquisition or SoLR scenarios. RECCo also recognises the recent collaborative progress between Xoserve, the Change Team, RECCo's SME, and RECCo Design and Market Strategy team, which has helped to narrow the options under consideration to two potential enduring solutions for I0219. In recognition of this progress, RECCo recommends that PAB approve a further twelve-month extension to RECDER_15.

This extension would maintain the temporary arrangements while allowing sufficient time for the enduring solution in I0219 to be developed and progressed. The recommendation is subject to a commitment from Xoserve to provide PAB, within three months of the extension being approved, with a clear and detailed change plan setting out the proposed approach, key activities, dependencies, milestones and credible delivery timescales. RECCo considers twelve- month to be a proportionate approach that recognises the progress made, provides appropriate continuity for affected market scenarios and establishes clear accountability for progressing the enduring solution.

3 Possible outcomes following RECCo's recommended twelve-month extension:

- The Derogation expires after the twelve-month extension with no enduring solution and no further extension request. Xoserve would be expected to comply with the relevant REC requirements.
- A further extension is requested after the twelve-month with a clear delivery plan and supporting evidence
    a. Xoserve requests a further extension and provides evidence of progress towards the enduring solution, including a clear delivery roadmap and expected timescales.
    b. RECCo would assess the request and could recommend a further extension where this is considered justified, potentially to allow sufficient time for the enduring solution to be implemented.
- Xoserve does not provide the agreed change plan within three months, or the plan does not contain sufficient detail, evidence of progress or credible delivery timescales.
- RECCo would report the position to PAB and consider the circumstances, progress made and associated risks in determining any further recommendation.
- This could result in PAB considering further conditions, additional assurance or other appropriate action in relation to the derogation.

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REC PAB Decision
RECCo recommends that the REC PAB: **Approves** a twelve-month extension to RECDER_15, subject to Xoserve committing to provide PAB with a clear and detailed change plan, including credible delivery timescales for the enduring solution, within three-months of the extension being approved.

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