RETAIL ENERGY CODE

PERFORMANCE ASSURANCE WEBINAR

07 JULY 2026

INTRODUCING YOUR PRESENTERS

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PAB Secretary

HOUSEKEEPING

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- Event recording
- Use of Slido
- Opportunities for Q&A

Join on Slido.com: 2252166



AGENDA FOR TODAY

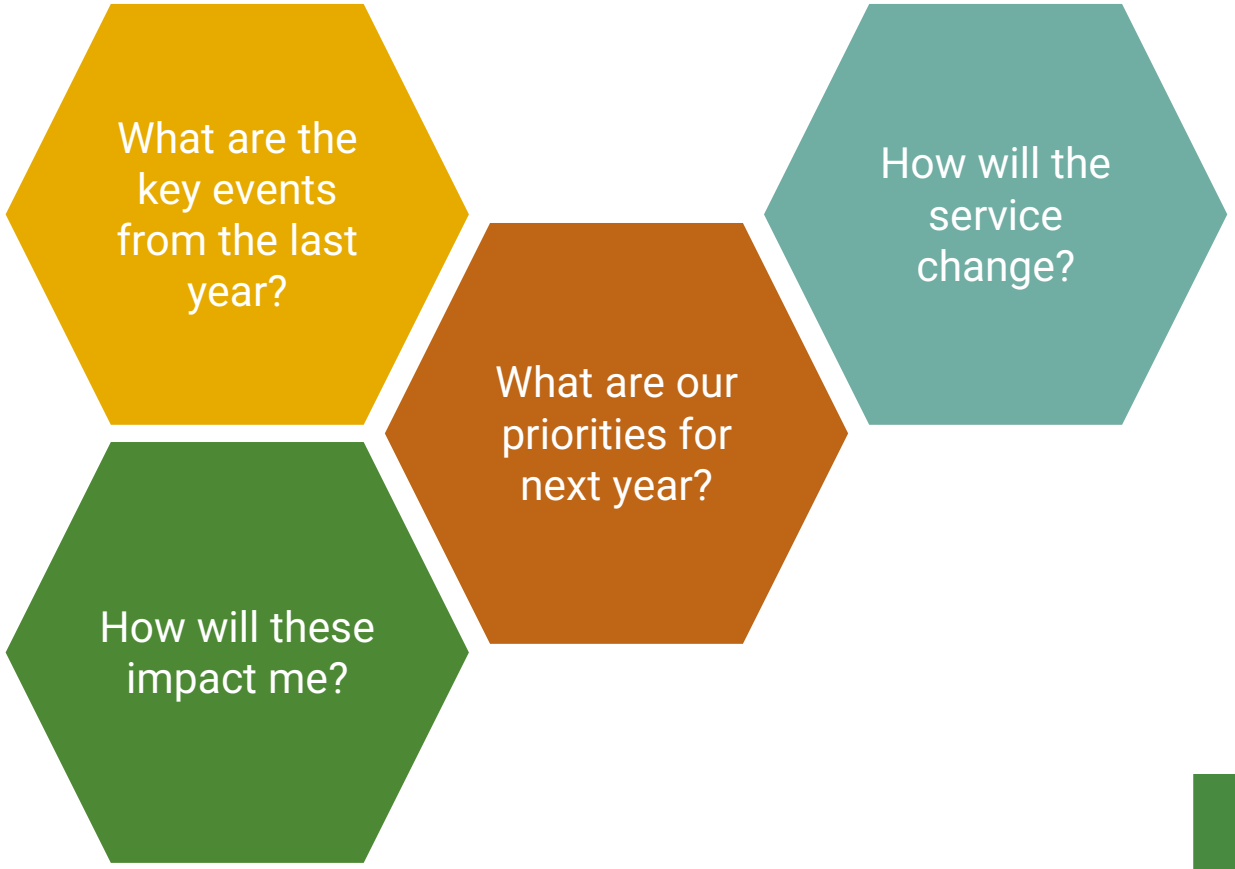
AGENDA ITEM	PRESENTER
Welcome & Introduction	Anton Moden
Introduction to RECCo's Performance Assurance Strategy	Joy Nnamani
Consultation for Performance Assurance Framework Products 2026/27	Joy Nnamani
PAB Focus and Market Performance	Anton Moden & Tanya Mason-Hawes
Critical Changes Deep Dive	Daniel Rodgers
Annual Ratings	Anton Moden
Theft Detection Incentive Scheme (TDIS) Update	Andrew Waghorn
Q&A	All

INTRODUCTION

We are structuring our webinar around two key aspects:

- Activities and priorities in the last year.
- How the Performance Assurance service will change from September onwards.

We'd welcome your feedback after the webinar if there are other questions you have of us.



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INTRODUCTION TO RECCO'S PERFORMANCE ASSURANCE STRATEGY

JOY NNAMANI

7 July 2026

REC Performance Assurance

From 1 September 2026

Rethinking our Delivery

- **Commercial arrangements coming to an end creates a natural** opportunity to reflect on what's working well and where delivery can be strengthened
- **RECCo becoming a licensed Code Manager** means we need greater direct control over assurance, governance and performance reporting
- **Provides greater flexibility, resilience and access to specialist skills**, ensuring assurance keeps pace with market change and new REC services

REC obligations remain unchanged – REC Parties and REC Service Users must continue to meet all existing requirements.

REC Performance Assurance Framework Strategy

3-year plan • Outcome-focused • Disaggregated delivery

REC Party &
REC Service User

REC Service Providers

Governance & Operational

Principles

Outcome-focused

Risk-based

Evidence-based

Proportionate

Technology-enabled

Consistent and fair

Transparent and accountable

Future-ready

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Moving to an Outcomes-focused Approach

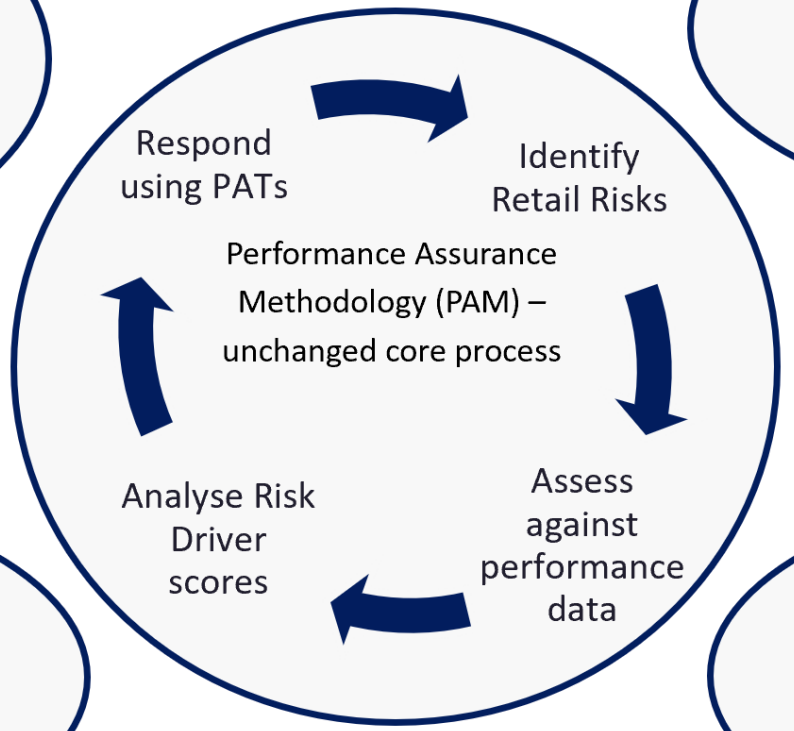
How we identify priorities

Month 3 Strengthening interpretation

- Better risk identification & prioritization
- Initial evidence-based view of material Risk Drivers
- No change to scoring methodology

Month 6 Enhanced analysis & prioritisation

- Identifies trends and patterns
- Improves risk assessment
- Begins to influence PAT selection



Month 12 Embedded & outcome-driven

- Fully integrated into PAM
- Strong link: Issues – PATs – Outcomes
- Influences strategic updates

Month 9 Consistent decision-making

- Clearer link: Risk Drivers to Consumer Outcomes
- Supports threshold / target recalibration

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The Consumer Outcomes give an articulation of risks we already recognise

1

Consumers are safe and those with vulnerabilities are supported

Captures the extent to which consumers experience a retail market that enhances and protects their safety and recognises and responds to vulnerability

2

Consumers avoid financial detriment

Reflects the expectation that consumers do not suffer avoidable financial detriment arising from market, process or Party errors – both from perspective of prevention and resolution

3

Consumers can easily engage with the market and resolve issues promptly

Consumers should be able to engage with a market that operates without unnecessary friction, where issues are resolved within reasonable timescales, with clear ownership and repeatable processes

4

Consumers trust a fair and functioning market

Consumers should have confidence that the market is fair, predictable, repeatable and does not place them at an unfair disadvantage because of inconsistent practices, poor data handling or inappropriate behaviour

5

Consumers benefit from continuous improvement over time

The market should demonstrate sustained improvement in the areas that matter for consumers, allowing them to be the ultimate beneficiaries of transformation change

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Performance Assurance Methodology

- Provides the framework for identifying, assessing and responding to risks that could impact consumer outcomes or market effectiveness.
- Defines how risks are translated into assurance activities, linking risks, risk drivers, assurance techniques and escalation routes.
- Supports a consistent, risk-based approach to identifying non-compliance and assessing materiality.
- Establishes clear and transparent escalation processes for significant concerns.

- What's changing?

- **Introduction updated to align with the new Performance Assurance Strategy**
- **Greater emphasis on consumer and market outcomes**
- **Outcome Measurement Framework (OMF) begins to inform assurance decisions**
- **Methodology will evolve as the OMF matures**

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Retail Risk Register

- Provides a structured view of retail market risks that could prevent the REC delivering positive consumer and market outcomes.
- Helps RECCo and the PAB focus Performance Assurance on the areas of greatest inherent risk.
- Links operational risks to consumer outcomes, showing how REC obligation failures could affect consumers, confidence and competition.
- Prioritises assurance by assessing risk impact and likelihood, focusing resources where benefit is greatest.
- Supports outcome-based assurance by linking existing process risks to the new approach, maintaining continuity as the OMF matures.

• What's changing?

- **Consumer outcomes now shape risk identification**
- **New risks added following OMF workshops**
- **Clear links between outcomes, risks and assurance activities**
- **Foundation for an evidence-led Risk Register**

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Performance Assurance Operating Plan

- Translates the Performance Assurance Methodology into a practical annual delivery plan.
- Sets out the assurance activities planned for the year, including routine, proactive and thematic reviews.
- Prioritises assurance activity based on known and emerging retail market risks.
- Provides transparency by giving stakeholders advance notice of planned assurance activities.

• 2026/27 Focus Areas

- **Assurance introduced for Tariff Interoperability and Consumer Consent**
- **Greater focus on Meter Technical Detail and address data quality**
- **Increased cross-code collaboration, theft review and consumer outcomes**

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Consultation opens Friday 10 July

Provide your views

We’re seeking feedback on 2 key documents that will shape Performance Assurance for 2026/27:

Retail Risk Register (RRR)
Help us ensure we've identified and prioritised the right risks facing the retail energy market.

Performance Assurance Operating Plan (PAOP)
Tell us whether we've prioritised the right assurance activities to address those risks.

We'd particularly welcome your views on:

- The proposed Retail Risks and their prioritisation
- The planned assurance activities for 2026/27
- Any emerging risks or market developments we should consider

Consultation closes: 24 July 2026
Submit your response via the REC Portal

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PAB FOCUS AND MARKET PERFORMANCE

TANYA MASON-HAWES / ANTON MODEN

PERFORMANCE ASSURANCE ANNUAL REPORT

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Code Requirements

- Tightened Meter Accreditation Schemes – with improved drafting and assurance activities.
- Improving metering data - enabling organisations communicating about gas meter data to identify more reliably the mechanism through which they receive information from other Parties.
- Tested R0155 effectiveness – through a critical change deep dive with quantitative and qualitive analysis.

Effective Systems

- Improvements have been particularly evident in the prompt resolution of switching incidents.
- Engagement has also focused on enquiry services, including:
- Improving service performance following MHHS go-live.
- Addressing technical performance measures such as data latency.
- Overall business-as-usual performance has improved.

Market Participants

- Performance Assurance worked with Parties experiencing a range of performance issues.
- Conducted readiness assessments for key retail market changes, including MHHS.
- Continued progress on MHHS readiness, with over 50 Party-Roles qualified and over 20% of MPANs migrated.

Accurate Data

- Continued efforts to improve industry data quality.
- Delivered targeted data quality improvement sprints.
- Enhanced data quality to support MHHS.
- Addressed data issues relating to new meter installations.

PERFORMANCE TRENDS FOR THE LAST YEAR
PATS ISSUED IN 24/25 VS 25/26

Year-on-year change in PATs issued:

RR 8: 27% ↑

RR 6: 29% ↑ RR 10: 67% ↓

RR 12: 233% ↑

Delayed Switches

While objections processes are available to Parties to prevent Erroneous Switches, we monitor outliers who are using this process more than other similar organisations. This behaviour may indicate a risk of negative consumer outcomes, such as delayed or prevented switching, due to potential misuse of the objection process by Suppliers.

The increase in this Risk Driver (RD) is almost entirely driven by a rise in PATs against RD 8.9 (High Objection Rate with CoO). While the average Risk Driver score across the industry has remained broadly stable, this increase in the number of PATs reflects the repeated application of PATs to a smaller number of Parties as they continue to adjust to the requirements introduced through R0155.

Inaccurate Data, including Address data

Submitting invalid requests to CSS, or failure of a Party to maintain accurate registration data, delay a customer switch and signifies a failure to meet fundamental market standards.

The increase in the number of PATs around inaccurate address management is driven by repeated PATs to a small number Parties failing to update MPL addresses within the Code timeframes; in multiple cases we have issued targeted Action Plan PATs against these Parties and expect the number of cases to reduce going forward.

We have noted a significant decrease in Parties over threshold for the Risk Drivers for inaccurate data impacting switching; this reflects both improved familiarity with the CSS architecture and processes, as well as the continued focus placed on this area as a Performance Assurance priority.

Erroneous Switches

Erroneous Switches prevent customers from registering with the Supplier of choice, which can result in a negative outcome and increase consumer's disengagement with the Switching arrangements.

The significant increase in the number of PATs for this area relates to three main causes:

- Reduction in threshold for RD 12.3 on Annulments to allow us to better monitor performance in advance of the implementation of R0287
- Increased PATs for RD 12.4 on Withdrawals, which are concentrated on 3 Suppliers and being dealt with on a case-by-case basis
- Increased PATs for RD 12.7 (Re-Registration delay following ES) due to a known issue with Parties not sending NOSI flows, which is being investigated as part of the Erroneous Switching Working Group

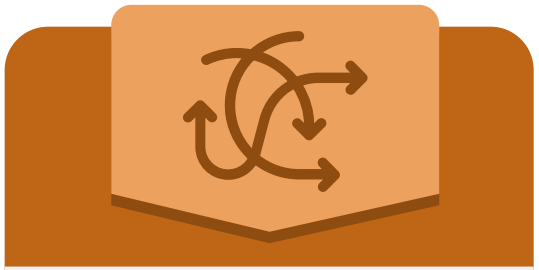
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CRITICAL CHANGES DEEP DIVE

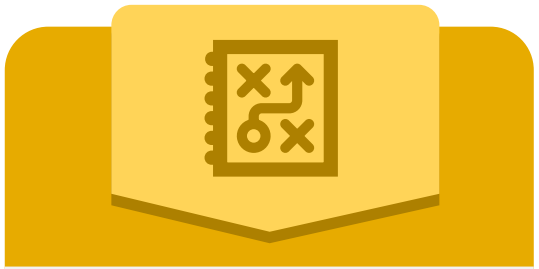
DANIEL RODGERS

OBJECTIVE

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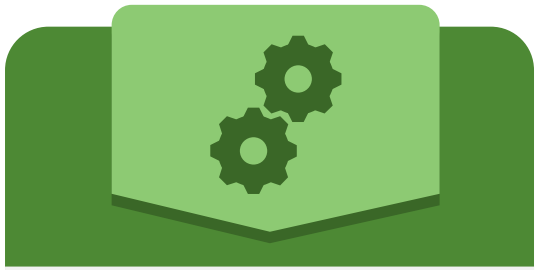
Challenges in realising benefits



Review a complex change



Identify whether benefits met and lessons learned



Enable REC to operate effectively

CASE STUDY - R0155

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Quantitative Analysis

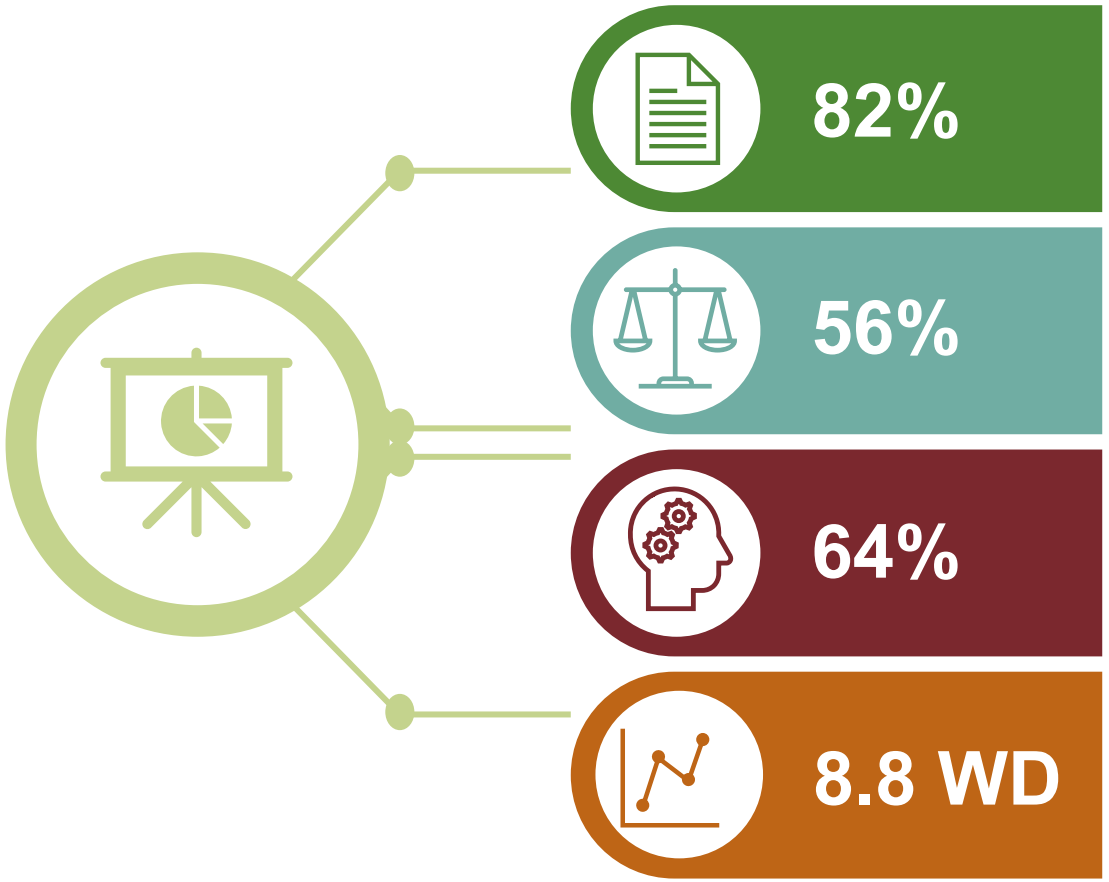
- Timely Switch after Change of Occupier (CoO)
- Successful Switch after CoO

Qualitative Analysis

- Key measures (objectives achieved, process clear, cost-benefit, other Suppliers complying)
- How the change process was a key driver for any positive or negative outcomes/sentiments

REPORT OUTPUTS

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Process set out clearly in R0155 guidance

The majority of respondents confirmed the **process for CoO is clearly set out.** Additionally, feedback reflected that Parties **valued the additional time, engagement and preparatory feedback** made available ahead of implementation.

Benefits have outweighed the costs

The majority of respondents believe **the change has brought enough benefits to justify the costs** incurred to bring it about. Parties appreciated that **feedback was listened to** and taken on board which made for a **pragmatic change**.

Problem not fully resolved

The majority of respondents either were **unsure whether the problem statement had been resolved or believe that it had been partially resolved**. Delays and customer behaviour were most often attributed to the current difficulties with progressing CoOs.

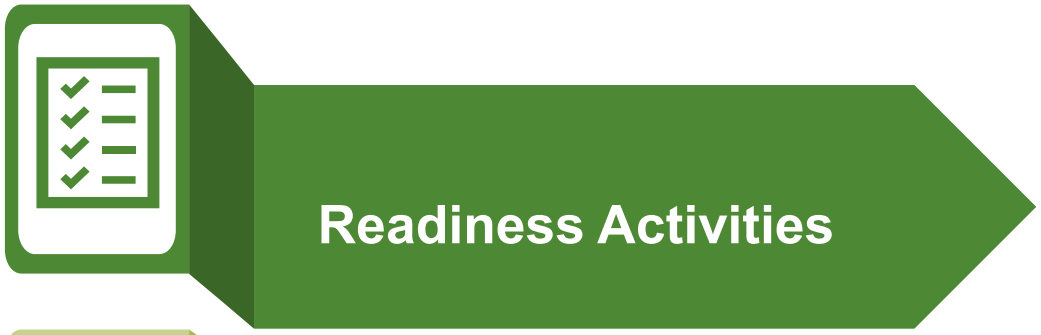
Outcome variations

Quantitative assessment is subject to **limitations with the data.** The median self-reported average time across Suppliers is **8.8 WD to resolve a CoO**, in comparison to a **10 WD SLA**, though this varies from same day to 33 WDs.

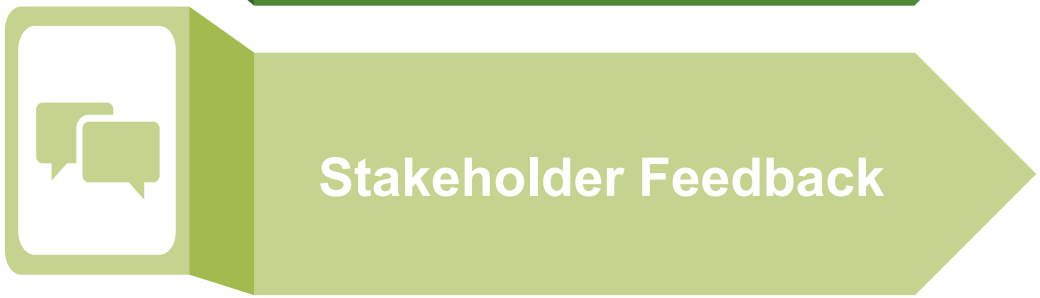
RECOMMENDATIONS

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Continue and Expand



The Code Manager should continue to undertake readiness activity for complex changes. This should additionally be expanded to include practical process assurance where relevant.



The Code Manager should continue to seek and consider stakeholder feedback throughout the development and implementation of complex changes. Parties appreciated that feedback was considered to build a proportionate change.



The Code Manager should continue to outline the proposed Performance Assurance approach as part of the Change where relevant, however any post-change review should also demonstrate if the Change has achieved the desired outcomes.

RECOMMENDATIONS

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Introduce

A formalised post-implementation review framework should be introduced for complex changes. This will allow the Code Manager to identify unresolved issues, capture lessons learned, and support continuous improvement of the Change process..

There should be a clear link between the Change solution and to what extent it fully addresses the problem statement, else any issues that sit outside its scope, which would help Parties better understand the intended benefits of the change.

Where relevant, the Code Manager should capture relevant baseline performance before implementation and define clear success measures against which the change can be assessed, with a focus on consumer outcomes.



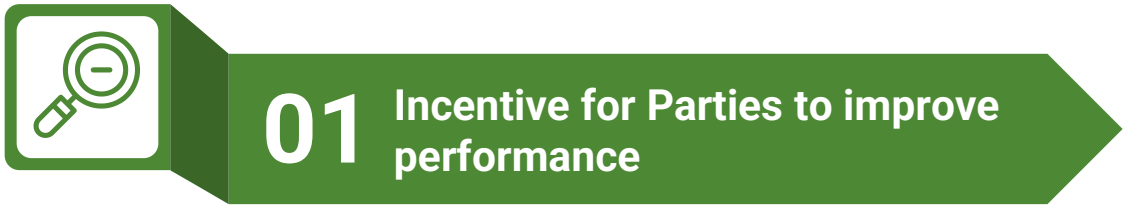
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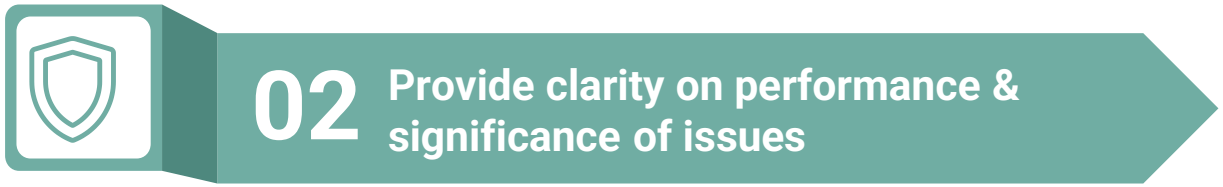
ANNUAL RATINGS

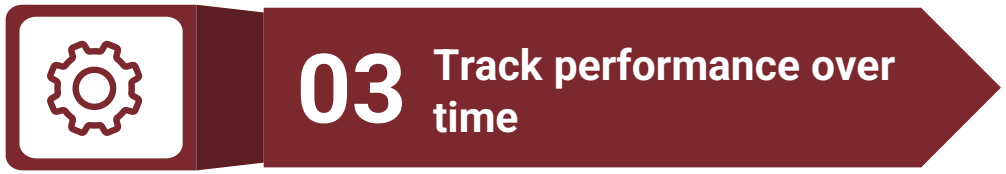
ANTON MODEN

PURPOSE OF THE ANNUAL RATING

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Incentive to improve

A key reason for providing Parties with the Annual Rating is to encourage behaviours that benefit the market and improve customer outcomes. Where Parties do not comply with the standards, the rating creates the incentive for them to change these behaviours and engage with the Performance Assurance process.

Clarity on your performance & significance of any issues

The Annual Rating provides Parties with a reliable benchmark against their peers and a score of how well they comply with the REC. Additionally, it allows the PAB to signal areas of particular focus and importance by their inclusion in the criteria.

Data on your performance over time

The annual aspect of the ratings additionally allows both Parties and the Performance Assurance team to monitor trends in performance over time and acts as an additional data point when assessing effectiveness of changes in the Code and overall compliance with the REC.

TIMELINE

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January 2026

Consultation on Annual Rating Criteria (both for DNOs/Supplier and new criteria for MEMs)

March 2026

Consultation closes – criteria will be adjusted based on the Party Feedback

June 2026

Key decisions on Annual Rating

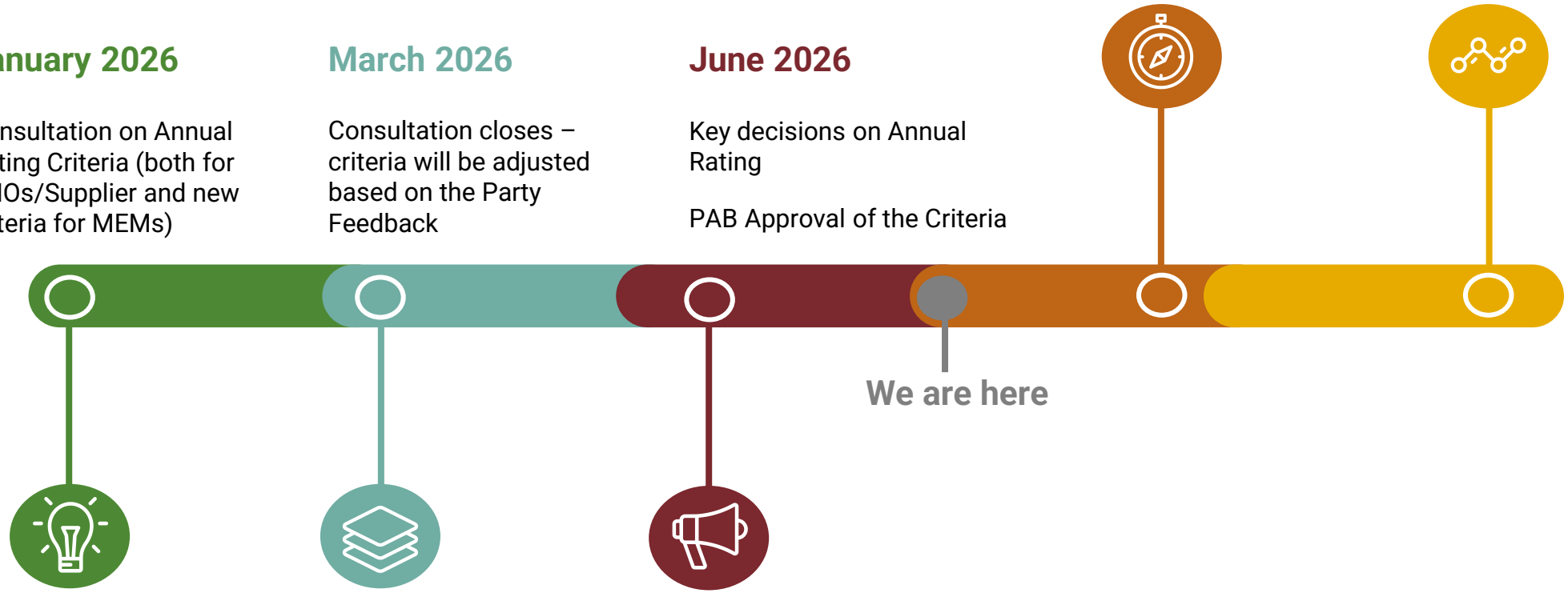
PAB Approval of the Criteria

July 2026

Publication of draft ratings & Query Window – Parties will have a chance to meet with the PA team to discuss their proposed ratings

August 2026

Market wide scores (where applicable) will be provided following the close of the query window.



KEY CHANGES: UPDATED LABELS

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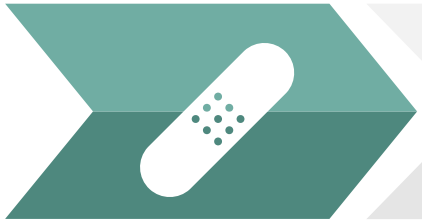


Performing

No significant issues identified with the Party's processes, and they have met their Code compliance obligations.

No material weakness

Previously this category was known as 'No Material Weakness'.



Performing with Minor Concerns

Some of the Party's processes did not meet Code requirements in a minor way, but no evidence of any significant concern was identified.

Minor Weakness

Previously this category was known as 'Minor Weakness'



Improvement Required

The Party has either multiple minor Code compliance issues, or a single significant Code compliance issue, or data indicated a risk of poor consumer outcomes.

Moderate Weakness

Previously this category was known as 'Moderate Weakness'



Severe Concerns

It has been identified that a significant proportion of the Party processes have failed to meet the requirements of the Code, or their data indicated providing poor consumer outcomes

Severe Weakness

Previously this category was known as 'Severe Weakness'

KEY CHANGES: SUPPLIERS AND DNOS

Meeting Milestone 10 (MHHS)

M10 was of particular importance given the fact it **secured the readiness for the Programme to move forward by ensuring DNOs are ready** to assist with the transition. As a result, through feedback sessions with various stakeholders it was suggested that meeting this deadline should be included as a criterion in the Annual Rating.

Performance Area	Criteria	Performing	Performing with Minor Concerns	Improvement Required	Severe Concerns
Market Entry and Qualification	**Not met M10 (MHHS only)**				☑

Payment method levelisation & TDIS – data & payments

The approved criteria relate to two areas, **the timely and accurate submission of data**, as well as **the payment of associated invoices**. These are important because these schemes facilitate payments between Suppliers, hence late or inaccurate data and payments can have **direct financial consequences for other Parties**.

Performance Area	Criteria	Performing	Performing with Minor Concerns	Improvement Required	Severe Concerns
Market Schemes	**Payment method levelelisation - submissions**			Missing, late or invalid data submission (more than 1 day)	
	Payment method levelelisation and TDIS			Payment late by 1 day	Payment late by multiple days

KEY CHANGES: METERING ORGANISATIONS

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COMCOP Audit Timeliness

We would mark whether the audit has been pushed back multiple times and/or not completed at all due to delays

COMCOP Audit Findings

This criterium would look at the number and types of findings on the COMCOP

Action Plan PATs

If a Metering Agent has been issued with an Action Plan related to their activities or lack of progress on Data Cleanse we believe this should be reflected in their rating .



Maintenance of Qualification

Any delays on the submission of the MoQ would negatively impact the rating. This is also consistent with the approach for Suppliers and DNOs.

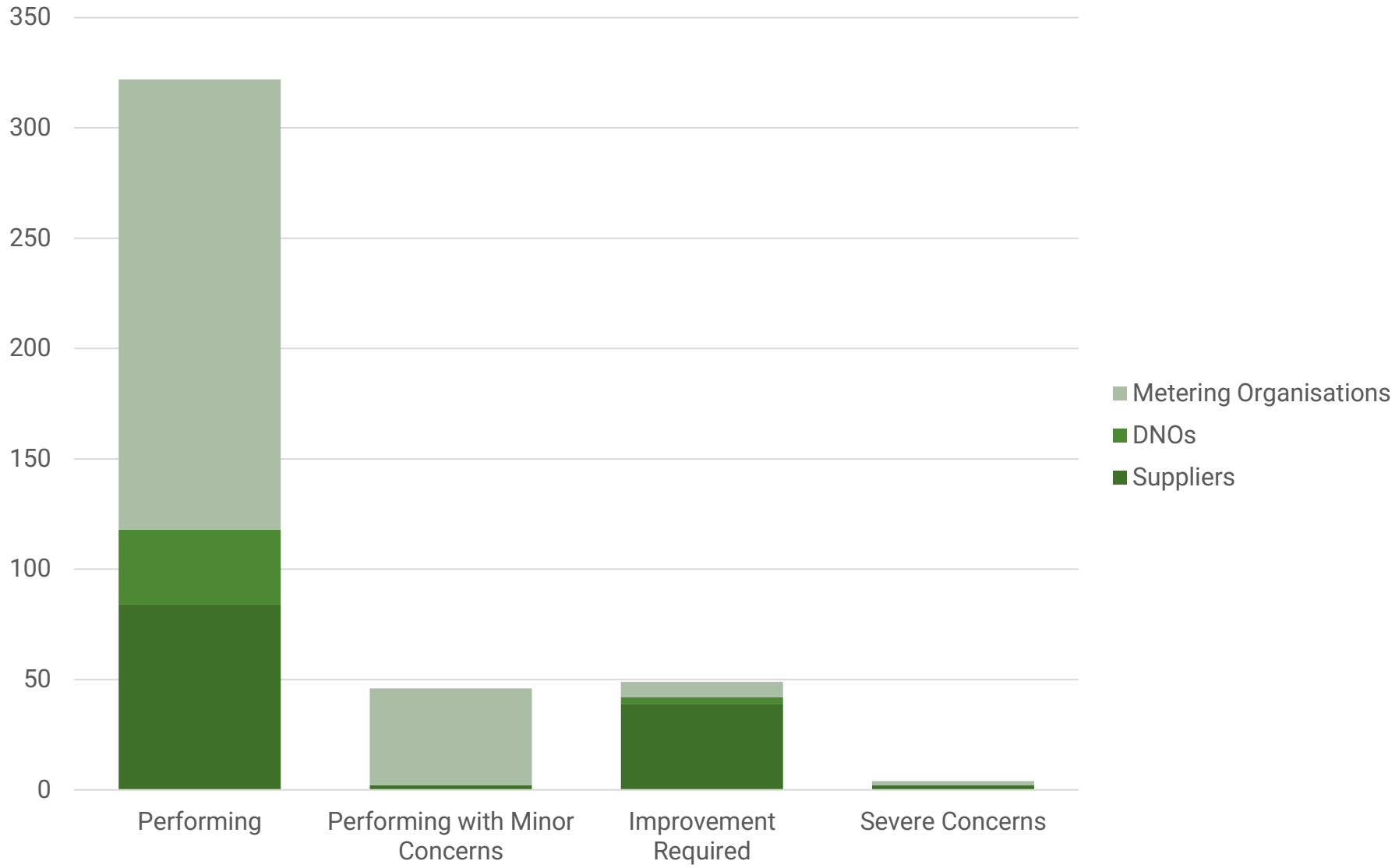
CME Condition breach (where applicable)

Breaching the controlled market entry conditions would negatively impact the annual rating for any organization.

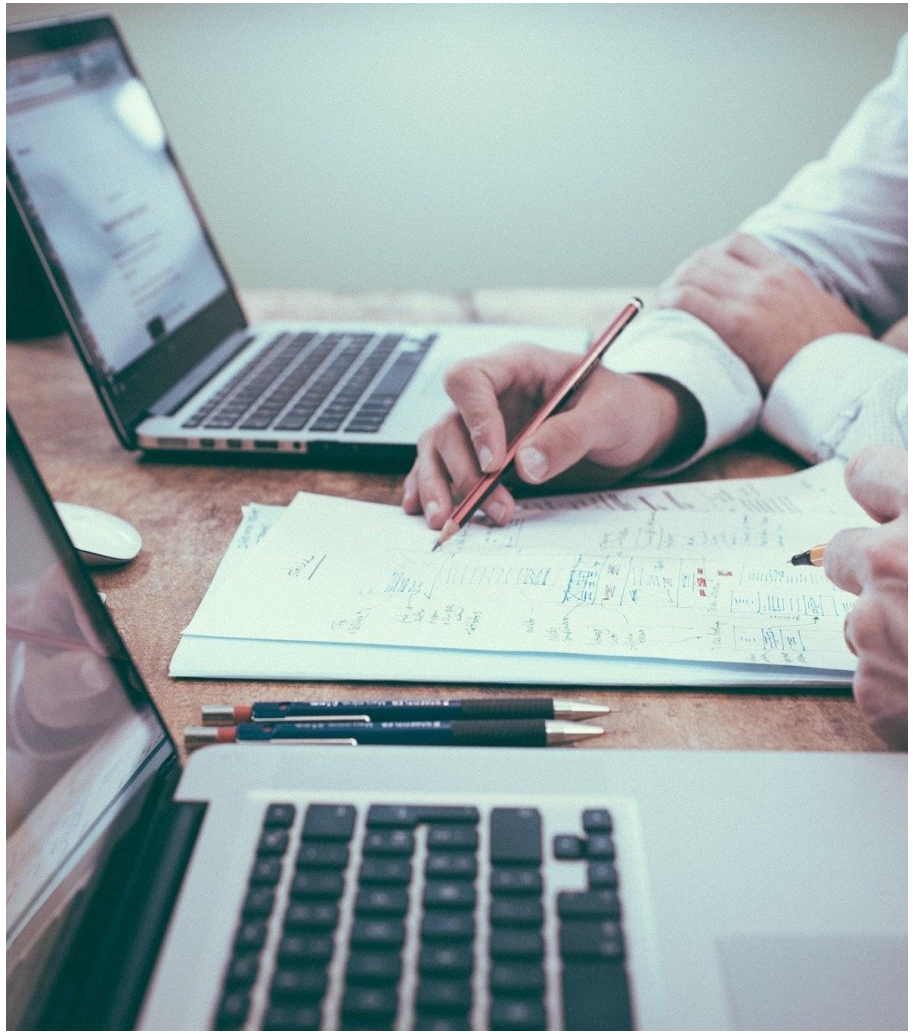
Persistent Performance Issues

Where the Party is repeatedly escalated by the Supplier or asked to present in front of the PAB due to poor engagement with the PA team.

INITIAL LOOK – 2025-2026 RATINGS



MORE INFORMATION



- Annual Rating Wiki Page
- Consultation Responses
- Handout for Metering Agents

- Contact PA Team: performanceassurance@recmanager.co.uk
- Or contact your OAM

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THEFT DETECTION INCENTIVE SCHEME (TDIS) UPDATE

ANDREW WAGHORN

UPCOMING ACTIVITIES – 2025/2026 SCHEME CREDITS / DEBITS CALCULATION

4 June 2026	• **Final cut-off** for TDIS files for the 2025/26 Scheme Year, including corrections to your 1 May submission
From 17 June 2026	• Final TDIS dashboards available • Review your final confirmed theft data by segment and raise any queries asap Provide details of any portfolio acquisitions / disposals not already communicated
Ongoing	• Code Manager is contacting specific parties regarding potential data anomalies in parallel with any Party-raised queries
21July 2026	• Deadline for submission of any queries in your final confirmed theft data by segment
By 22 August	• Code Manager to calculate and publish final Debits and Credits

DEBITS AND CREDITS CALCULATION

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This Year the Debit/Credit calculation includes Completed investigations where the theft was unconfirmed. The calculation is as follows:

$$X * \left(\frac{STD}{TTD}\right) - (X * FMPS) + V_S * 0.5 * TDV + D_S * 0.2 * TDV$$
$$- \left(\sum_S (V_S * 0.5 * TDV + D_S * 0.2 * TDV)\right) * FMPS$$

X is the total incentive pot value of the relevant consumer segment adjusted for CPI

STD is the number of Confirmed Energy Thefts recorded by the Energy Supplier in the relevant consumer segment.

TTD is the total number of Confirmed Energy Thefts recorded in the TDIS Reporting Year for the relevant consumer segment.

FMPS is the final metering market share in the reporting year for the relevant segment

VS is the number of Completed but Unconfirmed Theft Investigations that were concluded as a Site Visit Investigation

DS is the number of Completed but Unconfirmed Theft Investigations that were concluded as a Desktop Investigation

TDIS VERIFICATION

Sample Testing

71 samples were selected for this activity, covering **10 Suppliers**; the Code Manager reviewed whether the **samples met the relevant REC definitions** for Confirmed Energy Theft, Energy Theft Site Visit Investigation, and Energy Theft Desktop Investigation, hence whether they had been reported correctly for TDIS incentive purposes.

Process Assessment

A Supplier was selected for a process assessment to understand if it is **meeting its obligations under the TDIS scheme**, with particular focus on how the Party conducts **Desktop Investigations, Site Visits, and Theft Reporting**. The assessment involved three workshops, during which the Supplier demonstrated the **end-to-end lifecycle of its theft processes** from lead initiation through to post-investigation monitoring. The Code Manager also reviewed supporting process documentation and sample evidence to assess how the relevant processes operate in practice.



Good Practice theft processes observed

- Embedding **theft-related processes into wider business activities**, including interactions with on-site operatives via MEM(s), change of tenancy processes, and broader debt considerations.
- This approach supports the generation of a higher number of theft leads and contributes to a higher overall Confirmed Theft rate.
- Leveraging **system alerts**, such as those from Smart DCC, rather than relying solely on direct theft reports through channels such as ETTOS.

Completeness and accuracy of reporting

- Data quality and reporting issues noted in respect of Assessed Start Date, Assessed End Date and Assessed Losses fields.
- Parties should have robust quality assurance processes **in place when generating PARC theft reporting**, and should **review anomalous values** and cases where multiple thefts have been identified for a single RMP within a short timeframe.
- Theft dashboard includes ‘warning’ validations for assessed losses and dates.

Relevant REC definitions

Parties should make sure they are aware of relevant definitions, such as:

- Energy Theft Site Visit Investigation which notes “multiple visits to a premises in respect of the same suspected Energy Theft shall only count as one Energy Theft Site Visit Investigation”
- Confirmed Energy Theft Definition which requires “an indication of theft via a desktop review of consumption levels”
- Schedule 7 which requires Parties to use the Theft Assessment Calculator to assess unrecorded units for Assessed Losses reporting.

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Q&A

ALL

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THANKS FOR ATTENDING

CONTACT US: ENQUIRIES@RECMANAGER.CO.UK