RETAIL ENERGY CODE

CODE MANAGER RESPONSE TO THE CONSULTATION ON CHANGES TO THE RISK REGISTER TO ALIGN WITH REC V3

At CSS go-live there will be significant changes to industry systems and processes. These require changes to the REC Retail Risk Register, as Risks change and the way in which the Code Manager can measure them changes. The Performance Assurance Board (PAB) have been engaged with these updates, which they considered and approved during the 22 February 2022 meeting. The PAB also noted that an industry consultation would take place following PAB approval.

The Code Manager issued a consultation on changes to the Risk Register to align with REC V3 on 1 April 2022, with the response deadline on 14 April 2022. The responses received from industry and the Code Manager's response to these is summarised below. The full list of consultation responses and the Code Manager's response to these can be found in **Appendix A.**

1. Do you suggest any changes to the 16 proposed updates to the Risk Register? If so, how would this change benefit consumers?
Responses to question 1 included concerns on raising changes without assessing these in conjunction with the Performance Assurance Report Catalogue (PARC). The Code Manager understands the importance of needing to align with the PARC and we would highlight that updates to the PARC are being progressed through a Category 2 Change including industry consultation (R0038). Identifying the high level risks is the first step and once these are established, consequential changes to the PARC are identified and included in the change proposal. PARC items are linked to the relative risk driver for which it is being used. We are still focusing on the same risk areas, with the difference being in some instances we can acquire more data from central systems and over time we aim to move more Party submitted data to central data submission. These updates to the Risk Register will not be the last ones the Code Manger implement, further workshops will be conducted on specific areas such as Prepayment, where we particularly value industry input in order to develop the processes and associated assurance. Some parties raised concerns that the introduction of risk driver 8.6, "The supplier does not resolve a Consumer Facing Switching and Billing Problem in a timely manner," exceeds the remit of the REC, however, risk driver 8.6 monitors the issues within the Resolution of Consumer Facing Switching and Billing Problems REC Schedule and therefore is within the scope of the REC. In order to avoid confusion, we will update this risk driver to specify which issues we are referring to. These include Switch Meter Read Problems, Cross Meters, Duplicate RMPs and Misdirected Payments. Comments around risk driver 8.7, "Objections are not raised appropriately or are raised without a justified reason," included some concerns on the monitoring approach for objections. We would like to clarify that risk driver 8.7 will not be analysing commercially sensitive information. As noted in the responses, objection reasons will be changing from CSS go-live as this has been redesigned under the Switching Programme. This risk has been included due to this change in the process, initially we are planning to measure this risk by assessing the volume of objectives raised relative to switching activity and how this varies across the market to inform any potential follow-up with parties. This will be driven by centrally collected data only. The wording of risk driver 12.4, "Misuse of the withdrawal process leads to additional cost to Supplier and increases the risk of switching errors," raised some queries, specifically with the word 'Misuse'. We would like to highlight that for this risk driver, we will be measuring the number of withdrawals relative to overall switching activity and intend to assess withdrawal behaviour relative to applicable complaints in order to

understand the volume of usage of this new process and variance across the market to identify potentially anomalous use of this new process available under CSS.

2. Are there any REC processes that are not covered by a relevant Retail Risk which you believe should be? If so, what risk would you suggest and how would this benefit consumers?
Some participants did not provide a response to the second question as they indicated that processes will be developing over time. There was mention of the Debt Assignment Protocol (DAP) workshop that took place in March 2022, where it was highlighted that the current DAP process was cumbersome in its current design. With this in mind, it was suggested that risk driver 8.5,"A prepayment customer with debt is unable to switch suppliers due to the Gaining and Losing suppliers," inability to comply with the debt assignment protocol" should be reworded as the issues may not directly sit with Gaining and Losing Suppliers. We acknowledge this and suggest that this risk driver is reworded as follows: *"A prepayment customer with debt is unable to switch suppliers due to delays throughout the debt assignment protocol process"* This change captures the purpose of the REC and this Risk Register which ultimately is to have successful customer outcomes. The Code Manager received positive feedback on the fact that the issue of cross-meter is identified as an updated risk area (within the summary). However it was unclear where exactly within the risk drivers this was being monitored. We would like to clarify that the Cross-Meter risk is monitored under risk driver 7.1 "A meter installed at a Consumer's premises is associated to another Registered Meter Point, resulting in the Consumer being billed for the energy consumption at another premises". This risk driver will measure the number of crossed meter enquiries submitted to SDES as well as the time taken to resolve crossed meters based on the original enquiries submitted. We would like to thank everyone who participated in the consultation process and we invite all stakeholders interested to please participate in the upcoming PARC consultation and Prepayment workshop to be conducted in the upcoming months.

RETAIL ENERGY CODE

APPENDIX A

The following pages show the specific responses the Code Manager received from Parties as well as the Code Manager's response to each point raised.

1. Do you suggest any changes to the 16 proposed updates to the Risk Register? If so, how would this change benefit consumers?	
Consultation Responses	**Code Manager Responses**
Scottish Power: General – the new risks are at an extremely high level. It has been very difficult to impact assess as we do not know what data will be required and from what source. Additionally, many of the terms used are not helpful, for example what does "used inappropriately" actually mean and what will be used to determine that. 8.6 should be removed as it far exceeds the remit of the REC. As it stands the risk is extremely vague.	Risk driver 8.6 monitors the issues within the Resolution of Consumer Facing Switching and Billing Problems. We will update this risk to specify which issues we are referring to. These include Switch Meter Read Problems, Cross Meters, Duplicate RMPs and Misdirected Payments. Moreover, we understand the importance of the establishment of a linkage to the PARC, however, identifying the high level risks is the first step and updates to the PARC are being progressed through a Category 2 Change including industry consultation (R0038).
Scottish Power: 8.7 should be removed as the objection reasons are not governed by the REC. Further, as the main objection reasons are either debt or contractual (non-domestic only) they are commercially sensitive so cannot be provided at an MPXN level. If this risk remains it needs to be very clearly defined on the exact reporting requirements.	We would like to clarify that risk driver 8.7 will not be looking at collating commercially sensitive information. The purpose of this risk driver is to measure the rate of objections raised to determine whether Suppliers are raising objections at a frequency which might suggest potential inappropriate use of the objection process. The PARC (in its current version and the version being progressed under R0038) does not request that objection reasons are provided at MPxN level.
Scottish Power: 12.4 – unclear what this actually means or what "misuse" means. The process is ultimately there to stop an erroneous switch so we would strongly recommend that suppliers are NOT challenged on "misuse" as it could lead to more erroneous switches at the detriment to the consumer.	We would like to highlight that for this risk driver, we will be measuring the number of withdrawals against Switches and the number of withdrawals against customer complaints in order to understand the volume of usage of this new process and variance across the market in order to identify potentially anomalous use of this new process available under CSS
Utilita: We are concerned some of the changes proposed cannot be assess without the PARC gathering more/new/other data that may not be directly linked to the REC' and have not already been highlighted in the Change Proposal R0038. For Example, Risk 4.2 "A Consumer is moved to Prepayment mode or Credit mode when they should not have been ". Currently non-aggregated complaints data and D0225's are not in the scope	We are planning to host a Prepayment industry session to gather further details on Prepayment Risks (Retail Risks 1 & 4). Any updates made to the PARC will go through industry consultation. The Code Manager understands the importance of needing to align with the PARC and we would highlight that updates to the PARC are being progressed through a Category 2 Change including industry consultation (R0038).

1. Do you suggest any changes to the 16 proposed updates to the Risk Register? If so, how would this change benefit consumers?	
Consultation Responses	**Code Manager Responses**
within the Performance Assurance reporting. Before this Risk is added, we believe a clear explanation and discussion is needed with stakeholders to understand how Risk Register 4.2 can be review under the REC reporting.	
Utilita: We also cannot appreciate the necessity of adding Risk 8.7 "Objections are not raised appropriately or are raised without a justified reason". It is unclear to us why this would be highlighted as a key Risk, in our view objection reasons will be changing from CSS go-live as this has been redesigned under the Switching Programme.	This risk has been included due to the change in the Objections process you note, initially we are planning to measure this risk by assessing the volume of objectives raised relative to switching activity and how this varies across the market to inform any potential follow-up with parties. This will be driven by centrally collected data only.
Utilita: To address these questions and the proposed changes to the PARC together, we suggest a stakeholder workshop should take place in advance of any implementation.	We are planning to host a Prepayment industry session to gather further details on Prepayment Risks (Retail Risks 1 & 4). Moreover, a webinar on REC Performance Assurance Webinar - CSS Readiness and Risk Thresholds will take place on the 26th of May. Any updates made to the PARC will go through industry consultation. The Code Manager understands the importance of needing to align with the PARC and we would highlight that updates to the PARC are being progressed through a Category 2 Change including industry consultation (R0038). We are still focusing on the same risk areas with the difference that in some instances, we can acquire more data from central systems and over time we aim to move more Party submitted data to central data submission. Further workshops will be conducted on specific areas such as Prepayment, where we welcome everyone's input.

2. Are there any REC processes that are not covered by a relevant Retail Risk which you believe should be? If so, what risk would you suggest and how would this benefit consumers?	
Consultation Responses	**Code Manager Responses**
Scottish Power: None – these will develop over time	
Utilita: After recent discussion in a DAP workshop (March 2022), there was consensus that the current DAP process was cumbersome in its current design. With this in mind, 8.5 on the Risk Register should be reworded as the issues may not directly sit with Gaining and Losing Suppliers.	Thank you for pointing this out, although we acknowledge that the cause of some of these issues may not entirely sit with the Gaining and Losing Supplier, the aim of the workshop was to help improve the process in order to reduce such issues. However the actions of the gaining and losing supplier are the only actors we are able to measure. We believe the wording 'inability to comply' demonstrates that we are considering causes outside of these actors in our response.
MatrixGroup: It is very positive that the issue of cross-meter is identified as a risk for which performance of suppliers deserves monitoring (page 5). I cannot however see where is features in the Risk Register (pages 10 to 24). It may be in Retail Risk 7 (7.1 or 7.2??) but then, it is not clear. So I wonder if it is worth clarifying it by using the terminology cross meter,and specifying the case of an MPAN or MPRN being linked to wrong Meter Serial number. I think this is a specific issue that requires looking into.	The Cross-Meter risk is monitored under risk driver 7.1 “A meter installed at a Consumer’s premises is associated to another Registered Meter Point, resulting in the Consumer being billed for the energy consumption at another premises”. This risk driver will measure the number of crossed meter enquiries submitted to SDES as well as the time taken to resolve crossed meters based on the original enquiries submitted.