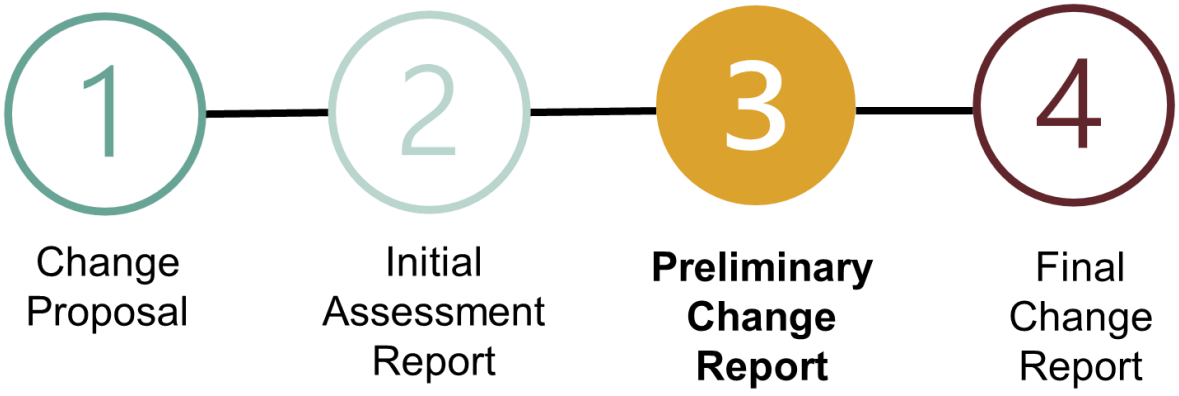
RETAIL ENERGY CODE

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Information is for public, unrestricted dissemination and publication.

# PRELIMINARY CHANGE REPORT




| | |
|---|---|
| **PURPOSE:** | The Preliminary Change Report is drafted by the Code Manager when a Change Proposal has a fully formed solution that has been sufficiently assessed to allow a decision to be made on whether this should be approved for implementation. The report includes a summary of the Change Proposal, details of the proposed solution and the Code Manager's view on the case for change and recommendation. |
| **NOTES:** | The report sets out the minded-to position, prior to formal consultation, and may be changed when publishing the Final Change Report. |
| **NEXT STEPS:** | The Preliminary Change Report will be issued for consultation. Following this, the Code Manager will produce a Final Change Report and the Responsible Committee will make a decision on whether to approve the Change Proposal. |

RETAIL ENERGY CODE

| | |
|---|---|
| 01 | Initial Assessment Report |
| 02 | Preliminary Change Report |
| 03 | Final Change Report |

# PRELIMINARY CHANGE REPORT

## R0042 – PERFORMANCE ASSURANCE BOARD TERMS OF REFERENCE

| | |
|---|---|
| DOCUMENT VERSION | 1.0 |
| DATE ISSUED | 20/05/2022 |
| DOCUMENT APPROVAL STATUS | PUBLISHED FOR CONSULTATION |

| | |
|---|---|
| RESPONSIBLE COMMITTEE | CHANGE PANEL |

| | | |
|---|---|---|
| LEAD ANALYST | Jonathan Holland | EMAIL |
| TECHNICAL LEAD | Rosaland Timperley | EMAIL |
| ASSURANCE LEAD | Eliana Campbell | EMAIL |

### CHANGE OVERVIEW

This Change Proposal seeks to make the necessary updates required to the Performance Assurance Board Terms of Reference regarding extraordinary meetings and quoracy arrangements in preparation for CSS Go-Live Date and REC V3.0.

### CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0042 is **APPROVED** for implementation on the **CSS Go-Live Date**.

| | |
|---|---|
|  | High Impact:<br>N/A |
|  | Medium Impact:<br>N/A |
|  | Low Impact:<br>Central Switching Service Provider, Electricity Enquiry Service Provider, Gas Enquiry Service Provider, Electricity Ratal Data Service, Gas Retail Data Service |

RETAIL ENERGY CODE

## CONTENTS


| | | |
|---|---|---|
| **BACKGROUND** | | |
| 1. | SUMMARY | 4 |
| 2. | PROBLEM STATEMENT | 4 |
| 3. | USER STORIES | 5 |
| **PROPOSAL** | | |
| 4. | SUMMARY OF ANALYSIS UNDERTAKEN | 5 |
| 5. | SUMMARY OF IMPACT ASSESSMENT ACTIVITY | 5 |
| 6. | DELIVERY AGAINST CHANGE PROPOSAL PLAN | 6 |
| 7. | KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES | 6 |
| 8. | PROPOSED SOLUTION | 7 |
| 9. | DRAFT LEGAL TEXT | 7 |
| 10. | PROPOSED IMPLEMENTATION DATE AND APPROACH | 7 |
| 11. | CHANGE PATH | 8 |
| 12. | RESPONSIBLE COMMITTEE | 8 |
| 13. | BUSINESS CASE ASSESSMENT | 8 |
| 14. | CASE FOR CHANGE | 8 |
| 15. | CODE MANAGER'S RECOMMENDATION | 9 |
| 16. | CONSULTATION PLAN AND NEXT STEPS | 9 |
| 17. | APPENDIX | 9 |

# BACKGROUND

## 1 SUMMARY

The scope and limitations of the REC Performance Assurance Board (REC PAB) Terms of Reference (ToR) are set out in the Performance Assurance Schedule of the Retail Energy Code (REC).

The current REC PAB ToR need updating to facilitate extraordinary meetings and their quoracy arrangements in preparation for the CSS Go-Live Date and implementation of REC V3.0. This change is being driven by the Switching Change Advisory Board (CAB), which will be in place from the CSS Go-Live Date and has an appeal route to the REC PAB.

In addition to those changes, further changes are also being proposed to address lessons learnt in the first year of operation of the REC PAB. It became clear that the requirement to have two independent members attending the REC PAB affected the ability to achieve the required quoracy (due to planned and unplanned absence). As such, this has resulted in the need for several ex-committee decisions.

In summary the proposed changes are:

- The current 5 Working Day notice period for extraordinary meetings related to emergency operational change appeals or a derogation request from the Switching CAB may be waived, to allow meetings to be scheduled with a shorter lead time.
- Quoracy arrangements for extraordinary meetings related to emergency operational change appeals or a derogation from the Switching CAB will be waived, to allow a simple majority for those able to attend being permitted to make decisions. However, a minimum of three members will be required for the Committee to be quorate.
- Quoracy arrangements for general REC PAB meetings will be amended to reduce the number of independent members required for a meeting to be quorate (reduced from two independent members to one).

Changes are required to bring the REC PAB ToR up-to-date and in line with REC V3.0 arrangements. Without these changes the appeals/derogation decisions that are required to go to the REC PAB, will not operate efficiently or in line with urgent timescales required from emergency changes.

## 2 PROBLEM STATEMENT

Following the implementation of REC V3.0, the current REC PAB ToR will not support extraordinary meetings and quoracy arrangements driven by the Switching CAB or the appeals route from the Switching CAB to the REC PAB.

This change seeks to update the REC PAB ToR to fully represent the changes being implemented as part of REC V3.0, and to also address lessons learnt during the REC PAB's first year of operation.

## 3 USER STORIES

| REF. | USER STORIES |
|---|---|
| **MARKET PARTICIPANT USER STORIES** | |
| M1 | As a REC Service Provider, I need the REC PAB to be able to make decisions on emergency operational change appeals and derogation requests in a timely manner, to ensure the Switching Service remains operational and effective. |
| M2 | As a REC PAB member, I need to be able to make decisions on emergency operational change appeals and derogation requests in a timely manner, to ensure the Switching Service remains operational and effective. |
| M3 | As a member of the Switching CAB, I need the REC PAB to make decisions on emergency operational change appeals and derogation requests in a timely manner, to ensure the Switching Service remains operational and effective. |
| M4 | As a REC PAB Member, I need the quoracy requirements to be effective, so that meetings can go ahead and make decisions without the need to support additional ex-committee processes. |

# PROPOSAL

## 4 SUMMARY OF ANALYSIS UNDERTAKEN

The proposed changes to the REC PAB ToR were developed by the Code Manager's Performance Assurance team and endorsed by the REC PAB on 29 March 2022, prior to publishing the Change Proposal Plan. No specific analysis or solution development activity is required as there is already a defined solution.

## 5 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

No impact assessment activity was required for this Change Proposal as REC Parties are not impacted, and although REC Service Providers have an interest in this change being progressed, they are not directly impacted.

The five interested REC Service Providers have been engaged by the Code Manager, to ensure they are fully informed about the proposed changes. A period of consultation for the REC Service Providers has been included in the Change Proposal Plan to validate the assumption that there are no impacts to the Service Providers.

# 6 DELIVERY AGAINST CHANGE PROPOSAL PLAN

| | PLANNED | COMPLETED |
|---|---|---|
| DEADLINE FOR ALTERNATIVE CHANGE PROPOSAL SUBMISSION | 20/05/2022 | 20/05/2022 |
| PRELIMINARY CHANGE REPORT ISSUED | 20/05/2022 | 20/05/2022 |

To date all activity has been completed within the planned timescales.

# 7 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

## 7.1 RISKS AND ISSUES

There are no risk or issues as part of this Change Proposal.

## 7.2 ASSUMPTIONS AND DEPENDENCIES

| No. | ASSUMPTION | NOTES | HOW/WHEN TO VALIDATE |
|---|---|---|---|
| **A1** | REC Service Providers are not directly impacted by the Proposed changes, which brings the REC PAB ToR up to date and in line with REC V3.0 arrangements and support the Switching Change Advisory Board (CAB). | The Code Manager has engaged with the REC Service Providers prior to the Change Proposal being raised. | This will be validated as part of the consultation process. |

## 8 PROPOSED SOLUTION

The following paragraphs are proposed to be added to the REC PAB ToR:

> *5.5 in the case of emergency operational change appeal and derogation decisions escalated from the Switching Change Advisory Board (CAB), the five working day notice period may be waived.*
>
> *5.6 the PAB secretary will notify PAB members by email and/or telephone as soon as reasonably practical prior to the calling of an extraordinary meeting.*
>
> *5.11 in the case of an extraordinary PAB meeting called under the circumstances outlined in paragraph 5.5, where:*
>
> > *a) the PAB chair reasonably considers that it will not be possible to achieve a quorum; or*
> >
> > *b) at the time of an extraordinary meeting it becomes apparent that the meeting is not quorate, and the PAB chair considers that there is insufficient time to re-arrange the meeting*
>
> *any matter to be decided shall be decided by a simple majority of those PAB members who cast a vote (which would require a minimum of three PAB members). In line with normal PAB business, the PAB Chair would have a casting vote in the event of a tiebreak.*

## 9 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0042 can be found here.

## 10 PROPOSED IMPLEMENTATION DATE AND APPROACH

| | |
|---|---|
| **PROPOSED IMPLEMENTATION DATE** | CSS Go Live Date |

| | |
|---|---|
| **PROPOSED IMPLEMENTATION APPROACH** | BIG BANG |

We propose this change is implementation on the CSS Go-Live Date and Implementation of REC V3.0 release, which Ofgem will designate and is currently expected to be 18 July 2022, to ensure the REC PAB ToR remains up to date and in line with REC V3.0 arrangements and support the Switching Change Advisory Board (CAB).

In order to achieve the proposed implementation date for this urgent Change Proposal it is necessary to implement it prior to the appeals window closing.

Following approval of the Final Change Report on 05 July 2022 the standard 10 Working Day appeals window opens and closes on 19 July 2022. Parties are urged to raise any appeals prior to 17 July 2022.

## 11 CHANGE PATH

| CHANGE PATH | SELF-GOVERNANCE |
|---|---|

## 12 RESPONSIBLE COMMITTEE

| RESPONSIBLE COMMITTEE | CHANGE PANEL |
|---|---|

## 13 BUSINESS CASE ASSESSMENT

The intention of this Change Proposal is to make changes to the REC PAB ToR to ensure the expectation set out in the Switching CAB ToR (for appeal decisions to be escalated to the REC PAB for resolution) will be implemented and work effectively in practice from the CSS Go-Live Date.

The proposed changes will mean that any issues that arise from the Switching CAB, which cannot be resolved at the CAB, are escalated efficiently to the REC PAB. This will benefit consumer switching arrangements, should there be an urgent issue that requires resolution. It also makes clear the governance routes for the Switching CAB appeal and derogation decisions that are escalated to the REC PAB.

## 14 CASE FOR CHANGE

The Code Manager considers that there is a positive case for change to implement this Change Proposal, on the basis that:

- The proposed solution is fully formed and appropriately resolves the problem statement.
- There are no identified impacts or costs to the market in implementing the proposed solution.
- The impact of not implementing this solution would mean appeals/derogation decisions that are required to go to the REC PAB, will not operate efficiently or in line with urgent timescales required for emergency changes.

## 15 CODE MANAGER'S RECOMMENDATION

The Code Manager recommends to the Change Panel approval of:

- The proposed change solution.
- The proposed implementation approach.
- The proposed implementation date of the **CSS Go-Live Date**

## 16 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report for R0042 will be published on the REC Portal on **20 May 2022**. Consultation closes on **07 June 2022.**

Following consultation, the Code Manager will produce an updated version of this Preliminary Change Report (referred to as the Final Change Report). This will include the outcome of the consultation, setting out a summary of the consultation submissions and the Code Manager's response.

The Final Change Report will be issued to the Change Panel to make its determination.

## 17 APPENDIX

| | |
|---|---|
| **CHANGE PROPOSAL** | Link |