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CHANGE PROPOSAL PLAN

R0025 - SERVICE PROVIDER PERFORMANCE CHARGES (DCC)

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RESPONSIBLE COMMITTEE	PERFORMANCE ASSURANCE BOARD
CHANGE PATH	AUTHORITY DETERMINED

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	11/11/2022

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

This Change Proposal seeks to introduce an economic incentive scheme for the Centralised Registration Service (CRS) Provider through the introduction of Service Provider Performance Charges linked to performance against service levels defined in the REC.

KEY MILESTONES

	FROM	TO
PRELIMINARY CHANGE REPORT AND CONSULTATION ISSUED	11/11/2022	11/11/2022
CONSULTATION	11/11/2022	02/12/2022
FINAL CHANGE REPORT ISSUED	09/12/2022	09/12/2022
RESPONSIBLE COMMITTEE DECISION	20/12/2022	20/12/2022
SEND TO AUTHORITY FOR DECISION	21/12/2022	21/12/2022
APPEAL WINDOW CLOSURE	09/01/2023	09/01/2023

1 SCOPE

1.1 IN SCOPE

This document details the plan for consultation of this Change Proposal.

1.2 OUT OF SCOPE

This Change Proposal does not consider how the Code Manager and Performance Assurance Board will monitor Service Provider performance for other REC Service Providers following the implementation of the proposed solution, nor how Performance Charges will be applied as a Performance Assurance Technique in individual circumstances.

2 REQUIRED ACTIVITIES AND STAKEHOLDER ENGAGEMENT

2.1.1 ANALYSIS AND SOLUTION DEVELOPMENT

No specific analysis or solution development activity is required as there is already a defined solution, which was endorsed by the Performance Assurance Board (PAB) on December 2021 and has involved RECCo, Ofgem and engagement with DCC. The Code Manager will continue to develop and refine the solution through the progression of this Change Proposal and will consult with the PAB, Ofgem and the DCC as appropriate. The solution may therefore evolve prior to the publication of the Preliminary Change Report.

The drafted legal text changes will be the only expected output from the solution development phase.

2.1.2 IMPACT ASSESSMENT

There is no impact assessment activity required. The change is fully formed and reflects the reviews from RECCo, Ofgem and DCC. There will be a period of consultation to raise any unforeseen impacts.

While we recognise that the DCC may wish to complete an impact assessment with their service providers to implement or strengthen their own controls and incentives, where these relate to service levels at risk through this scheme, we do not consider that this activity is required as part of this Change Proposal.

The proposed solution does not seek to amend existing service levels or introduce new service levels that would require a change to the service provided by the DCC or its service providers. The service levels that are measured are those that were agreed by the Switching Programme, with engagement from the DCC and REC parties. The DCC has existing reporting processes in place for performance to be reported to the Code Manager on a monthly basis, therefore there is no material change required to the DCC's systems or processes to implement this change.

The proposed solution also only seeks to put the DCC's approved baseline margin at risk each year. This represents the allowable profit margin that the DCC can earn as part of its revenue as the CRS Provider and is set by Ofgem each year. The baseline margin is calculated based on the DCC's internal costs, not their external costs, consequently there is no link between this,

and the costs incurred by their service providers. Therefore, there is also no requirement for the DCC to pass these costs through to their service providers in order for the scheme to be implemented and equally no reason why the DCC would need to identify any costs to REC parties through a formal impact assessment.

2.1.3 PRELIMINARY CHANGE REPORT DEVELOPMENT AND CONSULTAITON

The associated legal text updates will be completed ahead of the Preliminary Change Report publication on 11 November 2022. We propose this Change Proposal should proceed immediately to a consultation on the Preliminary Change Report.

2.1.4 FINAL CHANGE REPORT

A Final Assessment will be carried out to review consultation responses and assess impacts to the business case and Code Manager's recommendation, prior to publishing the Final Change Report for decision on 09 December 2022.

2.2 RAID

2.2.1 RISKS AND ISSUES

No risks or issues have been identified that may impact the progression of this Change Proposal Plan.

2.2.2 ASSUMPTIONS AND DEPENDENCIES

NO.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
R0025.CPP. A001	The solution discussed between RECCo, the Code Manager and Ofgem will be taken forward in Ofgem's upcoming consultation on changes to the Smart Meter Communications Licence.		Validated through the development of the Change Proposal.

REF.	DEPENDENCY	NOTES	STATUS
R0025.CPP.D001	A decision will be made on this Change Proposal in time to support an Ofgem decision on the overall scheme and licence changes in January 2023.		Open