RETAIL ENERGY CODE

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01	Proposal Plan
02	Impact Assessment
03	Consultation
04	**Final Recommendation**

CHANGE REPORT

R0210 – EVOLUTION OF THE CRS PERFORMANCE CHARGE

DOCUMENT VERSION	V1.0
PROPOSED IMPLEMENTATION DATE	28 February 25
IMPLEMENTATION APPROACH	Big Bang

RESPONSIBLE COMMITTEE	Performance Assurance Board	**CHANGE PATH**	Self-Governance
PRIORITY STATUS	High	**URGENCY**	Standard
IMPACTED STAKEHOLDERS	CRS Provider, CRS Users (Indirect)		

LEAD ANALYST	ASSURANCE LEAD	SUBJECT MATTER EXPERT
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OVERVIEW

This Change Proposal seeks to update the mechanism that delivers Performance Charges for the Centralised Registration Services (CRS) Provider. These proposed updates will ensure that core areas of CRS function have differential Performance Charge weightings determined by their relative criticality.

RESPONSIBLE COMMITTEE DECISION

On **26 November 2024**, the REC Performance Assurance Board (PAB) voted, in line with the Code Manager's Recommendation, to:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 28 February 2025.

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BACKGROUND

1 SUMMARY

The CRS Provider is responsible for the provision of the Centralised Registration Services, in accordance with Condition 15 of the DCC Licence and the requirements set out in the REC. Unlike other REC Service Providers, the CRS Provider is a Party to the Code and its requirements and Performance Levels are defined in the REC. Since April 2023, following implementation of Change Proposal R0025 – Service Provider Performance Charges (DCC), Performance Charges have applied to the CRS Provider. These are based on performance against Service Level Agreements (SLAs) set out in the Central Switching Service (CSS) Definition, CSS Certificate Authority Service Definition and the Switching Operator Service Definition.

During the development of R0025, it became apparent to the REC PAB that further development of the methodology was required to ensure that the performance charges function as optimally as possible. Existing performance charges are applied uniformly across all service areas regardless of their relative importance to CRS functions.

In order to incentivise performance in areas where underperformance carries a higher risk proportional to other areas, the REC PAB have approved the decision to explore how differential weightings in CRS Performance Charges may be applied. This Change Proposal has been raised following that PAB decision.

2 PROBLEM STATEMENT

CRS Performance Charges do not currently incentivise performance in areas where missed targets can result in more critical issues. This Change Proposal seeks to make the necessary modifications to Schedule 6 – Performance Assurance to enable differential weightings in CRS Performance Charges based on the relative criticality of different metrics.

3 IMPACTS

CONSUMERS
None

REC SERVICE PROVIDERS
Central Registration Service Provider

RECCO / REC CODE MANAGER
REC Performance Assurance (RPA)

REC PARTIES AND SERVICE USERS
None

REC DOCUMENTS / PRODUCTS
Schedule 6 – Performance Assurance.

MHHS DESIGN	MHHS DATA SPECIFICATION	MHHS CODE DRAFTING
N/A	N/A	N/A

The Code Manager expects that there will be an ancillary impact on the CRS Provider. The proposed solution does not require active engagement from the CRS Provider, as it changes a framework of Performance Assurance that sits downstream of standard, day-to-day CRS functions. However, it may be that the CRS Provider, in light of the proposed new framework, chooses to modify operations in such a way as to better engage with the aforementioned framework.

The Code Manager also expects that there will be an impact on the operations of its Performance Assurance function, as the proposed solution will modify how Performance Assurance activities take place with regard to the CRS. Proposed changes to the CRS Performance Assurance framework will be captured in Schedule 6 – Performance Assurance.

4 CROSS CODE IMPACTS

The Code Manager has not identified any cross-code impacts.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**06-Sep-24**	**13-Oct-24**
	Impact Assessment	September	October
	Solution Refinement	October	October
Change Proposal		**14-Oct-24**	**25-Nov-24**
	Business Case Assessment	October	October
	Consultation	October	November
	Final Determination	November	November
Voting		**26-Nov-24**	**26-Nov-24**
	Appeal Window	November	December

6 STAKEHOLDER ENGAGEMENT

The Code Manager will engage with the CRS Provider on an ad-hoc basis throughout the progression this Change Proposal. Additionally, the Code Manager may also provide updates to the PAB on the progress of this Change Proposal as needed. Beyond this, the Code Manager does not propose any extraordinary engagement activity beyond the standard Consultation period.

7 PRIORITY STATUS AND URGENCY

PRIORITISATION MATRIX

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Direct	0	27	0
	Retail Markets Impact	Innovation and Market Arrangements	3	17	50
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	2	7	13
		Legal and Regulatory Compliance	1	14	14
Resource	Complexity / Effort / Duration		2	9	18
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		3	17	25
	Contribution to/ Alignment with RECCo's Forward Work Plan		1		8
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity	3	10	30
				Overall Priority Score (rounded)	159

Priority Score	Priority Status
171 and above	Critical
151 to 170	High
101 to 150	Medium
0 to 100	Low

Priority Status	HIGH
Change Proposal Type	STANDARD

Urgent Change Proposals meet the Criteria for Urgency as set out by Ofgem

This Change Proposal has been given a priority status of High, based on a score of 159. This score has been calculated as follows:

- Retail Market Impact: Innovation & Market Arrangements has been given a score of three, indicating major impact. This is based on the relationship between CRS functions and dependant Retail Risks; this Change Proposal will contribute to the mitigation of Retail Risks 7, 8, 9 and 10.
- Contribution to/Alignment with REC objectives has been given a score of three, indicating major impact. This is based on this Change Proposal aiming to support continuous improvement in the operation of the REC and its central systems (the CRS), and indirect consequential improvements to Consumer interests and data protection, as a result of mitigation of CRS issues such as P1 incidents.
- Urgency has been given a score of three, indicating major urgency. This Change Proposal must be implemented by 01 April 2025, in order to ensure that the new CRS Performance Charge provisions are in place by the time of the next reporting period.

All other metrics have been given a score of two or one, as appropriate, bar direct Consumer impact, where none was identified.,

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SOLUTION

8 SUMMARY OF ANALYSIS UNDERTAKEN

This Change Proposal was raised with a fully formed solution. REC Performance Assurance (RPA) and the CRS Provider have worked collaboratively to develop the proposed solution. This follows instruction from the REC Performance Assurance Board, asking the Code Manager to look at evolving the methodology of the CRS Performance Charge mechanism.

9 PROPOSED SOLUTION

Changes have been proposed to Schedule 6 – Performance Assurance: Annex A – Performance Charges: Section 5 – CRS Provider Performance Levels. These Changes introduce a differential weighting between different Performance Measure Groups, as per the table below:

Performance Measure Groups	Total number of Metrics under the group	Relative Weighting
User Support	18 Metrics	30%
Service Availability	7 Metrics	50%
Responsiveness and Other Metrics (BCDR)	16 Metrics	20%

The objective of this differential weighting is to incentivise performance in areas where failures are likely to be more critical, by placing a higher relative weighting on those areas. The proposed solution also outlines how the quantity of individual failures against a Performance Measure Group determines the percentage of the performance charge is levied, as per the table below:

	User Support	Service availability	Responsiveness	BCDR Metrics	Performance Charge Percentage
Relative weighting	30%	50%	20%		
	Performance Level Failure Threshold				
On target	0-3	0	0-2	0	0%
Minor failure	4	n/a	3	n/a	15%
Serious failure	n/a	1	4	n/a	30%
Severe failure	5	2	5	n/a	60%
Fundamental failure	6+	3+	6+	1	100%

The proposed solution is inclusive of planned changes to various Service Definition documents pertinent to the CRS Provider resulting from the pending implementation of R0092A.

10 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0210 can be found here.

11 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

11.1 SERVICE PROVIDER IMPACT ASSESSMENTS

The Code Manager issued a Preliminary Impact Assessment to the CRS Provider on 20 September 2024. This 15WD assessment was to allow for the CRS Provider to outline how they expect the proposed solution will impact them on a financial basis.

CRS PROVIDER	• The CRS Provider are supportive of the intent of R0210 and welcome the collaborative approach the Code Manager has taken so far in this process. • They raised an issue around service levels for both Landmark and the Switching Operator which assess response and resolution times for the same incidents which leads to double counting of performance. This sits outside of the scope of R0210 but has been noted and will be investigated separately to this change. • The CRS Provider does not expect to incur any direct costs due to the revision to groupings and weightings of the service levels within the SIR for R0210.

12 KEY RISKS ISSUES ASSUMPTIONS AND DEPENDENCIES

12.1 RISKS AND ISSUES

No risks, issues, assumptions or dependencies have been identified.

13 BUSINESS CASE ASSESSMENT

13.1 COST BENEFIT ANALYSIS

No costs have been identified by the CRS Provider to deliver R0210.

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
POSITIVE RETAIL MARKET IMPACT	The proposed solution will promote improvements in the function of a REC Central System – The CRS – by encouraging behaviour that will result in better outcomes for CRS Users. This will lead to improved Retail Risk mitigation, as well as (indirectly) better Consumer outcomes via better operational effectiveness in CRS processes that support Consumer data.
POSITIVE CONTRIBUTION TO/ALIGNMENT WITH REC OBJECTIVES	

14 CASE FOR CHANGE

SELF-GOVERNANCE

The Code Manager considers that there is a case for change to implement this solution, on the basis that it:

- Is both viable and implementable, and it appropriately resolves the problem statement; and
- Is cost effective and proportionate to the anticipated benefit.

15 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 18 October 2024 to obtain views on the Preliminary Change report (found here). In total two responses were received; one from a Supplier, and one from a Distribution Network Operator. The key themes from these responses have been summarised and set out below.

15.1 SUMMARY OF RESPONSES

15.1.1 COMMENTS ON THE SOLUTION AND PROPOSED LEGAL TEXT

Both respondents broadly agreed that the proposed solution would resolve the problem statement. Both respondents, considered that a reduction in the overall weighting of the User Support Performance Measure group might result in a reduction in positive outcomes for Consumers as a result. However, the Code Manager does not agree with this position, and recognises that the rationale behind Performance Measure group weightings has been calculated with the prevention of the most significant possible detrimental events in mind.

15.1.2 BENEFITS RELATIVE TO IMPLEMENTATION AND OPERATIONAL COSTS

Both respondents agreed that a change to CRS performance charging would constitute a benefit that would be felt by CRS Users. However, the DNO respondent reiterated previously raised concerns about User Support weighting.

15.1.3 CASE FOR CHANGE AND CODE MANAGER'S RECOMMENDATION

The Supplier respondent agreed that the proposed solution constitutes a positive case for change, and therefore agreed with our recommendation. The DNO respondent re-iterated their previously raised concerns about the weightings of the User Support category, but did agree that a methodology is required to enhance performance charging.

15.1.4 IMPLEMENTATION APPROACH AND DATE

Both respondents agreed with the implementation date and approach.

16 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

A number of modifications to the legal text have been made during the Consultation following a conversation between the Code Manager and the CRS Provider. The Code Manager does not believe that these changes are substantive enough to necessitate a second Consultation, as the legal text has not meaningfully changed in terms of intent or scope.

DOCUMENT	SECTION	AMENDMENT	REASON
Schedule 6	5.5d	Removal of the following Performance Metric references: • 5.2.2 • 5.2.4 • 5.2.6a • 5.2.6b • 5.2.8a • 5.2.8b	Feedback raised by the CRS provider identified that Performance Metrics for both the CRS Provider directly, and for their service provider Landmark, result in a double counting of individual failures. As a result, these Performance Metrics have been excluded to eliminate a 'double jeopardy' effect that arose from the original drafting.
Schedule 6	5.5b	Change to User Support Performance Measure Group weightings.	Consequential changes to weightings given to the Performance Measure Groups following the removal of six metrics as outlined above.
Schedule 6	5.5	Change to total number of Metrics captured under Performance Measure Group for User Support.	Consequential changes to weightings given to the Performance Measure Groups following the removal of six metrics as outlined above.

17 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Link
RELATED CHANGE(S)	R0092A R0025
CONSOLIDATED CONSULTATION RESPONSES	Link

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18 GLOSSARY

TERM	DEFINITION
Centralised Registration Services	means the services provided pursuant to Condition 15 (Incorporation, delivery and provision of the Centralised Registration Service) of the DCC Licence, being the services provided under this Code by the CSS Provider, Switching Operator, CSS Certificate Authority and, until the end of the Post Implementation Period only, the Core Systems Assurance Provider and the CSS Systems Integrator.
Performance Assurance	means the activities undertaken by the Code Manager and the REC PAB in accordance with the Performance Assurance Schedule.
Performance Assurance Framework	means the Performance Assurance Schedule and the documents, processes and arrangements established pursuant to the Performance Assurance schedule, for the purposes of (or in relation to) the monitoring and assurance of roles and obligations undertaken by REC Service Users and REC Service Providers pursuant to this code.
Performance Assurance Schedule	means REC Schedule 6.
Performance Charges	means the charges which the REC PAB may levy on REC Service Users and REC Service Providers as part of The Performance Assurance Framework.
Performance Level	means the performance level required under the Performance Assurance Schedule
REC Performance Assurance Board	means the performance assurance board for this Code, as from time to time established under Clause 15 of the main body of this Code (which is a Sub-Committee).
Service Definition	means each document of that name forming part of the Technical Specification.