RETAIL ENERGY CODE

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NON-CONFIDENTIAL CONSOLIDATED CONSULTATION RESPONSES

C3-0097 – RETAIL RISK REGISTER AND PERFORMANCE ASSURANCE OPERATING PLAN (PAOP)

On 27 September 2024, the Code Manager issued a consultation to industry to seek feedback on the changes proposed to the Retail Risk Register and the Performance Assurance Operating Plan (PAOP) which are two Category 3 documents that form part of the REC Performance Assurance Framework, as per the REC Schedule 6 Performance Assurance.

- Performance Assurance Operating Plan (PAOP): This is the annually published plan of activities the Performance Assurance Board (PAB) will oversee during the REC Performance Year which begins on 01 September.
- Retail Risk Register: A register of applicable retail risks is maintained by the Code Manager, reviewed, and approved annually by PAB.

The purpose of this document is to consolidate the responses and for the Code Manager to answer any questions raised within those responses.

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RESPONSIBLE COMMITTEE	REC Performance Assurance Board
LEAD ANALYST	Vaishnavi Sharma

DATE CONSULTATION ISSUED	27/09/2024
RESPONSE DEADLINE	18/10/2024

Question 1:	Do you agree with the Code Manager's assessment of Retail Risks?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
E.ON (Supplier)	We agree though we cannot say this has changed from the current version	Thank you for your participation in this Category 3 Change consultation. The Code Manager's assessment of Retail Risks has resulted in the following changes to support the evolution of the Code: • We have structured our risk register around the REC objectives and added the following risks: o Risk I: Retail market systems are not effective or efficient. o Risk II: Retail market processes are not effective or efficient, including the incomplete or inaccurate updating of REC data. o Risk IV: The REC does not evolve to drive continuous improvements and efficiencies.

		• Previously captured risk drivers have been mapped to REC processes, with SLA performance mapped to system performance. • Improvement initiatives that RECCo and the Code Manager are conducting to promote innovation, competition, positive customer outcomes and continuous improvement, as well as any assurance activities are mapped against each Retail Risk. • We have captured the inherent risk of any REC Party not meeting its REC obligations. • A specific risk has been captured to ensure PAB systematically measure if customer outcomes are positive and identify if systems and processes are effective: o Risk III: Customer interests and data are not protected in the operation of the REC. • Identified two time-specific risks: o Risk V: Process Change through MHHS directly

		impacts REC systems and processes. ○ Risk VI: Significant transformation activities result in less efficient or effective REC systems and processes.
ScottishPower Energy Retail Limited (Supplier)	We are broadly content with the Code Manager's assessment of the Retail Risks set out in this version of the Retail Risk Register. Nevertheless, we are not convinced that the Risk Determination for Risk Reference III, "REC Customer Outcomes are achieved" items should be "Very High". In the absence of a compelling rationale for that determination, we believe that "High" may be the more appropriate rating. More generally, we believe that the implementation of MHHS should be closely monitored and assured, on a similar scale afforded to previous major industry projects of this magnitude, to ensure that the impact on the other REC processes is minimised. Separately, we acknowledge the efforts by the Code Manager to improve the readability of the Retail Risk Register through changing its layout.	Thank you for your participation in this Category 3 Change consultation. The Retail Risk you are referring to is Risk III: Customer interests and data are not protected in the operation of the REC. This risk is associated with two risk areas – the data held within REC systems is appropriately managed, and that customer outcomes are achieved. The risk determination for whether the REC is achieving positive consumer outcomes is assessed as 'Very High' due to its relevance to REC objectives. We will consider your feedback and assess the risk level in coming months as we identify and implement data points that allow this risk to be measured better. We agree with your assessment of the relevance of MHHS implementation and risks that poses on REC arrangements. We have, therefore, acknowledge this as a key risk to manage as Risk V: Process Change through

		MHHS directly impacts REC systems and processes. To assurance changes for MHHS, the Code Manager is assuring changes Parties in legacy roles need to make to support MHHS transition and operating the MHHS Qualification to assure Parties are ready to start operating in the new MHHS roles. We are also agreeing reporting with the DIP Manager as part of REC Change Proposal R0202 to ensure sufficient reporting is in place to monitor REC processes impacted by MHHS. Also, thank you for your feedback on the layout changes we have introduced to improve readability.
DCC (REC Service Provider)	Not applicable.	Thank you for your participation in this Category 3 Change consultation. We note you have not provided any feedback to this question.

Question 2:	Are there any areas of the REC (i.e. processes and/or systems) 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 and/or other REC stakeholders?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
E.ON (Supplier)	None	Thank you for your response. We note you have no feedback to this question.
ScottishPower Energy Retail Limited (Supplier)	We are not aware of any further areas of the REC requiring attribution to the Retail Risks at this stage.	Thank you for your response. We note you have no further areas of Retail Risk to highlight.
DCC (REC Service Provider)	Not applicable.	Thank you for your response. We note you have no feedback to this question.

Question 3:	Are there other risk areas you consider relevant to the REC that will be affected by initiatives across the wider REC landscape, or across the industry, which we should consider for inclusion in the risk register? If so, what risk would you suggest and how would this benefit consumers and/or other REC stakeholders?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
E.ON (Supplier)	Project Trident – Xoserve UK Link replatforming Xoserve IX moving to cloud	Thank you for your response. We have noted these initiatives and will assess how these may interact with REC systems, particularly the Gas Enquiry Service (GES) and Gas Retail Data Service (GRDS). As part of the Performance Assurance Operating Plan, we have PAB deep dives scheduled for REC Services and will ensure that during those deep dives, potential impacts of external initiatives are assessed.
ScottishPower Energy Retail Limited (Supplier)	We have not identified any additional risk areas to note at this stage.	Thank you for your response. We note you have no further areas of Retail Risk to highlight.
DCC (REC Service Provider)	Not applicable.	Thank you for your response. We note you have no feedback to this question.

Question 4:	The Code Manager has captured some improvement initiatives within the Risk Register to track progress against identified Retail Risks. Are there any other activities, other than those already noted, which you would like us to consider as part of the wider risk management strategy?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
E.ON (Supplier)	None	Thank you for your response. We note you have no feedback to this question.
ScottishPower Energy Retail Limited (Supplier)	We have not identified any additional initiatives for inclusion in the Retail Risk Register at this stage. While we see some merit in mapping Change Proposals, Change Issues and other projects against the Retail Risks, we are not convinced that such a static picture should be incorporated into the Retail Risk Register – considering that changes regularly progress and evolve, but the register does not unless it is amended. As a result, it is possible that the initiative information in the Risk Register could become inapplicable, outdated or obsolete. We also recognise that labelling a particular change that is currently in the change process as an “improvement” can be a subjective exercise. We believe it is important that Code documents of this nature do not apply such labels to active Change Proposals or Change Issues, not least given that any live change may be rejected or otherwise not adopted. It may be that such information, while useful, is better placed elsewhere and under a different title.	We appreciate your perspective on mapping initiatives designed to improve Code arrangements to the Retail Risk Register. Our view is that maintaining a clear link between them is essential for effective risk management. The improvement initiatives identified in the Risk Register are change proposals which intend to clarify Code requirements and improve how REC processes are operated. We understand your concern about creating a static picture that could become outdated as Change Proposals and Issues are dynamic and move at pace. To ensure we are capturing key initiatives, the Code Manager will actively update the Risk Register as new initiatives arise, providing a current view. As decisions are made on proposed changes, we will reassess the risk determination and adapt our risk

		management approach accordingly. This iterative process allows us to respond effectively to evolving risk. It is also worth noting that all REC Change solutions are assessed for their impact on the REC Performance Assurance Framework, of which the Risk Register is a key component. This ensures alignment and a comprehensive approach to managing risks across REC arrangements.
DCC (REC Service Provider)	Not applicable.	Thank you for your response. We note you have no feedback to this question.

Question 5:	Do you have any additional feedback on the Retail Risk Register or the Performance Assurance Operating Plan which you would like to share with the Code Manager for consideration? Please elaborate.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
E.ON (Supplier)	It would have been helpful for REC to provide a red-line version of the POAP it is very time consuming trying to work out what has changed.	Thank you for your response. The Performance Assurance Operating Plan is a

	We are pleased that this Retail Risk register has moved to a spreadsheet format this makes it easier to navigate and it has been greatly simplified, however, we would prefer it to all be on one tab rather than spread across different ones, this is unnecessarily complicating and reducing its usability. Risk 3 & 9, 11 appears on the REC risk register but not on any of the tabs. Is there a possibility of something other than the symbols be used, quite a lot of time flicking back to the glossary to understand what they mean.	new document drafted every year therefore providing a redlined version was not feasible. However, taking in your feedback we will continue to flag where prioritisation changes in comparison to previous years and new initiatives rolled out as part of the operating plan. We appreciate your feedback on the layout changes we have introduced and will continue to review suggestion to further improve how the various REC Stakeholders use the Risk Register. The separation of the items into different tabs allows users to drill down and focus on the level of detail relevant for them. Risks 3 and 9 are assessed through the Code Manager's direct assurance activities referenced within the PAOP activity mapping column. Risk 11 is covered through the operation of the Theft Detection Incentive Scheme. The related activities are also mapped in the PAOP activities column. Please note that we recognise that not all risks will be monitored via code process or system performance risk drivers.

ScottishPower Energy Retail Limited (Supplier)	We make these comments on the Retail Risk Register and Performance Assurance Operating Plan: <u>Retail Risk Register (Version 4)</u> 1. We note that “Where are relevant outcomes defined” is one of the headings of the Retail Risk Register tab. However, we also note that “Yes” and “No” are given as values for this heading. Logically speaking, it does not make sense to answer such a question in a binary fashion. For clarity, we believe that the corresponding values under this heading should be updated. 2. We see that the items under Risk Reference III, “REC Customer Outcomes are achieved” list only RECCo under the “Responsible REC Party” heading. However, the processes set out here involve other parties (namely, in the majority of cases, suppliers). We believe that all relevant responsible parties for these items should be listed under this heading. <u>Performance Assurance Operating Plan (2024-2025)</u> 1. The first proposed Key Goal is “Managing the magnitude of change and innovations”. While we recognise the breadth and depth of change related to the Code which is ongoing, and we note the role that Performance Assurance (PA) can play in some aspects of that change, we equally believe that PA activities, techniques and requirements should have a clear grounding in published strategy and principles. For clarity and consistency, it is important that new types of PA techniques and requirements are not created as part of individual Change Proposals or Change Issues, notably where those techniques or requirements have no basis in reference documents (such as the PAOP). By	Thank you for your response. We have responded to your feedback below: <u>Retail Risk Register (Version 4)</u> 1. Our assessment has indicated there is an opportunity to clarify the outcomes the Code documents intend to facilitate. The binary tracking is to support the Code Manager’s initiative to improve the Code documentation. Per your suggestion, to avoid any confusion amongst readers, we have removed the word ‘where’ from the column title. 2. The obligations for specific roles under the REC are captured through Risk II - Retail market processes are not effective or efficient, including the incomplete or inaccurate updating of REC data. Risk III is to ensure the Code is clear on the outcomes it is intending facilitate and the requirements on Parties to ensure they are met. However, we will keep this under review to add other responsible Parties under Risk III if appropriate.

	the same token, any new PA requirements as part of live Change Proposals or Change Issues should be proportionate to the aims of the change and fully articulated as part of the respective change process (not after hypothetical adoption). 2. The second proposed Key Goal is "Enhancing consumer input". As an energy supplier, we agree that positive outcomes for consumers are an important part of a functioning retail energy market. Nevertheless, we are not convinced that the REC Code Manager, given its demands and roles, and considering the purpose of the REC as an industry code, is a logical venue for seeking and obtaining additional direct energy customer feedback. We also do not agree that such feedback is necessary for the effective functioning of PA under the REC. The Code is inherently addressed towards industry stakeholders and its processes and functions are of a technical nature. While outcomes will often be relevant to customers, technical operations are not. In that light, we do not believe that a wider "Voice of the Consumer" survey (which we understand is connected to REC Change Issue I0189) should be progressed at this stage. 3. The third proposed Key Goal is "Demonstrating value". In our view, it is most important for the Code Manger to deliver value rather than to demonstrate value. Indeed, delivering will serve as its own demonstration. We expected that all REC Parties will be aware of the current state of the REC Services and other functions under the Code, and whether or not they are working as intended – as their successful and effective operation is crucial to the industry. We believe any allocation of resources to	<u>Performance Assurance Operating Plan (2024-2025)</u> 1. We agree with the point you make regarding considering assurance as part of the design rather than retrofitting it. Therefore, as part of the REC Change Process, all change solutions are assessed for impacts on the Performance Assurance Framework (PAF). Where impacts are noted, the changes to the PAF form part of the change solution to ensure REC Stakeholders have sufficient opportunity to assess impacts and feedback within the consultation. Where assurance impacts are noted, we also review these changes with PAB who are responsible for determining the nature, type, and extent of assurance so it remains proportionate. Where new processes are introduced which may have significant retail risk, it is key that we put in place reporting for risk monitoring as part of the implementation. We also want to clarify that new Performance Assurance Techniques are not created as part of individual change

	the promotion of PA activities should be limited. Separately, we of course welcome engagement by the Code Manager with Parties and relevant stakeholders. 4. In respect of the Other Areas of Focus, we would like more information to be made available on the proposal for a "central reconciliation process" for the monitoring of the quality of Meter Technical Detail. Based on the limited information available at this point, we cannot assess whether such an initiative is warranted or indeed whether it is relevant to the REC instead of the BSC. On energy theft, we encourage the Code Manager to ensure good coordination with RECCo and Ofgem to avoid duplication of activities (such as requests of suppliers). We also believe that efforts in this area should be concentrated on ensuring that the TDIS and ETTOS work as effectively as possible, before developing any separate, new initiatives. Separately, we support the adoption of the tiered approach to the REC data cleanse reports. 5. The Code Manager proposes reducing the Performance Assurance Level of Focus for (1) the Switching Operator and (2) the Central Switching Service (CSS) and associated Certificate Authority (CSS CA) both from "Very High" to "High". Provided that performance improvements in service delivery to date to warrant this downgrading are sustained, we believe that the Level of Focus for these services should remain "High" for the foreseeable future. 6. The Code Manager proposes maintaining the Performance Assurance Level of Focus for the ETTOS at Low. While we do not object to this Level of Focus, we would encourage the Code	proposals. The set of techniques maintained within the Performance Assurance Methodology and Techniques document are applied where required. To introduce new Performance Assurance Techniques, a change to the Performance Assurance Methodology and Techniques document will be required, which will require PAB approval. 2. One of the key objectives of the Code is to ensure positive consumer outcomes. To assess whether this objective is met, we require consumer input either directly or through inclusion of customer advocates within REC governance. Voice of the Consumer is one such proposal which will be refined in consultation with the industry. Whilst we acknowledge your feedback, we encourage to you engage with the REC Change Process to share your insights and feedback into the development of I0189. 3. We firmly believe that demonstrating value is essential for encouraging

	Manager to engage with the ETTOS Service Provider to improve the quality of ETTOS leads delivered to suppliers. A significant proportion of ETTOS leads are of low quality and investigating low-quality leads expends resources that could be better deployed elsewhere. 7. Under Activity E2. Verification of ETTOS confidentiality, the Code Manager proposes issuing a one-off Request for Information on ETTOS confidentiality. However, we note that RECCo issued a comparable RFI this year. As requested at the time, we reviewed our procedures for handling ETTOS leads and responded to RECCo, outlining our general approach and recent actions. For our part, we are committed to upholding ETTOS confidentiality and we are confident that our procedures are robust and appropriate in that regard. In the interests of optimising resources and avoiding duplication, we suggest that the Code Manager consider whether it could utilise the responses to RECCo's RFI, instead of issuing a new RFI. 8. Under Activity E3. Verification of TDIS Submissions, the Code Manager proposes instituting a programme of "direct verification" of a sample of TDIS submissions. We see merit in this proposal, in principle. However, we believe that more information should be made available, so that Parties can review and comment on the details, before such a proposal is put forward for adoption. We believe that, for such a programme to be effective, a sufficient proportion of cases from every TDIS supplier would need to be reviewed and genuine consequences for poor performance (namely, in relation to TDIS credits and debits) would need to be applied.	engagement and cooperation with Parties. The need for initiatives to improve Party engagement with Performance Assurance is also evidenced in feedback we and RECCo have received from various stakeholders. We understand that Party preference on how and when they engage with the Code Manager may vary, in our initiatives, we hope to cater to a wide range of preferences. To reduce the demand on Party resources, we attempt to summarise our key messages via the Code Manager communication channels, including the quarterly webinars. 4. The PAOP sets out the strategic assurance priorities and the initiatives you refer to will be further developed through the REC Change Process and communicated via various Code Manager Channels. Not all proposed initiatives are new, many tend to be opportunities to enhance existing processes to deliver better outcomes. We also acknowledge and appreciate your support for our data cleanse approach.

	9. Under Activity K1. Address Quality Data Cleanse, the Code Manager proposes incorporating address quality into the "data cleanse process". Based on the limited information available, we imagine that this approach could involve the creation of new REC data cleanse reports and their inclusion in future REC data cleanse sprints. We believe that more information on this proposal should be made available, so that Parties can review and comment on the details(and the Code Manager notes that the proposal would involve the change process). At the same time, given the persistent and long-running challenges associated with address data, we encourage the setting of realistic expectations on the outcomes of any such future work. 10. We welcome the introduction of (quarterly) bilateral meetings between applicable Parties and the Code Manager on Performance Assurance. We encourage the Code Manager to ensure that opportunities to comment in writing on consequential matters are made available, given that not all Parties will be able to attend any particular meeting (noting in particular that, per its Terms of Reference, the REC Issues Group does not have "decision making powers").	5. We appreciate your support for our prioritisation of the Centralised Registration Service comprising of CSS, CSS CA, and the Switching Operator. 6. Thank you for your insights into the quality of ETTOS leads, we will share this feedback with RECCo and discuss with PAB if additional assurance activities are required. 7. We are aware of the work conducted by RECCo in relation to confidentiality of ETTOS leads and are collaborating with them to ensure effort on Parties to facilitates this work is considered and any duplication avoided. 8. Proposals to introduce verification of TDIS Submissions forms part of REC Change Proposal R0173 solution. Parties will have the opportunity to assess impacts and provide feedback via the Change Process. 9. This initiative is being progress progressed through REC Change Issue I0200. Parties will have the opportunity to assess impacts and

		provide feedback via the Change Process. 10. We appreciate your feedback and support for our Party Check-ins initiative.
DCC (REC Service Provider)	We welcome the acknowledgement from the REC Manager that switching operations are working as intended and the de-escalation of the level of performance assurance focus on the Switching Operator and the switching service. We credit much of this to the shared understanding of the service by both DCC and the REC Manager. It is DCC's understanding that the Performance Assurance Operating Plan should clearly link to individual risks within the REC Retail Risk Register and to the Performance Assurance Techniques. We don't believe the PAOP fulfils the REC requirements (as detailed in the Performance Assurance Schedule, section 7.8) meaning there is a risk the REC Manager will not be able to apply PATs in line with the REC requirements. Section 7.8 reads: "The Code Manager shall prepare and obtain the REC PAB's approval of a Performance Assurance Operating Plan. The Performance Assurance Operating Plan shall set out the Performance Assurance Technique(s) that are to be applied in relation to each Retail Risk identified in the Risk Register, together with the forecast cost (whether to RECCo and/or to REC Service Users and/or REC Service Providers) of implementing each relevant technique".	Thank you for your response and your support for PAB's assessment of the strategic assurance priorities under the REC. The Code Manager has provided the mapping of Performance Assurance Operating Plan (PAOP) activities with the Retail Risks within the REC Risk Register. The set of Performance Assurance Technique which the Code Manager and/or PAB can apply are maintained within the Performance Assurance Methodology and Techniques document. All Performance Assurance documents, including the PAOP, the Risk Register, and the Performance Assurance Methodology and Techniques document are approved by PAB. Appendix A of the PAOP captures the effort forecasts for assurance. As cost of resources across various organisations involved varies and the Code Manager does not have access to this information as it is commercially sensitive, to

	Additionally, the PAOP should create transparency about costs of performance assurance and the application of PATs, however in its current form we don't believe it does this. Ultimately, as the REC is aiming to set out a coherent framework consisting of a Performance Assurance Methodology, Risk Register and PAOP, it would be useful to be consulted on all new versions together so that the REC Manager can demonstrate the coherence of the framework.	allow comparison, we have rated the level of effort expected for each assurance activity in order to support the PAB decisions around the nature, type and extent of assurance. We agree with your insight that coherence amongst PAF documents is essential and therefore we have combined the consultation on two key documents – the PAOP and the Risk Register – to allow REC Stakeholders to see risks and activities proposed to manage those risks at the same time.