# Performance Assurance Operating Plan (PAOP)

Version 5.0 – August 2024



RETAIL ENERGY CODE

# Contents


Change History ..... 3
1 Introduction ..... 4
1.1 What is the PAOP ..... 4
1.1.1 Scope and Purpose of the PAOP ..... 4
1.2 Development Approach ..... 5
1.2.1 Role of the PAB ..... 5
1.2.2 Stakeholder Engagement Approach ..... 5
2 Developing the Scope for 2024-25 ..... 6
2.1 Look Back at 2023-24 ..... 6
2.2 Setting Strategic Assurance Priorities ..... 8
2.3 Prioritising Performance Assurance Activities ..... 9
2.4 Performance Assurance Improvement ..... 9
2.4.1 Key Goals for 2024-25 ..... 9
2.4.2 Other Areas of Focus for Performance Assurance ..... 11
3 Indicative Timeline ..... 15
Appendix A: Performance Assurance Activities – Scoping Decisions ..... 24

RETAIL ENERGY CODE

## CHANGE HISTORY

| Version | Status | Issue Date | Author | Comments |
|---|---|---|---|---|
| v1.0 | Final | 19/07/2021 | The Code Manager | N/A |
| v2.0 | Final | 18/10/2021 | The Code Manager | Updated following Performance Assurance Framework (PAF) product review. |
| v3.0 | Final | 20/09/2022 | The Code Manager | Updated for Year 2. |
| v3.0 | Final | 01/11/2022 | The Code Manager | Finalised following consultation. |
| V4.0 | Final | 30/08/2023 | The Code Manager | Updated for Year 3. |
| V5.0 | Final | 27/08/2024 | The Code Manager | Updated for Year 4. |

# 1 INTRODUCTION

In line with the REC Performance Assurance Schedule (Schedule 6), the Performance Assurance Board (PAB) is responsible for overseeing the delivery of the Performance Assurance Operating Plan (PAOP) every year. Within this document, the PAB sets the performance assurance priorities for the upcoming performance year and plans Code Manager activities to deliver those priorities and the PAOP is published in September every year. This plan is used to track performance assurance activities throughout the year and the plan is updated, as and when required, to respond to emerging and evolving risks within the retail energy market.

## 1.1 WHAT IS THE PAOP

The Code Manager prepares an annual operating plan setting out the techniques it intends to apply to manage Retail Risks identified within the Retail Risk Register. This plan, referred to as the Performance Assurance Operating Plan (PAOP), sets out the Performance Assurance priorities and is approved and tracked by the PAB.

### 1.1.1 SCOPE AND PURPOSE OF THE PAOP

The scope of the PAOP is dependent on the vires of the Code with the aim to prioritise management of key Retail Risks so that the Performance Assurance service supports the Code to meet its objectives which are defined as:

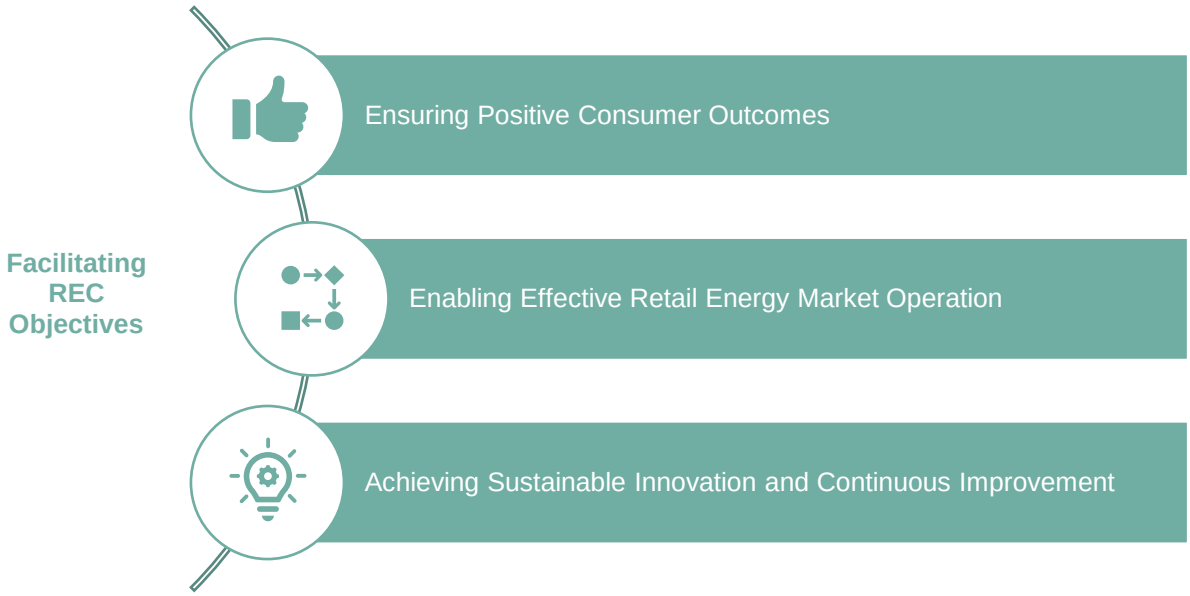



*Figure 1: Key Objectives*

The PAOP aims to encourage transparency by clarifying for all REC stakeholders the areas of focus for the Performance Assurance service and the interventions planned by the Code Manager and PAB. These activities are based on the current assessment of Retail Risks and are reviewed when Retail Risks change. The activities are reviewed on a quarterly basis and tracked through to completion by the PAB.

## 1.2 DEVELOPMENT APPROACH

In proposing the PAOP for the coming year, the Code Manager is undertaking the following activities:




As part of the PAOP development, the Code Manager has reviewed the current state of Retail Risks to identify emerging risks and understand how the risk landscape may evolve over the period to ensure our PAOP remains fit for purpose. This helps the Code Manager and the PAB evaluate which areas to prioritise based on their potential impact on retail arrangements and outcomes.

We have used our industry engagement sessions to gain insights from REC Parties, which are summarised in section 1.2.2.

We also have a plan to seek further views from a wide range of REC stakeholders to feed into the planning process as it progresses. This is further detailed below.

We will compile insights from our analysis along with feedback from REC stakeholders to enable the PAB to make informed decisions to define the PAOP for 2024-25.

### 1.2.1 ROLE OF THE PAB

The PAB is responsible for making determinations in relation to the Retail Risks and the wider Performance Assurance Framework (PAF) to ensure it meets its objectives. The PAB's strategic priorities shape the PAOP and inform the Code Manager's proposals for performance assurance activities in the coming REC year.

The PAB is also responsible for monitoring performance assurance activities during the REC year and tracking progress against the PAOP.

When the PAB and Code Manager identify any changes to retail risks, they review and update the PAOP as required.

### 1.2.2 STAKEHOLDER ENGAGEMENT APPROACH

Based on the REC objectives, the Code Manager has identified the following groups as the key REC Stakeholders and engaged with them through the development process to understand their interests, so they can be taken into consideration whilst defining the performance assurance priorities.

**REC Party and Service User Interests**

The Code Manager sought input from REC Parties at the REC Performance Assurance Webinar in June. To enable those Parties who could not attend the webinar the opportunity to contribute, we followed up with a survey. Some of the key insights from this engagement have been:

- There is an appetite for an increased focus on assurance over other REC Parties such as Meter Operator Agents (MOAs).
- Parties flagged the large volume of change happening across the industry, suggesting Performance Assurance should also consider how Parties are supported through these changes to minimise performance risks.
- Data quality was flagged as an important area for focus due to downstream impacts presented for multiple market participants. However, Parties also recognised that the techniques applied to

improve data quality must be pragmatic and consider real-life scenarios where factors beyond a Party's control may impact their ability to meet certain standards.

The Code Manager further played back thinking and sought views from Parties and Service Users through the development process by using existing checkpoints and fora such as the REC Issues Group (RIG).

**Consumer Interests**

The Code Manager has proposed new initiatives to increase how the voice of consumers can inform and influence performance assurance processes on an ongoing basis, which will be developed further. We also engage with Citizens' Advice, Ofgem and other consumer advocates to gain insights on consumer priorities, as well as to identify key research on consumer insights on the retail energy market, to ensure the consumer outcomes prioritised by the PAB are in line with consumer expectations.

## 2 DEVELOPING THE SCOPE FOR 2024-25

### 2.1 LOOK BACK AT 2023-24

The PAOP is based on the assessment of retail risks, anticipated market activities and key strategic priorities of the PAB. During this process, we also look at the previous year to identify key achievements and lessons.

Key achievements from 2023-24 as identified by the PAB include:

- Switching arrangements are working and the Performance Assurance engagement with the Centralised Registration Service has been effective.
- Overall, the communication has improved resulting in a better relationship with REC Parties. Recent feedback shows we are demonstrating to Parties the value delivered by the Performance Assurance service.
- The PAB is embracing opportunities to catalyse innovation through initiatives like the Gas MEM engagement aimed to ensure Code processes are fit for purpose and deliver better value.
- Roles and responsibilities are clearer, and information is presented better to the PAB to support efficient decision-making.

Key performance assurance activities in previous years have included:

- Operating the Market Entry assurance processes so that new entrants do not introduce material risks to the retail arrangements. The diversity and volume of organisations interacting with the REC have continued to increase.
- Operating the Maintenance of Qualification processes which include conducting routine deep dive assessments to manage key risk and confirm Parties remain Qualified to use REC Services.
- Monitoring Party Performance across key REC processes to identify risk of adverse outcomes and applying Performance Assurance Techniques (PATs) to manage the risk, including the improvements achieved through the data cleanse reporting and sprints.
- Assuring the performance of REC Services through direct assessment so that REC Service Users get the performance levels they expect, and the retail arrangements operate effectively.
- Additionally, the focus of the Code Manager in 2023-24 has also been on the Market-wide Half-Hourly Settlement (MHHS) Programme which is a larger-scale industry change for electricity markets.
- Last year, we deprioritised any additional direct assessment of Parties, beyond the Maintenance of Qualification processes.

In the last year, the time spent by the Code Manager is depicted in the diagram below:

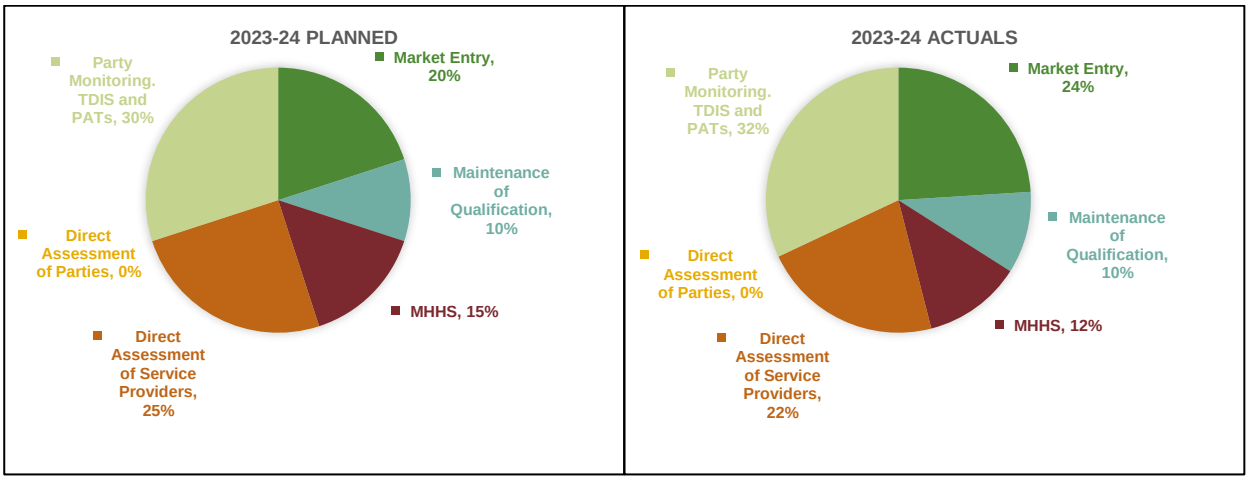



*Figure 2: Performance Assurance Planned vs Actuals for 2023-24*

The variation from planned to actual as depicted above arose from the following:

- There was a higher-than-expected number of Applications to the REC, partly due to the definition of new use cases for access to Enquiry Services. Additionally, we have also seen an increase in applications for market entry driven by the MHHS timelines; organisations intending to reap benefits delivered by MHHS are keen to enter the market in time for the MHHS transition. Furthermore, a new Safe Isolation Provider (SIP) role was introduced which increased the number of applications to become an Electricity Metering Operative (EMO) to perform physical work, as well as the number of applications to be able to send SIP Market Messages over the DTN.
- The market is preparing for MHHS, with most Parties still in the initial phases of designing and building their systems and processes. Therefore, we have not seen a major uptick in MHHS Qualification execution activities. The majority of time spent on MHHS in 2023-24 has been to develop the assurance requirements and processes. We expect assurance execution to pick up from October 2024.
- We have achieved efficiencies in the direct assurance of Service Providers as the REC Services subject to assurance are becoming more familiar with the assurance processes, thus reducing lead times in some cases. Also, the quarterly deep dives on REC Services with the PAB have helped engage the Service Providers better.
- A large amount of time continues to be spent on Party monitoring activity, operating the Theft Incentive Detection Scheme (TDIS) and application of PATs due to the nature of engagement required. The time freed up by amending the approach to Party assurance through 2023-24 has helped focus on direct engagement with Parties to establish a good working relationship and demonstrate value from the Performance Assurance activity.

We expect the focus of the service to shift in 2024-25 for the following reasons:

- In 2023-24, our time spent on the MHHS Programme included activities such as designing the assurance process and requirements for MHHS Qualification. In 2024-25, we expect to see an upsurge in activity as the Code Manager starts operating the MHHS Qualification process and assessing Parties. Following the start of the transition to MHHS arrangements, which is planned for March 2025, both the legacy and MHHS arrangements will operate in parallel until all meter points are migrated to the new arrangements. Therefore, we anticipate an increase in the volume of Party Monitoring activity.

- With the introduction of Performance Assurance Check-ins, where the Code Manager will meet with REC Parties on a one-to-one basis to discuss their performance and any improvement initiatives (as applicable), we anticipate a modest increase in time spent on Party Engagement and Stakeholder Management.
- A significant proportion of time is spent on the direct assurance of REC Services. Whilst some of this needs to continue, we aim to provide more visible value to the industry by focusing our effort on key services and service areas that are more susceptible to performance dips.
- Streamlining MHHS Qualification assessments with the Maintenance of Qualification activities may encourage efficiency both for the REC Parties as well as the Code Managers.

## 2.2 SETTING STRATEGIC ASSURANCE PRIORITIES

We have applied different assurance strategies for different areas of the Code based on:

- Performance across the market over previous years.
- View of changes and innovation planned across the industry that intersects with the Code boundaries.
- Feedback from various REC stakeholders with whom we have engaged through the development process.

We have set out, in the figure below, how we intend to do this. If the need arises to adjust these during 2024-25 in response to market conditions, we will discuss changes to our approach with the PAB before making changes.

| Assurance objective by areas | Drive accountability through reporting | Intervene to improve specific organisations | Direct update to PAB | Intervene to address cross cutting issues |
|---|---|---|---|---|
| Metering operations | ● | ● | | ● |
| Industry Change | | | ● | ● |
| Energy Theft | ● | ● | ● | ● |
| REC Services | ● | ● | ● | |
| Industry Data Quality | ● | ● | | ● |
| Switching related processes | ● | | | |

*Figure 3: Strategic Priorities for Performance Assurance*

## 2.3 PRIORITISING PERFORMANCE ASSURANCE ACTIVITIES

Based on lessons from 2023-24 set out in section 2.1, to support planning for 2024-25, we are proposing the overall time allocation as follows:

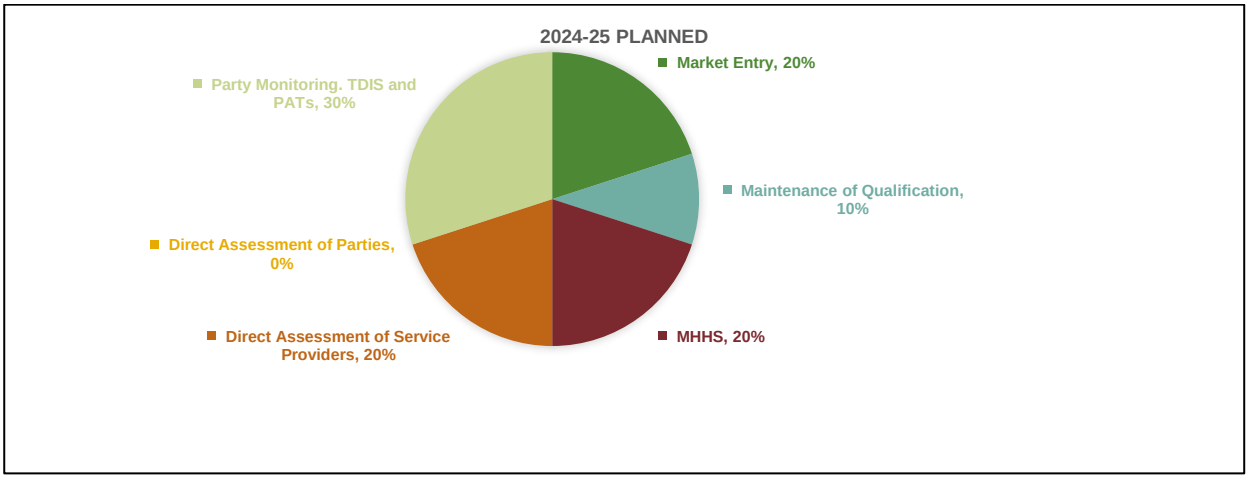



*Figure 4: Proposed allocation of Performance Assurance time for 2024-25*

## 2.4 PERFORMANCE ASSURANCE IMPROVEMENT

### 2.4.1 KEY GOALS FOR 2024-25

Based on our experience of operating the Performance Assurance Framework since REC went live, our understanding of concurrent change programmes across the industry, and feedback from the PAB, we have identified three key areas where we can further develop and enhance our service.

**Managing the magnitude of change and innovations**

We have observed a significant increase in the scale of change and transformation planned for the next few years.

*Some examples of the transformation that are currently in place or anticipated:*

*Market schemes, such as Market Stabilisation Charge (MSC) and Payment Method Levelisation (PML) are being implemented by Ofgem through the REC.*

*The Department of Energy Security and Net Zero (DESNZ) are looking to implement tariff data into the data specification, bringing many new types of organisations into REC governance and needing new stakeholder management approaches.*

*The Code Manager technology platforms are being consolidated to be replaced with new platforms.*

*Code Manager contracts are being reprocured with the change potentially part way through the new technology platform implementation.*

*There is potential for responsibility for the Centralised Registration Service (CRS) to transfer to RECCo, which would create a significant transformation concurrent with the above two initiatives.*

*69 changes and issues are currently live, meaning lots of demands on Parties to change their processes. There is also a Change Freeze in place to support the delivery of the MHHS Programme which is likely to build up a backlog of changes under the REC for subsequent implementation.*

*The MHHS Programme is significantly changing REC systems and processes.*

*There is an assessment of the Electricity Enquiry Service (EES) and the Gas Enquiry Service (GES) re-procurement, considering consolidation, with an API gateway requiring organisations to change their technology and fundamentally changing the technology capabilities required within RECCo.*

*There is substantial growth in the number and types of organisations interacting with the REC, such as 2,000 – 3,000 Third-Party Intermediaries (TPIs).*

Whilst these initiatives have clear benefits, running so much change concurrently increases delivery risk. Although setting the wider strategy for the Code is not the PAB's responsibility, the PAB is responsible for managing risks relating to the transformation and their impacts on various REC stakeholders.

PAB also has a role to play in setting the extent and nature of assurance required to monitor risks introduced by new or updated REC processes and/or systems delivered through these initiatives. So that Performance Assurance is fit for purpose and efficient, it is important to consider during the design of the solutions how performance will be assured rather than retrofitting Performance Assurance. The PAB must be dynamic, ready for the change and innovation that is on the horizon and track these through the PAOP.

To monitor and manage these risks proactively, we will:

- Adopt a forward-looking approach to monitor relevant changes to enable:
    - Progress tracking, pace monitoring and reviewing prioritisation methodology.
    - Review proposed solutions to identify the preferred assurance approach, and identify any instances where the design makes assurance unnecessarily complex or expensive.
    - Conduct deep dives in areas that are likely to cause the greatest impact on retail risks.
- Establish a programme of work to conduct retrospective reviews to:
    - Identify key trends and areas of focus.
    - Confirm changes delivered have met their objective and delivered the benefit they set out to deliver.
    - Assess processes involving critical handoffs to ensure embedded processes and systems meet the expectations defined within the Code and are operating effectively.

**Enhancing consumer input**

To enable REC to demonstrate it is meeting its objective of ensuring positive consumer outcomes, it is essential that we facilitate a stronger voice of the consumer.

In 2023-24, the Code Manager set out options to gain insights on consumer priorities, through a direct survey, to inform the evolution of the Code and its assurance priorities. We discussed these with the PAB and also sought industry feedback via the Performance Assurance webinar and a follow-up survey in June 2024.

In 2024-25, we intend to:

- Utilise the REC Change process to further develop the proposal for the Voice of the Consumer survey.
- Facilitate clear articulation of intended outcomes within the Code, including those for consumers where they are impacted by REC processes. We have identified some opportunities through the recent Retail Risk Register review and will share those more widely with RECCo and the REC Code Manager.

- Review REC Service procedures and performance, through direct assurance of REC Services, to enhance mechanisms to capture consumer interests within decision-making processes.

**Demonstrating value**

The Code Manager will continue to explore and implement initiatives that help demonstrate the value added by Performance Assurance activities. These will include initiatives such as:

- Continue to utilise the REC Issues Group to present key Performance Assurance updates and seek Party views.
- Roll out Party check-ins to establish direct touchpoints with REC Parties to discuss performance, seek feedback, and share key messages.
- Pivot away from broadcast-only presentations and explore opportunities to engage attendees during the quarterly webinars.
- Provide visibility of area of focus across the REC landscape so Parties are aware of the depth and breadth of benefits delivered.
- Identifying opportunities to tailor Code Manager interaction to focus on specific areas of the Code such as by process or market roles.
- Explore opportunities to communicate key messages through existing REC communication channels.

### 2.4.2 OTHER AREAS OF FOCUS FOR PERFORMANCE ASSURANCE

Through Party engagement, we have identified other areas of interest which would benefit from inclusion within the PAOP for 2024-25.

**Metering Operations**

Through previous initiatives, we have explored various options for improving coverage of Metering Operations within Performance Assurance. Some common challenges we have faced are:

- Reporting from central providers does not provide sufficient coverage due to the optionality of communication methods.
- Market processes and Party systems in use often limit their ability to self-report.

We believe that the transition to MHHS will help overcome some of these challenges and are exploring options to introduce a central reconciliation process to monitor Meter Technical Detail (MTD) quality. This is also expected to serve as an indicator of Party or market processes not working effectively.

**Energy Theft**

Energy Theft has been a key area of focus for Performance Assurance in previous years and will remain so through 2024-25. The Code Manager will continue to operate the Theft Detection Incentive Scheme (TDIS) whilst also supporting RECCo to identify and deliver new initiatives to tackle Energy Theft where possible.

This includes identifying ways to make the TDIS incentive more effective, by working with the Theft Issues Group, Energy Theft Reduction Expert Group and Ofgem where appropriate.

**Switching related processes**

Whilst processes related to Switching have been observed to operate at acceptable levels, the Code Manager will continue monitoring performance against key Retail Risks, intervening only where potential issues are indicated.

**Industry Data Quality**

The Code Manager has established a three-tier framework for improving REC data quality. This includes:

- A sprint approach to focus effort on prioritised issues and manage the risk of such issues being transferred downstream.
- Other reports are tracked and shared with Parties to address in line with published data cleanse guidance at their own pace.
- Some reports, which are not actively tracked by the Code Manager due to low residual levels of items on them, are also being shared with Parties for information.

The Data Cleanse Sprints introduced in 2023 have helped focus industry efforts on prioritising critical issues and we intend to continue these through 2024-25. Each sprint will operate for a finite period. Data cleanse targets are set by the PAB for Parties to meet. If Parties do not meet their targets, further application of appropriate Performance Assurance Techniques (PATs) will be agreed upon by the PAB.

**REC Services**

Based on our experience in 2023-24, and through deep-dive reviews focusing on areas of greatest Retail Risk impact, we are adopting a forward-looking risk management approach. This improves the ability to manage both existing and emerging risks, whilst enabling REC Services to adapt to unwanted events or crises and mitigate their potential impact on performance.

| REC Service Provider | Scope of Services | Level of focus | | | Performance Assurance Approach |
|---|---|---|---|---|---|
| | | 2022-23 | 2023-24 | 2024-25 | |
| **REC Code Manager Services** | Professional and technical services provided to enable the delivery of the Retail Energy Code. | Moderate | Moderate | Low | Whilst these services are not directly linked with key REC objectives, these operate essential enabling functions. Therefore, we will reduce the level of focus for 2024-25 to an annual assessment of the accuracy of reporting, along with quarterly operational updates and performance reporting to the PAB covering: assurance, change management, stakeholder management, and technical services. |
| **Electricity Enquiry Service (EES)** | Supply meter point service covering electricity meters. This is used by Suppliers and numerous Non-Party REC Service Users, including during Switching. | Moderate | Moderate | Moderate | MHHS brings significant changes to EES, although based on past performance we do consider this should still require a moderate level of focus.<br>Annual assessment of the accuracy of reporting.<br>Annual performance reporting to the PAB, scheduled shortly after key MHHS milestones. |

| REC Service Provider | Scope of Services | Level of focus | | | Performance Assurance Approach |
|---|---|---|---|---|---|
| | | 2022-23 | 2023-24 | 2024-25 | |
| | | | | | PATs based on Service Definition Performance. |
| **Gas Enquiry Service (GES)** | Supply meter point service covering gas meters. This is used by Suppliers and numerous Non-Party REC Service Users, including during Switching. | Moderate | Moderate | Moderate | Annual assessment of the accuracy of reporting.<br>Annual performance reporting to the PAB.<br>PATs based on Service Definition Performance. In 2023-34, we intervened when issues were noted with GES performance and are tracking actions being taken to address this. As some actions will span into 2024-25, the Code Manager will continue this activity. |
| **Switching Operator** | Delivery of Switching service desk and service management system, which support the resolution of issues and improvement activities. | Very High | Very High | High | Switching Operator Performance has improved since previous years, so our intended level of focus is no longer very high.<br>As this service is subject to a quarterly performance change incentive regime, quarterly assessment of the accuracy of reporting will continue.<br>Semi-annual evaluation of the delivery of REC obligations and performance reporting to the PAB.<br>PATs based on Service Definition Performance. |
| **Central Switching Service (CSS) and associated Certificate Authority (CSS CA)** | Registration and address management services, which are critical to Switching processes. | Very High | Very High | High | CSS Performance has improved since previous years, so our intended level of focus is no longer very high. CSS will also have changes due to MHHS.<br>As this service is subject to a quarterly performance change incentive regime, quarterly assessment of the accuracy of reporting will continue. |

| REC Service Provider | Scope of Services | Level of focus | | | Performance Assurance Approach |
|---|---|---|---|---|---|
| | | 2022-23 | 2023-24 | 2024-25 | |
| | | | | | Semi-annual evaluation of the delivery of REC obligations and performance reporting to the PAB.<br>PATs based on Service Definition Performance. |
| **Electricity Retail Data Service (ERDS)** | Enables the exchange of Registration and Registerable Meter Point data between DNOs, Suppliers and the Central Switching Service. | Moderate | Low | Low | Any MHHS changes to these systems are under BSC governance. We will closely monitor performance around key MHHS milestones.<br>PATs based on Service Definition Performance. |
| **Gas Retail Data Service (GRDS)** | Enables the exchange of data between the Central Switching Service and the Central Data Service Provider. | Moderate | Low | Low | PATs based on Service Definition Performance. |
| **Energy Theft Tip-Off Service (ETTOS)** | Services to enable anonymous reporting of energy theft for investigation. | Low | Low | Low | Our work will be limited to reactive investigation of issues, to reflect the lower level of risk and nature of the ETTOS provider. |

We are aware that Ofgem is consulting on potential changes to which REC Service Provider provides CSS and Switching Operator services to the industry. Our planned approach assumes the current arrangements continue over the 2024-25 performance year. A change of organisation providing CSS and Switching Operator services would require reassessment and may need a different assurance approach including targeted work over the transition.

## 3 INDICATIVE TIMELINE

The following table outlines an indicative timeline for when year 3 activity (as outlined in section 0) will take place.

| | | |
|---|---|---|
| **Key:** | | Planned activity |
| | | Planned sub-activity |
| | | Potential activity dependent on performance |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. Party Monitoring and PATs | A1. Risk Monitoring | | | | | | | | | | | | |
| | A2. Peer comparison of Erroneous Switches (ES) | | | | | | | | | | | | |
| | A3. Gas meter data reconciliation and associated PATs | | | | | | | | | | | | |
| | A4. Smart Meter Installation Survey and associated PATs | | | | | | | | | | | | |
| | A5. Application of Notification PATs | | | | | | | | | | | | |
| | A6. Application of quarterly PATs | | | | | | | | | | | | |
| | A7. Application of escalation PATs | | | | | | | | | | | | |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **A8. Party Annual Rating** | | | | | | | | | | | | |
| | A8.1 Annual Rating – Set out approach | | | | | | | | | | | | |
| | A8.2 Annual Rating – Develop Scoring Criteria | | | | | | | | | | | | |
| | A8.3 Annual Rating – Draft rating and query window | | | | | | | | | | | | |
| | A8.4 Annual Rating – Publish rating | | | | | | | | | | | | |
| **C. Direct Assurance of REC Service Providers** | **C1. Performance Data Analysis** | | | | | | | | | | | | |
| | **C2. Assessment of the accuracy of reporting** | | | | | | | | | | | | |
| | C2.1 REC Code Manager Services | | | | | | | | | | | | |
| | C2.2 EES (post MHHS transition start) | | | | | | | | | | | | |
| | C2.3 GES | | | | | | | | | | | | |
| | C2.4 CSS, CSS CA, SO | | | | | | | | | | | | |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **C3. PAB Deep Dives** | | | | | | | | | | | | |
| | C3.1a Code Manager Operational Update – Assurance | | | | | | | | | | | | |
| | C3.1b Code Manager Operational Update – Change Management | | | | | | | | | | | | |
| | C3.1c Code Manager Operational Update – Stakeholder Management | | | | | | | | | | | | |
| | C3.1d Code Manager Operational Update – Technical Services | | | | | | | | | | | | |
| | C3.2a REC Service PAB deep dive – EES (Post-MHHS go-live) | | | | | | | | | | | | |
| | C3.2b REC Service PAB deep dive – GES | | | | | | | | | | | | |
| | C3.2c REC Service PAB deep dive – CSS, CSS CA, SO | | | | | | | | | | | | |
| | **C4. Application of PATs** | | | | | | | | | | | | |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **C5. Review of Key Performance Indicators** | | | | | | | | | | | | |
| | C5.1 KPI Review for Code Manager Professional Services | | | | | | | | | | | | |
| | C5.2 KPI Review for Code Manager Technical Services | | | | | | | | | | | | |
| | C5.3 KPI Review for ERDS | | | | | | | | | | | | |
| | C5.4 KPI Review for GRDS | | | | | | | | | | | | |
| | **C6. CRS Performance Charge** | | | | | | | | | | | | |
| **D. Industry Data Quality** | **D1. Data Cleanse report publication (peer comparison)** | | | | | | | | | | | | |
| | **D2. Prioritisation through Data Cleanse Sprints** | | | | | | | | | | | | |
| | D2.1a Sprint 3 - Planning | | | | | | | | | | | | |
| | D2.1b Sprint 3 - Execution | | | | | | | | | | | | |
| | D2.1c Sprint 3 – Mid-sprint Review | | | | | | | | | | | | |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | D2.1d Sprint 3 – Post-sprint Review | | | | | | | | | | | | |
| | D2.2a Sprint 4 - Planning | | | | | | | | | | | | |
| | D2.2b Sprint 4 - Execution | | | | | | | | | | | | |
| | D2.2c Sprint 4 – Mid-sprint Review | | | | | | | | | | | | |
| E. Energy Theft | **E1. Operation of the Theft Detection Incentive Scheme (TDIS)** | | | | | | | | | | | | |
| | E1.1 TDIS – Theft Target Methodology Development | | | | | | | | | | | | |
| | E1.2 TDIS – Theft Target Methodology consultation and publication | | | | | | | | | | | | |
| | E1.3 TDIS – Theft Targets Published | | | | | | | | | | | | |
| | E1.4 TDIS – Analyse final submission for the reporting year | | | | | | | | | | | | |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | E1.5 TDIS – Credits and Debits Communicated | | | | | | | | | | | | |
| | E1.6 TDIS – Reporting | | | | | | | | | | | | |
| | **E2. Verification of ETTOS confidentiality (part of Maintenance of Qualification)** | | | | | | | | | | | | |
| | **E3. Verification of TDIS Submissions** (subject to agreement with RECCo) | | | | | | | | | | | | |
| **F. Industry Change Assurance** | **F1. Market Schemes Assurance Framework** (subject to agreement with RECCo) | | | | | | | | | | | | |
| | **F2. Market Scheme Review** (subject to agreement with RECCo) | | | | | | | | | | | | |
| | **F3. Assurance of benefits delivered through REC Change** | | | | | | | | | | | | |
| | **F4. Assurance of REC transformation programmes** | | | | | | | | | | | | |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G. Review of REC Governance | **G1. Review of REC governance** | | | | | | | | | | | | |
| H. Market Entry | **H1. Application assessment** | | | | | | | | | | | | |
| I. Maintenance of Qualification (MoQ) | **I1. MoQ assessment** | | | | | | | | | | | | |
| J. Metering Assurance | **J1. MTD reconciliation for electricity** (subject to agreement with RECCo) | | | | | | | | | | | | |
| K. Address Quality Plan Assurance | **K1. Address Quality Data Cleanse** (subject to REC Change and agreement with RECCo) | | | | | | | | | | | | |
| L. Assurance related to the MHHS Programme | **L1. Assurance of Legacy Suppliers and MOAs to support MHHS Transition** | | | | | | | | | | | | |
| | **L2. Updates to PARC (Category 2 Change Process)** | | | | | | | | | | | | |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | L3. Implement updated risk monitoring from the MHHS transition start | | | | | | | | | | | | |
| | L4. Updates to the Market Entry Process and Documentation | | | | | | | | | | | | |
| | L5. Updates to the Joint Storyboard Scenario and related testing documents | | | | | | | | | | | | |
| M. PAF Product Review | M1. Performance Assurance: Retail Risk Register | | | | | | | | | | | | |
| | M2. Performance Assurance: Methodology and Techniques | | | | | | | | | | | | |
| | M3. Performance Assurance: Report Catalogue | | | | | | | | | | | | |
| | M4. Performance Assurance: PAB Procedures | | | | | | | | | | | | |
| | M5. Data Cleanse - Active Relationship Report Guidance | | | | | | | | | | | | |
| | M6. Data Cleanse Reports Guidance | | | | | | | | | | | | |

| Focus Area | Activity | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **M7. REC Entry Assessment Forms** | | | | | | | | | | | | |
| | **M8. Entry Assessment Information Pack** | | | | | | | | | | | | |
| | **M9. REC Service User Categorisation** (timelines may change to align with R0148) | | | | | | | | | | | | |
| **N. Other Associated Operational Processes** | **N1. Metering Accreditation** | | | | | | | | | | | | |
| | **N2. Helpdesk Service** | | | | | | | | | | | | |
| | **N3. Performance Assurance Engagement Sessions** | | | | | | | | | | | | |

## APPENDIX A: PERFORMANCE ASSURANCE ACTIVITIES – SCOPING DECISIONS

We acknowledge that performance assurance activity has associated costs, both for RECCo in providing the Code Manager's assurance service (which ultimately forms part of the RECCo service charge and hence is paid for indirectly by consumers) as well as those being assured (for example providing information, completing improvement actions). In developing our plan, we have summarised these costs on a six-point scale:



Very high effort | High effort | Medium effort | Moderate effort | Minor effort | Not applicable

In line with good assurance practice, the list below includes both the items that we propose to include, as well as those we have considered and discounted. In some cases, there are multiple options available to the PAB.

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| **A. Party Monitoring and PATs** | A1. Risk Monitoring | Monitor performance levels reported, along with compliance and outcome risk drivers as defined within the Retail Risk Register, to ensure performance meets expectations. | Performance Assurance Dashboards<br>Party Assurance Paper to PAB | | | | Monthly | ✓ |
| | A2. Peer comparison of Erroneous Switches (ES) | Reporting Party performance against peers to allow self-correction. This covers REC requirements related to the resolution of Erroneous Switches. | ES Peer Comparison Dashboard | | | | Monthly | ✓ |
| | A3. Gas meter data reconciliation | Analysis of output shared by the Central Data Service Provider (CDSP) from their annual reconciliation. | CDSP Reconciliation Peer | | | | Annual | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | and associated PATs | Publication of peer comparison by Supplier and Meter Asset Manager (MAM) to incentivise performance improvement. | Comparison Dashboard | | | | | |
| | A4. Smart Meter Installation Survey and associated PATs | Analysis of consumer surveys against specific questions contained within CoMCoP that relate to consumer experience of when a smart meter is installed. This applies to Suppliers operating domestic and/or microbusiness portfolios, where the number of installations in a period is above a threshold. | SMIS Dashboard | | | | Quarterly | ✓ |
| | A5. Application of Notification PATs | Notify REC Parties and/or Service Providers at risk of performance degradation to allow proactive investigation and correction. | Notification to impacted Parties | | | | Monthly | ✓ |
| | A6. Application of quarterly PATs | Where performance data monitored continues to indicate performance dips, application of PATs to understand the root cause and actively drive improvement. | Application of PATs to impacted Parties | | | | Quarterly | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | A7. Application of escalation PATs | Where severe issues are confirmed, PAB approval will be sought to make appropriate escalations to manage impacts. | Application of escalation PATs which include Specific Condition, Referral to Ofgem and Event of Default | | | | Ad-hoc | ✓ |
| | A8. Party Annual Rating | Sharing an overall rating of performance publicly, jointly with RECCo (subject to PAB decision). | Publication of Party Annual Rating | | | | Annual | ✓ |
| **B. Direct Assurance of Parties** | B1. Direct assurance of Party compliance | Sample-based review of REC Parties' design, implementation and operating effectiveness of systems, processes and controls in use to meet key REC requirements. For example, in Year 1 we completed direct assurance of PSR processes. | Action Plans to track resolution of findings<br>Insights form part of the Performance Assurance Annual Report | | | | Annual | ✗ |
| | B2. Direct assurance of Data Access by Gas | Sample-based assurance to verify GTs' use of Consumer Contact Data is in line with the Code. | Action Plans to track resolution of findings | | | | Annual | ✗ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | Transporters (GTs) | | Report to PAB | | | | | |
| **C. Direct Assurance of REC Service Providers** | C1. Performance Data Analysis | Monitor performance levels reported against service specification requirements to ensure performance meets expectations. | Performance Assurance Dashboards<br>Service Provider Assurance Paper to PAB | | | | Monthly | ✓ |
| | C2. Assessment of the accuracy of reporting | Sample-based review to identify instances of misreporting. | Service Provider Assurance Report | | | | Varied by Service Provider (see section 2.4.2) | ✓ |
| | C3. PAB Deep Dives | Operational update to PAB focusing on key trends and areas of focus. This will include retrospective reviews to help identify opportunities for improvement. | Paper to PAB co-presented with the relevant Service Providers | | | | | ✓ |
| | C4. Application of PATs | Where performance data monitored indicates performance dips, application of PATs to understand the root cause and actively drive improvement. | Application of PATs to impacted Service Providers | | | | Ad-hoc | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | C5. Review of Key Performance Indicators | Review of the performance levels monitored by PAB to make them more relevant and measurable. In 2024-25, we propose to cover the following services:<br>• Professional Services delivered by the Code Manager.<br>• Technical Services delivered by the Code Manager.<br>• GRDS<br>• ERDS | Report to PAB<br>Possible Code Change | | | | Once per service split into each quarter | ✓ |
| | C6. CRS Performance Charge | Performance Charge based on CRS performance against defined metrics. | Approved Performance Charge value | | | | Quarterly | ✓ |
| **D. Industry Data Quality** | D1. Data Cleanse report publication (peer comparison) | Publish a suite of data cleanse reports to allow Parties to proactively review and improve data quality. | Publish suite of data cleanse reports by Party | | | | Monthly | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | D2. Prioritisation through Data Cleanse Sprints | Prioritise critical data quality issues to focus Party efforts for resolution. | Sprint definition<br>Sprint communication<br>Mid-sprint review<br>Application of PATs to improve engagement<br>Sprint exit report | | | | Semi-annual | ✓ |
| **E. Energy Theft** | E1. Operation of the Theft Detection Incentive Scheme (TDIS) | Incentivise Market Participants to identify and investigate energy theft by operating TDIS which will include:<br>• Review and update the Theft Target Methodology (including consultation)<br>• Publish the Theft target for the next reporting year.<br>• Analyse final theft submission for the current reporting year. | Theft Target Publication<br>Calculate Credits and Debits<br>Communicate Credits and Debits<br>Reporting to PAB<br>Application of PATs to | | | | Annual scheme with monthly reporting | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | | • Communicate credits and debits for the current reporting year.<br>• Report progress against TDIS to PAB.<br>• Apply PATs where insufficient progress is noted. | increase engagement | | | | | |
| | E2. Verification of ETTOS confidentiality | • We are aware of instances where Parties have breached the confidentiality of anonymous theft leads.<br>• We would therefore provide an RFI to understand the policies and controls in place to prevent confidentiality breaches.<br>• This RFI will form part of the Maintenance of Qualification activity to streamline the process for REC Parties. | | | | | One-off | ✓ |
| | E3. Verification of TDIS Submissions | • Establish a programme of direct verification of TDIS | Report to PAB | | | | Annual | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | (subject to agreement with RECCo) | submissions on a sample basis.<br>• Identify and communicate leading practices to improve performance. | Communicate good practice | | | | | |
| **F. Industry Change Assurance** | F1. Market Schemes Assurance Framework (subject to agreement with RECCo) | Develop an assurance framework for market schemes. | Assurance Framework | | | | One-off | ✓ |
| | F2. Market Scheme Review (subject to agreement with RECCo) | Apply the Market Scheme Assurance Framework to review schemes recently delivered under the REC:<br>• Payment Method Levelisation | Report to PAB, RECCo Board and the Authority (where required) | | | | Ad-hoc | ✓ |
| | F3. Assurance of benefits delivered | Option 1: Deep dive by the Change team on a sample of changes to review the benefits delivered. | Report to PAB | | | | Quarterly | ✗ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | through REC Change | Option 2: Deep dive by Change team on key changes, identified by PAB for tracking, to review benefits delivered. | Report to PAB | | | | Ad-hoc | ✓ |
| | | Option 3: Retrospective review of changes delivered by RECCo, supported by the Change team | Report to PAB | | | | Quarterly | ✗ |
| | F4. Assurance of REC transformation programmes | Option 1: Periodic update to PAB, by RECCo, on their assessment of change impacts, risks identified, and the approach taken to manage these risks. | Report to PAB | | | | Quarterly | ✓ |
| | | Option 2: Direct assurance of change programme delivery | Report to PAB and RECCo Board | | | | Ad-hoc | ✗ |
| **G. Review of REC Governance** | G1. Review of REC governance | Assessment of the structure and practice of core governance committees within the REC to determine effectiveness, identify strengths and set out recommendations for improvement. | Report to PAB and RECCo Board | | | | One-off | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| **H. Market Entry** | H1. Application assessment | Assessing the applicant's readiness to enter the market through a review of their:<br>• Information Security and Data Protection Assessment<br>• Business Solution Assessment<br>• Internal Testing | Code Manager Assessment and Decision<br>Quarterly report to PAB<br>Initiate onboarding to relevant REC Services | | | | Ad-hoc as dependent on the applicant with quarterly updates to PAB | ✓ |
| **I. Maintenance of Qualification (MoQ)** | I1. MoQ assessment | Review of the annual compliance statement including External Assessment and Change or Incident Notification (where applicable) | Code Manager Assessment and Decision<br>Quarterly report to PAB<br>Application of PATs for disengaged Parties | | | | Annual assessments for Parties are distributed throughout the year with quarterly updates to PAB | ✓ |
| **J. Metering Assurance** | J1. MTD reconciliation for electricity (subject to | MHHS will create an opportunity to introduce MTD reconciliation for Electricity to assure MTD quality | Report to MEMs and Suppliers for Data Cleanse | | | | Annual | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | agreement with RECCo) | | Peer Comparison<br>Report to PAB | | | | | |
| **K. Address Quality Plan Assurance** | K1. Address Quality Data Cleanse (subject to REC Change and agreement with RECCo) | The current approach to address data improvement, owned by DCC, lacks effectiveness. We propose that a Code change is raised so that this then becomes part of the successful data cleanse process and broader PAF. This requires a REC Change as currently obligations are on the Switching Operator. | Data Cleanse reports to Parties<br>Report to PAB | | | | Quarterly | ✓ |
| **L. Assurance related to the MHHS Programme** | L1. Assurance of Legacy Suppliers and MOAs to support MHHS Transition | To verify Legacy Supplier and MOAs have implemented changes introduced by MHHS Design to existing REC Process and REC-owned DTN flows. | Application of PATs<br>Report to PAB | | | | Ad-hoc in line with plan approved in June 2024 PAB. | ✓ |
| | L2. Updates to PARC | Introduce new requirements and amend existing requirements impacted by MHHS Design. | Category 2 REC Change | | | | One-off | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | L3. Implement updated risk monitoring from the MHHS transition start | As both legacy and MHHS arrangements are expected to be live between April 2025 and October 2026, we will monitor retail risk under both arrangements. | Updates to Performance Assurance Dashboards | | | | In line with the PAF | ✓ |
| | L4. Updates to the Market Entry Process and Documentation | Align Market Entry process and documentation to cover enduring process covering changes introduced by MHHS | Category 3 REC Change | | | | One-off | ✓ |
| | L5. Updates to the Joint Storyboard Scenario and related external testing documents | Update process documentation jointly owned with the BSC for the process that will apply after the MHHS cutover. This document supports the new entrants by providing clearly defined user stories for system testing. Depending on changes to the Joint Storyboard Scenarios, changes may also be required to the CSS and DTN External Testing documents. | Category 3 REC Change | | | | One-off | ✓ |
| | M1. Performance Assurance: | Annual review of PAF product. | Category 3 REC Change | | | | Annual | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| **M. PAF Product Review** | Retail Risk Register | | | | | | | |
| | M2. Performance Assurance: Methodology and Techniques | Annual review of PAF product. | Category 3 REC Change | | | | Annual | ✓ |
| | M3. Performance Assurance: Report Catalogue | Annual review of PAF product. | Category 2 REC Change | | | | Annual | ✓ |
| | M4. Performance Assurance Board (PAB) Procedures | Annual review of PAF product. | Category 3 REC Change | | | | Annual | ✓ |
| | M5. Data Cleanse - Active Relationship Report Guidance | Annual review of PAF product. | Category 3 REC Change | | | | Annual | ✓ |

| Focus Area | Activity | Objective | Deliverables | Assurance effort | Party Effort | Service Provider Effort | Proposed Frequency | Proposed Scoping Decision |
|---|---|---|---|---|---|---|---|---|
| | M6. Data Cleanse Reports Guidance | Annual review of PAF product. | Category 3 REC Change | | | | Annual | ✓ |
| | M7. REC Entry Assessment Forms | Annual review of PAF product. | Category 3 REC Change | | | | Annual | ✓ |
| | M8. Entry Assessment Information Pack | Annual review of PAF product. | Category 3 REC Change | | | | Annual | ✓ |
| | M9. REC Service User Categorisation | Annual review of PAF product. | Category 3 REC Change | | | | Annual | ✓ |



To find out more please contact:

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RETAIL ENERGY CODE