RETAIL ENERGY CODE

Performance Assurance

Contents

1 Introduction 3
2 REC Performance Assurance Board 5
3 Functions of the REC PAB 5
4 The role of the Code Manager 6
5 Indemnity 7
6 Proceedings of the REC PAB 7
7 Performance Assurance Procedures 9
8 Performance Assurance Techniques 13
9 Provision of data 13
10 Sandbox 13

 Copyright 2021 Retail Energy Code Company

RETAIL ENERGY CODE

SCHEDULE 6

Performance Assurance Schedule

Version: 2.2 Effective Date: 31 January 2022

Domestic Suppliers	Mandatory
Non-Domestic Suppliers	Mandatory
Gas Transporters	Mandatory
Distribution Network Operators	Mandatory
DCC	Mandatory
Metering Equipment Managers	Mandatory
Non-Party REC Service Users	Mandatory

Change History

Version Number	Implementation Date	Reason for Change
0.1	N/A	Initial draft published July 2020
1.0	15 January 2021	Version implemented as part of REC v1.1
2.0	1 September 2021	Updated as part of REC V2.0
2.2	31 January 2022	R0012
2.3	03 November 2023	R0057

1 Introduction

1.1. This Code has been developed in a manner intended to provide robust assurance of all of the business critical processes and services which it governs. This will be provided through a Performance Assurance Framework (PAF) underpinned by a comprehensive Risk Register and associated mitigation. This REC Schedule defines the governance and associated processes to support the PAF.

1.2. This REC Schedule is to be read in conjunction with the Qualification and Maintenance Schedule, which defines the process to be followed by new market entrants in certain Market Roles, and also the process to apply where they make material changes to their Systems or processes.

 Copyright 2021 Retail Energy Code Company

1.3. The key objectives for the PAF are to ensure that Consumers have a positive experience when engaging in the retail energy market; and that Parties act in a manner that is not detrimental to the effective competition between Energy Suppliers

 Copyright 2021 Retail Energy Code Company

and Supplier Agents.

2 REC Performance Assurance Board

2.1. The REC Board shall establish a Sub-Committee with delegated authority to act as and perform the functions of the REC Performance Assurance Board (REC PAB).

2.2. The REC PAB shall oversee the PAF and perform the other functions referred to in Paragraph 3.

2.3. The REC Board shall delegate relevant decision-making powers to the REC PAB, and determine and maintain terms of reference for the REC PAB (subject to the overriding requirements of Paragraph 6).

2.4. The costs incurred or paid by the REC PAB, shall be considered RECCo costs, and therefore recoverable under Clause 9 (Annual Budget and Cost Recovery) of the main body of this Code.

2.5. The initial composition of the REC PAB shall be determined by the Authority, and thereafter in accordance with a methodology to be established by the REC Board and set out in the REC PAB's terms of reference.

3 Functions of the REC PAB

3.1. The REC PAB shall perform the functions assigned to it under this Code, and as may be delegated to it by the REC Board from time to time.

3.2. The functions of the REC PAB shall include:

(a) ultimate responsibility for the Risk Register and Performance Assurance Methodology;

(b) make determinations in relation to revisions to the Risk Register;

(c) monitor compliance with this Code through data analysis;

(d) make determinations in relation to the application of Performance Assurance Techniques in order to mitigate the risks to REC Service Users and/or REC Service Providers that may result from non-compliance;

(e) make determinations in relation to breaches of this Code and Events of Default in accordance with Clause 16 (Events of Default and Consequences of Default) of the Main Body of this Code;

 Copyright 2021 Retail Energy Code Company

(f) consider escalations where a REC Service User or REC Service Provider fails to comply with a Corrective Action Plan; and

(g) assess whether any change to this Code would better facilitate any activity of the REC PAB and/or further mitigate any of the risks identified on its Risk Register and instruct the Code Manager accordingly.

3.3. The REC PAB shall have the right at any time and from time to time to delegate or procure the delegation of all or any part of the day-to-day administration of its functions.

4 The role of the Code Manager

4.1. In relation to the PAF, the Code Manager shall perform the functions assigned to it under this Code, and as may be delegated to it by the REC PAB from time to time. These functions shall include those assigned to the Code Manager under its contract with RECCo.

4.2. The functions of the Code Manager related to the PAF shall include:

(a) maintain the Risk Register and Performance Assurance Methodology in accordance with the instructions of the REC PAB, assessing the ongoing applicability of the Risk Register and highlighting where new risks should be added, current risks amended or deleted;

(b) assess Performance Data, Key Performance Indicators (KPIs) and self-assessment declarations, and where appropriate provide a recommendation to the REC PAB in relation to compliance by REC Service Users and REC Service Providers;

(c) monitor agreed Corrective Action Plans to ensure activities focus on addressing the root cause of issues, are delivered against agreed timescales, and issues are escalated to the REC PAB where necessary;

(d) make recommendations to the REC PAB on changes to the Risk Register, Performance Assurance Methodology or this Code;

(e) prepare and maintain a list of Performance Assurance Techniques and how these are used to mitigate Retail Risks (by detecting or preventing their occurrence, or correcting their effects);

(f) prepare individual Risk Management Determinations for REC Service Users or REC Service Providers where the REC PAB determines that a Performance Assurance Technique should be applied to a REC Service User or REC Service Provider, and deliver assurance activities in accordance with these determinations;

(g) prepare the Annual Performance Assurance Reports; and

 Copyright 2021 Retail Energy Code Company

(h) manage correspondence and communication with organisations involved in the PAF.

4.3. The Code Manager shall keep confidential all information that it receives in its role under this Paragraph 4, in accordance with Clause 18 (Confidentiality) of the main body of this Code, unless the intention to publish it has been clearly signalled and agreed.

5 Indemnity

5.1. RECCo shall indemnify each member of the REC PAB in accordance with Clause 8 (Protections for REC Board and Sub-Committees) of the main body of this Code.

5.2. Where the Code Manager provides advice or other services to the REC PAB, RECCo shall also indemnify the Code Manager as if the Code Manager had the benefit of the indemnity set out in Clause 8 of the main body of this Code, but without prejudice to any claim RECCo has against the Code Manager for breach by the Code Manager of its contract with RECCo.

6 Proceedings of the REC PAB

6.1. The REC PAB shall develop, implement and amend working practices and procedures as it considers necessary for the proper performance of its functions, provided that there is no conflict with the provisions of this Code or the terms of reference determined by the REC Board.

6.2. The quorum for a meeting of the REC PAB shall be as set out in the REC PAB terms of reference.

6.3. To the extent that REC PAB meetings are held to discuss the Risk Register or such other business as may appropriately be of interest to REC Service Users and/or REC Service Providers, the meeting shall be held in open session. The Code Manager shall publish on the REC Portal a summary of the business conducted at such meetings, or a copy of the minutes that has been redacted to remove confidential information.

6.4. REC PAB meetings held to discuss or determine matters related to compliance by REC Service Users and/or REC Service Providers shall be closed meetings. For closed meetings, meeting notices need only be given to members of the REC PAB and other attendees permitted in accordance with the terms of reference or specifically at the invitation of the REC PAB Chair. Minutes of closed REC PAB meetings shall be confidential and only provided to those persons entitled to attend the relevant meeting (or part of the meeting). For meetings related to compliance by a REC Service User or REC Service Provider, they shall be provided with an extract of the minutes for the part

 Copyright 2021 Retail Energy Code Company

of the meeting they attended, and will be invited to comment upon and/or accept the accuracy of the minutes.

6.5. A REC PAB member shall not participate in the consideration of any matter relating to their Related Entities. The REC PAB member shall excuse themselves from the meeting (or the relevant part of it), or may be excluded by the REC PAB Chair, and shall not then count towards the quorum.

6.6. Each REC PAB member shall keep confidential all information received in their role as a REC PAB member, in accordance with Clause 18 (Confidentiality) of the main body of this Code. In particular, a REC PAB member shall not disclose such confidential information to their employer (or other Related Entities), unless such disclosure is permitted in accordance with Clause 18 (which includes where disclosure is required by Law). In the case of any such permitted disclosure, the REC PAB member shall first give written notice of the intended disclosure to the REC PAB (unless not permitted to do so by Law).

6.7. Each decision of the REC PAB may be appealed by one or more of the REC Service Users or REC Service Providers likely to be affected by that decision, and/or by Citizens Advice or Citizens Advice Scotland.

6.8. Appeals against REC PAB decisions will be determined by the REC Board, whose decision on whether to uphold or overturn the REC PAB decision shall be final.

6.9. The REC Board may allow an appeal where it has been demonstrated to its satisfaction that a decision made by the REC PAB, or its failure to make a decision on a matter duly put to it:

(a) is incompatible with this Code or the REC PAB's terms of reference; or

(b) will cause one or more REC Service User and/or REC Service Providers to be in breach of any Law, Energy Licence and/or Energy Code.

6.10. Matters of non-compliance which are serious, systemic and/or which the REC PAB does not reasonably consider it has the ability to address, or has made reasonable efforts to address including escalation of the matter through its established procedures without success, may be referred to the Authority together with such information as the REC PAB considers relevant and/or the Authority may subsequently request.

6.11. In the event that the Authority refers a matter to the REC PAB (or back to the REC PAB), the REC PAB shall take reasonable steps to comply with any direction, instruction or guidance as may be included in the referral.

6.12. Matters of non-compliance of a Replacement Supplier during the SoLR Transitional Period, the REC PAB shall consider the Replacement Suppliers' ability to fulfil the REC obligation and where appropriate will use discretion when applying techniques related to non-compliance.

 Copyright 2021 Retail Energy Code Company

7 Performance Assurance Procedures

Performance Assurance Methodology

7.1. The Code Manager shall prepare and obtain the REC PAB's approval of the Performance Assurance Methodology. The Performance Assurance Methodology must describe the process to be used for:

(a) identifying and evaluating the risks which are Retail Risks;

(b) assessing the materiality of Retail Risks in relation to REC Service Users and Consumers; and

(c) applying Performance Assurance Techniques to monitor performance, incentivise compliance and otherwise mitigate Retail Risks.

7.2. To the extent that it would not compromise the aims and effectiveness of the PAF, the Code Manager shall publish the approved Performance Assurance Methodology on the REC Portal.

7.3. The Code Manager shall periodically (at least annually) review, and report to the REC PAB on, the Performance Assurance Methodology to ensure it remains fit for purpose.

7.4. Where the Code Manager considers that a change to the Performance Assurance Methodology would further the aims of the PAF and/or further facilitate the REC Objectives, the Code Manager shall:

(a) to the extent that it would not compromise the aims and effectiveness of the PAF, issue a draft of the Performance Assurance Methodology for consultation with REC Service Users, REC Service Providers, Citizens Advice, Citizens Advice Scotland and such other stakeholders as the Code Manager considers appropriate;

(b) consider any comments received during that consultation and make any amendments to the draft that it considers appropriate in light of those comments; and

(c) present the draft Performance Assurance Methodology (including any amendments following consultation) to the REC PAB for approval.

7.5. In the event that the REC PAB does not approve the draft Performance Assurance Methodology, it shall give the Code Manager clear instructions on what further steps and or revisions may be required in order to achieve its approval, including whether or not a further consultation should be undertaken before the draft is resubmitted.

Risk Register

7.6. The Code Manager shall:

 Copyright 2021 Retail Energy Code Company

(a) identify and evaluate Retail Risks, by applying the Performance Assurance Methodology;

(b) prepare and obtain the REC PAB's approval of the Risk Register, setting out the Retail Risks and the significance of each such Retail Risk;

(c) publish the approved Risk Register on the REC Portal; and

(d) periodically (at least annually) review, and report to the REC PAB on, the Risk Register to ensure it remains fit for purpose.

7.7. In relation to the initial establishment of the Risk Register and each review of the Risk Register, the Code Manager shall follow the same process as applies to the Performance Assurance Methodology under Paragraphs 7.4 and 7.5.

Performance Assurance Operating Plan

7.8. 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.

7.9. The Code Manager shall review, and report to the REC PAB on, the Performance Assurance Operating Plan at least annually to ensure it remains fit for purpose.

7.10. Once approved, the Code Manager shall review the Performance Assurance Operating Plan at least annually. Changes may also be proposed to the Performance Assurance Operating Plan on an ad-hoc basis, for example to reflect changes to this Code that may require additional assurance provisions to be put in place, in accordance with the process set out in the Performance Assurance Methodology.

7.11. Where the REC PAB approves a revision of the Risk Register, the Code Manager shall consider whether corresponding revisions are required to the Performance Assurance Operating Plan. If the Code Manager determines that changes are required, then it shall present a revised Performance Assurance Operating Plan to the REC PAB for approval.

Risk Management Determinations

7.12. The Code Manager shall make a Risk Management Determination in relation to each REC Service User and REC Service Provider. The Risk Management Determination shall be a determination (in accordance with the Performance Assurance Methodology) of which Retail Risks in the Risk Register are relevant to the particular REC Service User or REC Service Provider (based on class materiality and individual materiality), and the Performance Assurance Techniques that are to be applied (and the manner in which they are to be applied) in relation to each such Retail Risk.

 Copyright 2021 Retail Energy Code Company

7.13. Having made an initial Risk Management Determination for each REC Service User and REC Service Provider in accordance with Paragraph 7.12, the Code Manager shall:

(a) notify the REC Service User or REC Service Provider of the Risk Management Determination (and any revised Risk Management Determination) made for it; and

(b) thereafter from time to time re-assess and revise the Risk Management Determination for each REC Service User and REC Service Provider where its circumstances change or there is a change to the Performance Assurance Operating Plan.

7.14. A REC Service User or REC Service Provider shall be entitled to request a re-assessment of its Risk Management Determination by the Code Manager where the REC Service User or REC Service Provider considers that:

(a) the Code Manager has given undue weight to the risk or likelihood of occurrence in the REC Service User's or REC Service Provider's Risk Management Determination; or

(b) there is a relevant change in the circumstances of the REC Service User or REC Service Provider.

7.15. Where a REC Service User or REC Service Provider disagrees with the contents of a Risk Management Determination which applies to it, and cannot come to an agreement with the Code Manager on a suitable revision to it, then the REC Service User or REC Service Provider in question may refer the matter to the REC PAB for determination. In such circumstances, the REC Service User or REC Service Provider shall be informed of the REC PAB meeting at which the matter is to be determined and shall be entitled to submit representations to the REC PAB and/or attend the REC PAB meeting for that item of business only.

Administering and Implementation of Performance Assurance Techniques

7.16. The Code Manager shall apply and implement Performance Assurance Techniques in accordance with the Performance Assurance Operating Plan and each Risk Management Determination.

7.17. The Performance Assurance Technique(s) to be applied in respect of each Retail Risk shall be techniques specified as applicable to such risk in the Performance Assurance Operating Plan; but the techniques to be applied (and the manner and extent to which they are to be applied) to individual REC Service Users and REC Service Providers shall be as described in the applicable Risk Management Determination.

7.18. REC Service Users of the same class may be subject to different Performance Assurance Techniques to reflect individual materiality of the Retail Risks.

 Copyright 2021 Retail Energy Code Company

Annual Performance Assurance Report

7.19. Following the end of each Financial Year, the Code Manager shall prepare an Annual Performance Assurance Report for the year. The Annual Performance Report shall set out the following information in respect of the relevant year:

(a) the results of the risk evaluation and risk assurance procedures, in particular, the extent to which the application of Performance Assurance Techniques mitigated the Retail Risks in the Risk Register;

(b) the actual costs to RECCo, and (as far as reasonably practicable) to REC Service Users and REC Service Providers, of implementing the Performance Assurance Techniques, and a comparison against the estimated costs set out in the Performance Assurance Operating Plan (with an explanation of any differences);

(c) any recommendations to modify existing Performance Assurance Techniques or establish new Performance Assurance Techniques; and

(d) the benefits (including any cost savings) of any modifications to Performance Assurance Techniques.

7.20. The Annual Performance Assurance Report shall be published on the REC Portal.

Change Proposal Recommendations

7.21. The REC PAB may, at any time, request that the Code Manager raise a Change Proposal to this Code in order to:

(a) remedy any error, ambiguity, inconsistency or deficiency which emerges as a result of the exercise of the REC PAB's functions;

(b) remove obligations that are overly onerous or prescriptive and do not impact the Consumer experience;

(c) introduce or enhance controls for key risk; or

(d) establish a new Performance Assurance Technique or modify an existing Performance Assurance Technique.

7.22. Where the Code Manager receives such a request from the REC PAB and considers that the intent of the proposal could be better fulfilled through alternative means, including through an alternative change to this Code, the Code Manager shall make such recommendation to the REC PAB.

7.23. Once the REC PAB has determined, including taking into consideration any recommendation of the Code Manager, to progress a change to this Code, the Code Manager shall raise that Change Proposal.

 Copyright 2021 Retail Energy Code Company

8 Performance Assurance Techniques

8.1. The REC PAB shall prepare, and may from time to time amend, a list of Performance Assurance Techniques.

8.2. The Performance Assurance Techniques shall be the provisions of this Code and/or processes established pursuant to provisions of this Code, which the REC PAB considers should be available as a toolkit for the REC PAB and/or the Code Manager to draw upon in order to mitigate one or more of the Retail Risks identified within the Risk Register.

8.3. The list of Performance Assurance Techniques (including the Table of Performance Charges), and any amendments to them, shall be published on the REC Portal.

8.4. Amendments to the Performance Assurance Techniques (including the Table of Performance Charges) are to be made and approved by the REC PAB, and to the extent provided for in the REC PAB's terms of reference, may be changed at the discretion of the REC PAB without the necessity of a Change Proposal being raised in accordance with the Change Management Schedule.

9 Provision of data

9.1. Each REC Service User and each REC Service Provider shall ensure that the REC PAB is provided with such data as the REC PAB may from time to time reasonably request for the purposes of fulfilling its functions. The requested data shall be provided in accordance with the format, frequency and timescales set out in the Performance Assurance Report Catalogue that may be consulted upon and approved by the REC PAB from time to time.

9.2. Where reasonably practicable, such data shall be obtained by the REC PAB from central sources established under this Code or any other Energy Code, and each Party shall take reasonable steps within its control to ensure that such data is made available to the REC PAB.

9.3. A REC Service User or REC Service Provider is not required to provide any data under this Paragraph 9 which it could not be compelled to produce in evidence in civil proceedings before the UK courts.

10 Sandbox

 Copyright 2021 Retail Energy Code Company

10.1. The REC PAB shall establish a procedure whereby a current or prospective Party may apply for the temporary derogation from any requirement in this Code for the purpose of trialling a new product, service or business model. The form of derogation may include a full derogation from the relevant provision or the setting to zero of any liability payment that would otherwise apply to the Party. Such applications are known as Sandbox Applications.

10.2. The Code Manager shall, in respect of each Sandbox Application received, add it to the Sandbox Register and prepare a Sandbox Report containing the information listed at Paragraph 10.4.

10.3. The Code Manager shall not be required to conduct an evaluation of a Sandbox Application or submit a draft Sandbox Report to the REC PAB until the applicant has provided all the information that the Code Manager reasonably requires in order to conduct such evaluation and prepare a Sandbox Report.

10.4. The Sandbox Report shall:

(a) be addressed and delivered to the REC PAB;

(b) specify the identity of the Sandbox Applicant;

(c) specify the Party or Parties seeking the derogation (if not the Sandbox Applicant);

(d) set out the requested derogation from this Code;

(e) set out the reason for the derogation;

(f) as far as possible, identify any impact on Parties including applicable costs (if any);

(g) state the period of the requested derogation (for which the maximum shall be no longer than two years from the REC PAB's approval of such derogation);

(h) state the reason(s) why the derogation better facilitates the REC Objectives than requiring compliance with the relevant provision(s) of this Code;

(i) make recommendations as to any conditions which the REC PAB may wish to attach to the derogation; and,

(j) set out a reporting plan, which shall include key milestones and/or dates by which the Sandbox Applicant will report on the progress of the trial to the Code Manager and/or the Code Manager report on progress to the REC PAB, as the case may be.

10.5. Following receipt of a Sandbox Report, the REC PAB shall either:

 Copyright 2021 Retail Energy Code Company

(a) identify any additional work or significant amendment to the Sandbox Report that the REC PAB reasonably requires in order to make a determination on it; or

(b) give an indicative view on whether or not it is minded to agree to the derogation request and what if any conditions it proposes to attach to that derogation, and instruct the Code Manager to consult with Parties, the Authority and other interested stakeholders in respect to the Sandbox Application.

10.6. Where representations are made pursuant to the consultation under Paragraph 10.5(b), the Code Manager shall, as soon as reasonably practicable after receipt of those representations (and unless such representations or objections have been marked as confidential), publish those representations or objections on the Sandbox Register.

10.7. Following the end of the consultation under Paragraph 10.5(b), the Code Manager shall, having regard to the representations received, make a recommendation to the REC PAB as to whether it should accept or reject the Sandbox Application, including any revision to the conditions it considers appropriate.

10.8. Upon receipt of such recommendation from the Code Manager, the REC PAB shall consider the Code Manager's recommendation and any and all representations received, and either:

(a) determine whether to approve or reject the Sandbox Application; or

(b) direct the Code Manager to undertake additional analysis to address any new issues that have arisen as a result of the representations or otherwise.

10.9. Any additional analysis directed under Paragraph 10.8(b) shall be limited to the impacts that may arise from the granting of the derogation request, as would ordinarily be within scope of a Sandbox Report, and should not cause the REC PAB determination to be delayed by any more than one month. Following any such additional analysis, the Code Manager shall submit an updated recommendation, and the REC PAB shall make a determination whether to approve or reject the Sandbox Application.

10.10. In making a determination pursuant to Paragraph 10.8 or 10.9, the REC PAB may follow such procedure, and have regard to such matters in addition to those specified those paragraphs, as it considers appropriate.

10.11. The Code Manager shall, as soon as is reasonably practicable after the determination of the REC PAB under Paragraph 10.8 or 10.9, notify the Sandbox Applicant and shall ensure that the Sandbox Register is updated so as to indicate the decision made in relation to the Sandbox Application.

10.12. The REC PAB may, from time to time and as it sees fit, resolve to retract any derogation, or to amend or add to the conditions applicable to that derogation.

 Copyright 2021 Retail Energy Code Company

10.13. In respect of each approved Sandbox Application, following completion of the derogation period, the Code Manager shall submit an evaluation report to the REC PAB including:

(a) any lessons learnt from the application process and reporting that could be applied to any future Sandbox Application;

(b) an evaluation of the impacts and approximate cost, if any, that the derogation had on RECCo, REC Service Users, REC Service Providers and/or processes pursuant to this Code;

(c) an assessment of whether the derogation had a positive or negative impact on the achievement of the REC Objectives; and

(d) a recommendation on whether the derogation provided to the Sandbox Applicant should be extended to other current or prospective Parties and whether this should appropriately be done through an enduring change to this Code.

10.14. The REC PAB shall consider the content of the Code Manager report and, subject to any revision that the Code Manager may agree to make as a result of discussions, shall:

(a) confirm which if any of the recommendations in the report it determines should be taken forward and given effect;

(b) confirm which, if any, of the recommendations it does not agree with and the reasons why;

(c) instruct the Code Manager to include the REC PAB's views in the evaluation report and to publish that report on the REC Portal; and

(d) where applicable, instruct the Code Manager to raise the appropriate Change Proposal(s) on behalf of the REC PAB, to give effect to its determination under this Paragraph 10.14.

10.15. The derogations granted by the REC PAB pursuant to this Paragraph 10 may only provide derogations from the requirements of this Code, and are without prejudice to requirements of Energy Licences or other Energy Codes.

Annex A: Performance Charges

1 Introduction

1.1 This Annex A sets out the process for establishing, administering and applying the Performance Charges .

 Copyright 2021 Retail Energy Code Company

1.2 Each REC Service User and REC Service Provider acknowledges and agrees that each Performance Charge represents a genuine pre-estimate of the loss likely to be suffered by other REC Service Users and REC Service Providers and/or by Consumers (individually or collectively), as a result of the particular failure to which the Performance Charge applies.

1.3 For clarity, nothing in this Annex A is intended to limit the following:

a) the application of other Performance Assurance Techniques;

b)in the case of REC Service Providers contracted by RECCo, the liability of those REC Service Providers under those contracts;

c) the rights, powers, duties and obligations of each holder of an Energy Licence under its Energy Licence;

d) the rights, powers and duties of the Authority or the Secretary of State; and/or

e) the liability of REC Service Users and Parties that are not REC Service Users to one another under this Code, subject to the limitations of liability set out in Clause 14 of the main body of this Code.

2 Performance Levels

2.1 Each REC Service User and REC Service Provider shall, without prejudice to its other obligations under this Code, comply with the Performance Levels set out in the Table of Performance Charges.

2.2 Each REC Service User and REC Service Provider acknowledges that the Performance Levels represent the minimum requirements to be achieved.

3 Performance Charges

3.1 A REC Service User or REC Service Provider that fails to meet one or more Performance Levels shall pay the applicable Performance Charge to RECCo (subject to and in accordance with this Paragraph 3).

3.2 Unless otherwise expressly stated, the Performance Charges are cumulative and not mutually exclusive of one another. The Table of Performance Charges may nevertheless include maximum liability caps.

3.3 The Code Manager shall report to the REC PAB on whether each REC Service User and REC Service Provider has or has not complied with each applicable Performance Level as soon as reasonably practicable after the end of the period covered by that Performance Level. The Code Manager shall base its report on the Performance Reports and any additional evidence as may be available to the Code Manager, and the Code

 Copyright 2021 Retail Energy Code Company

Manager may include adjustments to the data as it considers appropriate to reflect specific circumstances (which adjustments must be highlighted to the REC PAB).

3.4 The circumstances referred to in Paragraph 3.3 include:

(a) any relevant derogation that may have applied during the assessment period for the Performance Level; and

(b) any evidence that may have been provided demonstrating to the Code Manager's satisfaction the existence of genuine extenuating circumstances.

3.5 In respect of each REC Service User or REC Service Provider which has not complied with an applicable Performance Level, the REC PAB shall determine (without undue discrimination) whether the applicable Performance Charge shall be payable.

3.6 The REC PAB shall have discretion to determine that particular Performance Charges need not be paid (or may be suspended subject to conditions) if:

(a) the REC Service User or REC Service Provider has or has not recently and/or historically failed to meet the Performance Level(s) that are the subject of REC PAB determination;

(b) the REC PAB accepts that the REC Service User or REC Service Provider has made reasonable efforts to remedy the situation; and/or

(c) the REC PAB otherwise believes that suspension of the Performance Charge pending a further period of remedial action will better facilitate the REC Objectives than immediate application of the charge.

3.7 Following each determination under Paragraph 3.5, the Code Manager shall notify each REC Service User and each REC Service Provider of the Performance Charges (if any) due from it, with a clear indication as to which Performance Level(s) and period(s) the charge(s) relate.

3.8 In the event that the REC PAB determines to suspend a Performance Charge that would otherwise have been payable, the REC PAB shall notify the Code Manager and the relevant REC Service User or REC Service Provider of the conditions that apply to the suspension and the period in which such conditions must be fulfilled.

3.9 The Code Manager shall ensure that the Performance Charge payable by each REC Service User are included in the next invoice to be raised by RECCo for that REC Service User, unless a different period of recovery has been agreed with the REC PAB (or the RECCo invoice is due to be issued in less than 3 days, in which case the Performance Charge shall be carried over to the following invoice).

3.10 Performance Charges payable by a REC Service Provider shall reduce the amount that would otherwise be payable to a REC Service Provider.

 Copyright 2021 Retail Energy Code Company

3.11 The Code Manager shall keep a record of all Performance Charges applied and the Performance Levels to which they related, for inclusion in the following Annual Performance Assurance Report.

3.12 All Performance Charges are exclusive of VAT, which shall be payable in addition if applicable in accordance with Law.

4 Table of Performance Charges

4.1 The REC PAB shall from time to time approve and publish a table setting out the Performance Levels and any Performance Charges that may be applied if such Performance Levels are not achieved.

 Copyright 2021 Retail Energy Code Company