RETAIL ENERGY CODE

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01	Initial Assessment Report
02	Preliminary Change Report
03	Final Change Report

CHANGE REPORT

R0092 – DCC SERVICE LEVEL AGREEMENTS FOR THE SWITCHING INCENTIVE REGIME

R0092A – DCC SERVICE LEVEL AGREEMENTS FOR THE SWITCHING INCENTIVE REGIME (ALTERNATIVE)

CHANGE REPORT	PRELIMINARY
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RESPONSIBLE COMMITTEE	PERFORMANCE ASSURANCE BOARD	CHANGE PATH	AUTHORITY DETERMINED
PRIORITY STATUS	HIGH	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	20/02/2024

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CHANGE OVERVIEW

This Change Proposal seeks to review the Service Level Agreements (SLAs) set against the Centralised Registration Service (CRS) Provider.

	High Impact: CRS Provider, Switching Data Service Providers, Central Switching Service (CSS) Users
	Medium Impact: REC Performance Assurance Board, Code Manager
	Low Impact: N/A

CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0092 is **REJECTED** and R0092A is **APPROVED** for implementation on **08 November 2024**.

RETAIL ENERGY CODE

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BACKGROUND

1 BACKGROUND

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

These SLAs were identified and agreed during the early design, build and test phase of the Switching Programme and formed part of the procurement exercise for the CRS service providers. The Data Communications Company (DCC), as the CRS Provider, noted that these were based on assumptions made in the early phases of the Switching Programme and has proposed a review of these service levels based on learnings from the early operation of the services.

Proposals have been made in the following areas:

- Synchronous and Asynchronous message response targets;
- Gate Closure targets;
- Incident Management targets; and
- Service Request targets.

The DCC also proposed a number of exclusions from the Performance Assurance Regime.

An industry work group was convened with representatives from Suppliers, Distribution Network Operators (DNOs) and the Gas Retail Data Agent (GRDA) to support a review of the DCC's proposals. This was to ensure that the impacts to Service Users, of any proposed reduction to the CRS Provider's service levels, was considered and the solution taken forward is achievable, reasonable and maintains appropriate CSS User protections.

2 PROBLEM STATEMENT

Following the introduction of Performance Charges, on 01 April 2023, charges will apply based on the CRS Provider's performance against the defined SLAs. The SLAs were developed based on assumptions made in the early phases of the Switching Programme. The DCC has proposed that these are reviewed, to ensure they are fit for purpose and any Performance Charges applied are proportionate to CSS User detriment and Consumer impact.

3 USER STORIES

REF.	USER STORIES

CONSUMER USER STORIES	
C1	As a Consumer, I want the CRS Provider to provide an effective service so that my Switch is not delayed.
MARKET PARTICIPANT USER STORIES	
M1	As the REC Code Manager, I want to ensure the CRS Provider has appropriate SLAs set, which incentivises the effective functioning of the Switching Service.
M2	As the CRS Provider, I want to ensure that the appropriate SLAs are in place to incentivise the effective functioning of the Switching Service and if these SLAs are not met by the CRS Provider, the commercial impact is proportionate to the detriment experienced by CSS Users and Consumers.

PROPOSAL

4 SUMMARY OF ANALYSIS UNDERTAKEN

A work group commenced in June 2023 with meetings held on 15 June 2023, 29 June 2023, 10 August 2023, 07 September 2023, 12 January 2024, and 19 January 2024.

These work groups were used to:

- Understand the DCC's proposals;
- Analyse the issues the DCC had in achieving the current SLAs and any data to evidence this;
- Raise any concerns on the impact changes may have on CSS Users;
- Identify other ways in which similar outcomes could be achieved; and
- Provide the appropriate level of scrutiny to any alterations of the REC drafting.

Pre and post meeting documentation and meeting minutes were circulated to work group members and available to all Portal users here.

The work group held on 07 September 2023 was used to prepare for the DCC's draft proposal to be impact assessed by industry. This included planning the impact assessment structure and questions.

This impact assessment was issued to Service Providers and REC Parties from 13 October 2023 to 10 November 2023. Following this period, The Code Manager and RECCo met with the DCC to provide an overview of responses and requested that it revisits some of its proposals to address feedback received in the impact assessment.

On 15 December 2023, the DCC provided the outputs of its revised proposals and on 20 December 2023, the Code Manager and RECCo met with the DCC to discuss its suggestions. It was recommended that the DCC make some alterations, as the Code Manager did not consider it had addressed the feedback received in from the impact assessment and prepare a final proposal to be presented to the work group for discussion on 12 January 2024. The full proposal wasn't covered within the allocated time and therefore a further session was planned for 19 January 2024.

Following the final work group, the DCC was asked to confirm its final proposal, considering comments received from the impact assessment, work group and Code Manager. The DCC provided its final proposal and draft legal text to the Code Manager on 25 January 2024. Following a review of the legal text, the Code Manager noted that whilst the DCC had responded positively to some parts of the work group feedback, there were some key principles from the work group and impact assessment responses that were not addressed in the final solution. The Code Manager deemed that the DCC's final proposal did not maintain appropriate protections for CSS Users and Consumers. Therefore, an Alternative Change Proposal was raised on 26 January 2024. The Alternative Change Proposal raised by the Code Manager also proposed a reduction to the DCC's service levels, and improved clarity in the definition of existing service levels but does not propose a reduction to all service levels proposed by the DCC and, in some cases, proposes a reduction to a lesser extent than that proposed by the DCC.

5 PROPOSED SOLUTION

Maximum Demand Volumes

In an early work group meeting, it was highlighted that part of this Change Proposal should include a review of the current definition of Maximum Demand Volumes in the relevant REC Service Definitions including a review of average vs peak demand volumes. It was noted that the REC defines certain CSS service levels based on a maximum daily and hourly volume of all messages received, but this figure is not currently defined in the Code. These Maximum Demand Volumes would need to be defined to ensure there is no ambiguity when measuring service level performance, noting this would not be an increase in expectations surrounding maximum demand, but a more accurate reflection of volumes within the Code.

Prior to the work group meeting held on 07 September 2023, the DCC was requested to provide historic data, over a two to three-month period, on the volume of messages received by the CSS. This was used to calculate the expected maximum values of all messages as the 281,600 peak daily volume currently defined in the Code only relates to Switch Requests.

The DCC reviewed historic data and suggested an average figure of 454,286 for all messages. This was calculated using the average number of daily messages and applying a standard deviation. The group analysed the data within the meeting and noted that this was based on historically low Switching levels and that messages related to Switching would be reasonably expected to increase where Switching levels increased. Therefore, it was agreed that the average figure should be scaled up to account for peak Switching volumes. The group analysed which message types directly related to Switching and these were determined to be:

- Create Switch
- Create Registration
- Intervention (Objections, Withdrawal and Annulments)
- Update Registration and
- Update Supplier Appointed Agent.

The DCC ran further analysis based on this and provided a figure of 1,088,000 for daily maximum demand for all messages. This figure was impact assessed by industry and it was queried within the impact assessment whether an optimism bias should be applied, on the basis this was calculated using an average over a short period of time with historically low switching activity. Most respondents agreed that a five percent uplift should apply and the proposers of both R0092 and R0092A agreed with this approach.

An outline of each proposal for Maximum Demand Volumes is below.

R0092	R0092A
CSS Service Definition 7.3	
• The R0092 proposal is for the maximum demand volume for all messages related to Switching to be 1,142,400 which is an exact five percent optimism bias being applied.	• The R0092A proposal is for five percent to be applied for the maximum demand volume for all Switching related messages but for it to be rounded up to 1,150,000. • As R0092A proposes to maintain the asynchronous response targets to be calculated hourly, a peak hourly maximum demand is required. R0092A proposes to add a peak hourly maximum demand volume of 103,500. This figure was calculated using the same ratio as the existing definition of peak hourly volumes for Switch Requests, which is nine percent of the peak daily volume. The proposal of 103,500 was therefore calculated as nine percent of the proposed peak daily volume of 1,150,000. • Includes a statement that where the maximum demand volume is regularly exceeded and the CRS Provider has not proactively raised a Change Proposal, the Code Manager will raise a Change Proposal to amend the volumes within the Service Definition.

This change will result in a more appropriate definition of maximum demand and addresses learnings during the early operation of the service. Where service levels are not met because of maximum demand volumes being breached, the Service Provider would not usually be held accountable for the failure, where this is solely and exclusively related to a breach of maximum demand volumes. Incorporating this improved definition better facilitates the efficient and effective running of the CSS.

Synchronous responses

An outline of each proposal for synchronous responses is below.

R0092 and R0092A
CSS Service Definition 6.1
• Both Change Proposals propose that there should be no distinction between peak and average maximum demand volumes for synchronous message response times. This would be one service level for peak daily volumes with a mean time of two seconds or less and a 90th percentile time of four seconds or less. • Clarifies that peak daily volume means up to peak and therefore from 0 to the peak maximum demand volume within section 7.3 of the CSS Service Definition. • A more accurate description of mean and 90th percentile is incorporated to assist Performance Assurance reporting.

Within the work group meetings, the DCC noted that the longest response time identified for synchronous responses was approximately 1.5 minutes and the average was 0.35 seconds. From the impact assessment, the Code Manager fed back that industry wanted further assurance via a maximum response time. The DCC's response to this was to re-introduce the 90th percentile target which was not in its original proposal at the impact assessment stage.

The DCC noted that it could ramp up the number of channels to better cope with a higher demand and therefore increase processing capacity. Due to these operational improvements, the Code Manager agrees that a 90th percentile is appropriate. There is no difference in the proposal for synchronous responses for R0092 and R0092A.

This proposal removes ambiguity on peak or average volumes and calculations on mean and 90th percentiles. It is a simpler measure creating efficiencies in Performance Assurance reporting and reduces the overall target times for synchronous message responses therefore working to better support a reliable Consumer Switching journey.

Asynchronous responses

An outline of each proposal for asynchronous responses is below.

R0092	R0092A
CSS Service Definition 6.2	
• R0092 proposes for there to be no distinction between peak and average asynchronous response times with a mean response time of three seconds or less and 90th percentile of six seconds or less.	• R0092A proposes for there to be no distinction between peak and average asynchronous response times with a mean response time of three seconds or less and 90th percentile of six seconds or less.

• R0092 proposes for this measure to change from hourly to daily. • Both Change Proposals ensure clarity by adding "and any other Market Message requiring an asynchronous response." • Both Change Proposals clarify that peak daily volume means up to peak and therefore from 0 to the peak maximum demand volume within section 7.3 of the CSS Service Definition. • Both Change Proposals ensure a more accurate description of mean and 90th percentile is incorporated to assist Performance Assurance reporting.	• R0092A proposes for this measure to remain at hourly. • Both Change Proposals ensure clarity by adding "and any other Market Message requiring an asynchronous response." • Both Change Proposals clarify that peak daily volume means up to peak and therefore from 0 to the peak maximum demand volume within section 7.3 of the CSS Service Definition. • Both Change Proposals ensure a more accurate description of mean and 90th percentile is incorporated to assist Performance Assurance reporting.

Within work group meetings, the work group highlighted that there is a risk to Switching if there are delays to processing messages, particularly when close to Gate Closure. There is a risk that time critical messages, such as Switch Requests and Switch Interventions (Objections, Annulments and Withdrawals), are not processed in good time and have negative impacts on Consumer Switching journeys or downstream settlement processes. The DCC noted that the largest outlier seen so far was approximately ten minutes and average processing time was 1.92 seconds. The work group identified that in the event that the hourly measure was removed, this could lead to greater outliers, and this would not offer CSS Users the required protections. It was suggested that if the hourly average is removed, the DCC should consider an absolute backstop for all messages to receive an asynchronous response, which would provide assurance for users. An impact assessment was circulated on the proposal under R0092 for this to be calculated daily. Respondents noted the benefit in a maximum response time and identified that this measure must remain hourly in the absence of this. Respondents noted that an hourly measure ensured that extreme outliers are not averaged out throughout the day and enables the granularity required to show the DCC's true performance. It was also highlighted that moving to a daily measure would create a risk at critical times where a message may be received on one day and processed the next which could result in rejections.

The current hourly measurement maintains scrutiny on performance at all times throughout the day rather than extreme outliers being smoothed out by a daily measure. Where there are outliers taking more than several minutes to process, these should be investigated, and learnings taken on board to resolve future occurrences. If this was levelled out by a daily measure, there would be little incentive for this to occur. R0092A proposes to negate this risk and would work to improve the reliability and effectiveness of the CSS.

Gate Closure

An outline of each proposal for Gate Closure is below.

R0092	R0092A

CSS Service Definition 6.3	
• R0092 proposes to remove the average daily volume performance levels and maintain a mean response time of 35 minutes or less at up to peak daily volume and 90th percentile response time of 40 minutes or less. • Is only relevant to the queuing of Market Messages. • Both Change Proposals clarify that peak daily volume means up to peak and therefore from 0 to the peak maximum demand volume within section 7.3 of the CSS Service Definition. • Both Change Proposals ensure a more accurate description of mean and 90th percentile is incorporated to assist Performance Assurance reporting.	• R0092A proposes to remove the average daily volume performance levels and maintain a mean response time of 35 minutes or less at up to peak daily volume and 90th percentile response time of 40 minutes or less. • Retains the requirement for the end-to-end process with the ability to provide evidence to the REC PAB where failures were exclusively beyond the control of the DCC, as exists for the current Performance Charge Regime. • Both Change Proposals clarify that peak daily volume means up to peak and therefore from 0 to the peak maximum demand volume within section 7.3 of the CSS Service Definition. • Both Change Proposals ensure a more accurate description of mean and 90th percentile is incorporated to assist Performance Assurance reporting.

The DCC's main concern surrounding Gate Closure is that it believes that the performance of other Market Participants impacted its service levels. The design of the CSS means that the timely distribution of these messages is not fully within the control of the CSS Provider. If a recipient's system does not respond to acknowledge the message, the other messages in the 'queue' are stuck behind this and cannot be processed. The CSS has a retry approach where the recipient system does not respond within 60 seconds. If a particular system takes too long to respond to messages on a repeat or prolonged basis, this can prevent the CSS from being able to clear all messages within the target timescales. The CSS Provider believes that it should not be held accountable for issues with CSS User's systems where these incidents occur. R0092 proposes that the CSS Provider is measured at Gate Closure on it sending Market Messages relating to a Switch to be queued for the relevant CSS User instead of the full end-to-end process of it being acknowledged and processed.

The work group and impact assessment responses noted that there are benefits to the industry in the CSS Provider being accountable for end-to-end performance. There are some measures that the CSS Provider can take to improve performance, such as putting high priority recipients who are more likely to ensure the optimum performance of their systems is maintained, (such as SDSPs) into separate "queues" to other recipients. This would prevent a smaller market participant holding up critical processes for central systems.

Industry representatives agreed that the DCC should not be financially penalised for service failures outside of its control where this can be appropriately evidenced. The Code Manager's

concern with the proposal under R0092 was that it could remove accountability on the CSS Provider even if it were responsible for a failure. Whereas, if the full end-to-end process was measured and there was a failure outside of the DCC's control, there is already a route available within the REC where this could be evidenced to the PAB and an exemption applied. The REC Performance Assurance Schedule requires the PAB to consider the evidence submitted by the DCC and determine whether or not to disregard the missed Performance Levels for the purposes of calculating the Performance Charges. It was also noted by other SDSPs that they rely on the CSS Provider meeting its service levels so that they can achieve their service levels.

The Code Manager considers that R0092A would ensure that there is an incentive to improve Gate Closure processes and that the responsibility to resolve risks is placed on the CRS Provider. The DCC would not be unfairly penalised by failures outside of its control however, maintaining responsibility for the full end-to-end process will incentivise the delivery of a high value and efficient Switching Service especially at the most critical times in the Switching journey.

Switching Incidents

R0092	R0092A
CSS Service Definition 5.2 **Switching Operator Service Definition 5.2**	
• R0092 proposes no change to the target response or resolution times for P3 and P4 incidents but includes a success rate of 90 percent of P3 incidents resolved within three working days and 95 percent of P4 incidents resolved within 10 working days. • This is only relevant to Switching Incidents raised by a CSS User via the Switching Portal.	• R0092A also proposes a 90 percent and 95 percent success rate for P3 and P4 incidents respectively. However, this also proposes a backstop for all incidents to be resolved within 6 working days for P3 incidents and 20 working days for P4 incidents. This is relevant to all incidents raised in accordance with the Switching Service Management Schedule.

DCC's rationale for R0092 is that it would give the Switching Operator enough time to resolve more complex issues to the expected quality standards. It was noted that there are only a small number of P3 incidents raised and if there were a failure, this would be more likely to have a material impact on the DCC's performance metrics.

Throughout the work group meetings and through the impact assessment responses, there was a clear indication that an absolute maximum response time should be included within any proposal taken forward to protect against any material outliers and ensure the appropriate CSS User and Consumer protections are maintained. It was clearly communicated that in the absence of a backstop, there is no assurance for CSS Users that their query will be resolved

within a reasonable timescale. In the event a 90 percent target applied, a CSS User raising an incident would have no way of knowing if the service level would apply to their incident or not.

The Code Manager believes that the R0092A proposal gives user assurances that their query will be resolved within a reasonable timescale, whilst also providing the DCC with greater flexibility to manage more complex incidents that are challenging to resolve within the target timescales.

R0092 also proposes to add wording that the *Switching Operator shall support the response and resolution times for Switching Incidents provided that the Switching Incident is raised by a Market Participant via the Switching Portal.* Similar wording was considered by the Code Manager but with the removal of *via the Switching Portal,* as the Switching Service Management Schedule allows for some incidents to be raised through other channels. However, it was determined that this may result in a risk that obligations were not clear and in the event service levels did not apply to all incidents where the CSS Provider raised these itself, or responsibility for raising incidents remained solely with industry. Therefore, it was not taken forward for R0092A.

The absence of a backstop under R0092 means that CSS Users have less protection and assurance that their query will be resolved compared with what is stated in the REC today. R0092A includes the backstop which should provide protections that an incident will be resolved and that the associated Consumer Switch can be processed as intended. Maintaining this protection is essential to support the efficient delivery of the CSS.

The Code Manager and RECCo considers that it is entirely reasonable that the CRS Provider should be expected to resolve 100 percent of incidents within a defined timescale. This is reflective of similar requirements for other REC Service Providers, where it has been demonstrated that this is an achievable target with the right operational processes, controls and resources in place.

Service Requests

R0092	R0092A
Switching Operator Service Definition 5.4	
• R0092 proposes no change to the target fulfilment time for P3 and P4 Service Requests but a decrease in the fulfilment target to 98 percent.	• No changes are proposed for Service Requests under R0092A.

The DCC provided statistics that in 2023, its performance was at 99.75 percent for these measures. Therefore, the Code Manager sees no justification in lowering this expected service level without appropriate evidence and sees this as a risk to the future performance of this measure.

Summary

Both R0092 and R0092A wholly and exclusively propose a reduction in the current service levels that apply to the CRS Provider. The CRS Provider has been clear that REC Parties would not see a reduction in costs or return of funds as a result of this reduction in its service levels. R0092A, proposed by the Code Manager, still proposes a reduction in service levels for the CRS Provider, however, this is to the level the Code Manager believes to be suitable and reasonable to ensure fairness and consistency for both the CRS Provider and CSS Users.

6 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0092 can be found here.

The legal text changes to deliver the proposed solution to R0092A can be found here.

7 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

7.1 SERVICE PROVIDER IMPACT ASSESSMENTS

An impact assessment was circulated for both Service Providers and REC Parties on 13 October 2023. Three Service Providers responded, and their responses are outlined below.

DCC (CRS Provider)	• The DCC agreed that there should be a better definition for Maximum Demand Volumes in the REC but would prefer for there not to be a contingency added. However, it would support this if it was preferred by industry. • The DCC did not support a maximum threshold or backstop for synchronous or asynchronous responses and wanted asynchronous responses to be changed from hourly to daily measurements. It challenged assumptions that extreme outliers could be averaged out and noted that it would flag any outliers to the Code Manager and work closely with necessary Parties to resolve any issues. Also, the DCC had not seen evidence that a Switch had failed due to an asynchronous message being sent close to Gate Closure. • The DCC did not support being responsible for the end-to-end Gate Closure process as there are elements outside of its control. Also, that managing an exemptions process is resource intensive for the DCC. • In respect to Switching Incidents, the DCC advised that it isn't measured against one single service desk but alongside a number of Service Providers and handling complex incidents. • It clarified that its intention for Service Requests was to remove ambiguity with target levels as it was assumed that all are set to 100 percent, however this isn't clear within the REC. • The DCC highlighted that it has lost all potential margin related to the Switching Programme and it does not believe this is reflective of the service it provides to REC Parties.

EES Provider	• The EES Provider confirmed that it was not impacted by these Change Proposals.
Xoserve (GRDA)	• The GRDA queried whether it needs to assess any impacts in higher gas Switching volumes. It agreed with a 5 percent contingency to be applied to any Maximum Demand Volume figure. • It raised concerns over a lack of a 90th percentile time for synchronous message responses and supported a maximum response time if the 90th percentile was removed. • It disagreed that asynchronous responses should move to daily to ensure there are no adverse impacts. It agreed with a maximum response time as a principle but that the GRDA does not exchange asynchronous messages with the CSS. • The GRDA fundamentally disagreed with any changes to Gate Closure metrics and would welcome a review of queues, the allocation of queues and Gate Closure processes more widely. It also raised the possibility of an end of Gate Closure message. • The GRDA agreed with the DCC's proposals on Switching incidents subject to some clarifications and suggested that a maximum response time should be no more than an additional 100 percent of the initial resolution timescale. • The GRDA agreed with the DCC's proposals for Service Requests as it believed the focus should be on resolving incidents.

7.2 REC PARTY IMPACT ASSESSMENTS

An impact assessment targeting CSS Users was published on 13 October 2023. Three DNOs responded and there was one confidential Supplier response received.

DISTRIBUTION NETWORK OPERATORS	• All DNOs agreed on the Maximum Demand Volume proposals including a five percent uplift. • DNOs agreed with the DCC's proposal for synchronous responses but also saw benefit in having a maximum response time. • Two DNOs agreed with the DCC's proposal for asynchronous responses however, one believed this measure should remain hourly. All DNOs saw benefit in including a maximum response time in the event the hourly measure was removed. • For Gate Closure, two DNOs believed that the CRS encompasses the CSS Provider, CSS Systems Integrator (SI), the SI Provider and the SO and is therefore responsible for the end-to-end Gate Closure process. One DNO did not provide a response for Gate Closure. There were also mixed responses

	on the level of risk associated with altering Gate Closure metrics. • Two DNOs did not agree with the DCC's proposal to alter the percentage target for P3 and P4 incidents. One of these two DNOs believed that there should be no change to the REC for this metric, and one believed that there must be a maximum response time included. One DNO agreed with the DCC's proposal however also commented that a maximum response time was beneficial to ensure that any outliers are resolved within a reasonable timeframe. • Regarding Service Requests, one DNO saw no rationale for this Change, one DNO agreed with the DCC's proposal but alongside a maximum response time and one did not comment.

8 DELIVERY AGAINST CHANGE PROPOSAL PLAN

All activity has been completed in line with the most recent Change Plan. The Change Proposal Plan can be found here.

9 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

9.1 ASSUMPTIONS AND DEPENDENCIES

No.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
A01	It is an assumption that any consequential Category 3 changes will be available in line with the implementation date of any Change Proposal approved.		Required changes to be validated following approval of either R0092 or R0092A.

10 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	08/11/2024

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

Both Change Proposals propose a reduction in service levels for the CRS Provider, resulting in a reduced obligation, and therefore there is no justification for a significant lead time being required to implement either Change Proposal if approved. However, the Code Manager recognises that there may be some operational changes required by the CRS Provider in relation to how it measures and reports against the revised service levels. The Code Manager

considers that the November 2024 release will be the next standard REC Release following the anticipated lead time for the Authority to make its determination on the Change Proposals. This will also provide the CRS Provider with sufficient lead time to implement any required changes to performance reporting.

Where an Authority decision is made by 01 September 2024, the Code Manager proposes this is implemented on 08 November 2024.

Where an Authority decision is made after 01 September 2024, the Code Manager proposes this is implemented on the following standard REC Release date in February 2025.

11 BUSINESS CASE ASSESSMENT

Both R0092 and R0092A wholly and exclusively propose a reduction in the current service levels that apply to the CRS Provider. The CRS Provider has been clear that REC Parties would not see a reduction in costs or return of funds as a result of this reduction in its service levels. R0092A, proposed by the Code Manager, still proposes a reduction in service levels for the CRS Provider, however, this is to the level the Code Manager believes to be suitable and reasonable to ensure fairness and consistency for both the CRS Provider and CSS Users.

The DCC has suggested there is a need to incur costs to implement the required service improvements to operate to its current service levels, and that improvements would still be required, with potential cost associated with these improvements, if operating to the revised service levels proposed in both R0092 and R0092A. This is despite both Change Proposals proposing a relaxation to existing service levels which the DCC is obligated to comply with today.

There may be some costs associated with making updates to performance reporting to ensure any amended service levels are being measured and reported accurately to the PAB. However, as these reports are not defined in the REC, the changes to these reports do not form part of this solution and will need to be agreed between the DCC and Code Manager if a decision is made to approve one of these Change Proposals.

The Code Manager does not consider the improvements required by the DCC to operate to the current service levels as a cost associated with these Change Proposals, as this is an existing requirement of the DCC in its role as the CRS Provider today. As the implementation of any of these Change Proposals would relax the service levels the CRS Provider is required to operate to, the Code Manager does not consider that the implementation of either R0092 or R0092A would result in additional costs to the CRS Provider than would otherwise be the case if the status quo is retained.

Therefore, it is not expected that the implementation of either Change Proposal would result in a material increase in costs for REC Parties. Any costs associated with updates to reporting should be managed through standard operational change processes.

For the avoidance of doubt, it is expected that there will likely be additional costs associated with either proposal being approved, or both proposals being rejected, as the DCC will need to implement improvements to its service to meet the required service standards in any case. However, as the implementation of either R0092 or R0092A should both lessen the extent of the improvements required, it is not expected that either should result in additional costs than

would otherwise be the case if these are not implemented. The Code Manager expects that any additional costs proposed by the DCC will be closely scrutinised to consider the appropriateness of the costs and the funding model for each of these. While some aspects of enhancing the service will inevitably need to be funded by REC Parties, REC Parties should not be wholly responsible for funding improvements to the DCC's operational performance to allow the DCC to achieve a higher proportion of its available margin.

As neither R0092 nor R0092A will result in additional costs or monetary benefits for REC Parties, the business case for each Change Proposal is mostly made by the benefits these would bring to the CRS Provider, CSS Users and Consumers.

R0092 – DCC Proposal

BENEFITS	DRAWBACKS
• Provides clarity on interpretation of service levels and Maximum Demand Volumes. • Simplest and lowest cost solution for the DCC to deliver, most closely resembling current performance. • Agreement on requirements from the CRS Provider on required service levels reduces the likelihood of ongoing challenge regarding service level failure.	• Risk of significant outliers in delayed asynchronous message responses, potentially impacting Switching journeys. • Loss of incentive to ensure the end-to-end Gate Closure process runs efficiently and effectively. • No guaranteed service level for CSS Users raising Switching Incidents or Service Requests.

R0092A – Code Manager Proposal

BENEFITS	DRAWBACKS
• Provides clarity on the interpretation of service levels and Maximum Demand Volumes. • Does not propose any additional or increased requirement for the CRS Provider to deliver. • Maintains protections for CSS Users in relation to asynchronous message responses, reducing the risk of significantly delayed responses impacting Switching journeys. • Maintains incentives for the CRS Provider to ensure the efficiency and effectiveness of the end-to-end Gate Closure process. Regularly reporting to the PAB on issues caused by other Parties will highlight wider performance issues so these can be	• The improvements required by the DCC to achieve the revised service levels would be greater than that of R0092, although less than the current requirement. • The DCC would be required to utilise the existing exemptions process where the Gate Closure target is missed as a result of the performance of other Parties. This is a manual process that could potentially be required on a regular basis (if Gate Closure targets were regularly missed).

addressed and re-occurrence prevented in the future. • Provides relaxed service levels for Switching Incident resolution, whilst maintaining protections for CSS Users that all Switching Incidents must be resolved within a target timescale.	

12 CASE FOR CHANGE

12.1 ASSESSMENT AGAINST REC OBJECTIVES

The DCC, as the proposer of R0092, believes that R0092 better facilitates the REC Objectives a) and c) as it will provide a more cost-effective service to DCC's customers and, in respect to Gate Closure, will provide greater transparency of failures outside of the DCC's control therefore better facilitating competition in retail energy markets.

The Code Manager has made the following assessment of how both proposals would either positively or negatively facilitate the achievement of the REC Objectives:

R0092

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
a) To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[1]	Negative	The REC's mission is to "facilitate the efficient and effective running of the retail energy market, including its systems and processes". Ensuring that REC Services are effectively controlled and that the CRS Provider is being accountable to meet service levels which maintain CSS User protections is essential to support the efficient delivery of REC processes. Whilst providing clarity on the interpretation and delivery of the service levels would assist this objective, the Code Manager considers the potential impact of some of the service level reductions proposed by R0092 would not improve the efficiency and effectiveness of the Switching Service or the retail energy market. Particularly, the risk that relaxing the measures relating to asynchronous message response times and Gate Closure, and the impact this could have on Consumer Switches, could result in poorer performance of the Switching Service in the longer-term. Likewise, the risk that 5 percent of Priority 4 and 10 percent of Priority 3 Switching Incidents would not be subject to the protection of service levels, or any meaningful

[1] REC Mission Statement

		maximum resolution target, could result in issues not being resolved as efficiently and effectively as possible. Therefore, the Code Manager considers that R0092 would negatively facilitate the achievement of this REC Objective.
b) To ensure customers interests and data is protected in the operation of the REC	Negative	The CRS Provider's service levels set out in the REC are designed to drive the delivery of a real-time, Consumer focussed Switching Service. Certain service levels have been designed to support a seamless and reliable Consumer Switching journey and any changes to service levels must maintain an appropriate level of performance. Some of the service levels included in this Change Proposal will materially impact on the interests of Consumers and the protection of data. The risk that 5 percent of Priority 4 and 10 percent of Priority 3 Switching Incidents would not be subject to the protection of service levels, or any meaningful maximum resolution target, could result in issues not being resolved as efficiently and effectively as possible. Many of these Switching Incidents would relate to the resolution of data issues. Likewise, the risk that relaxing the measures relating to asynchronous message response times and Gate Closure, and the impact this could have on Consumer Switches, could result in poorer performance of the Switching Service in the longer-term. The Code Manager does not consider that the benefits of this Change Proposal outweigh the potential negative impact to Consumers, and therefore considers that R0092 would negatively facilitate the achievement of this REC Objective.
c) To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Neutral	Maintaining appropriate service levels will ensure that vital central systems deliver a high value and efficient service in the operation of the REC. The proposal to review service levels based on live experience of operating the service is positive in driving continuous improvements in the operation of the REC and the CRS as a central system. Clarifying the interpretation and measurement of service levels is another example of continuous improvement that will ensure REC Services are being measured appropriately. However, as above, there are aspects of this proposal which propose a reduction in service levels and create a risk of potential detriment to CSS Users and, potentially, Consumers. The Code Manager does not consider these proposals to be improvements, and therefore would not be

		considered a continuous improvement in the operation of the REC. Therefore, the Code Manager considers that R0092 is neutral against this REC Objective.

R0092A

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[2]	Positive	The REC's mission is to "facilitate the efficient and effective running of the retail energy market, including its systems and processes". Ensuring that REC Services are effectively controlled and the CRS Provider being accountable to meet service levels which maintain CSS User protections is essential to support the efficient delivery of REC processes. Providing clarity on the interpretation and delivery of the service levels, relaxing service levels for the CRS Provider where reasonable to ensure these are achievable, whilst maintaining acceptable minimum standards of service for CSS Users assists the efficient and effective running of the retail energy market by ensuring the service can operate and evolve in an efficient manner that delivers the needs of its users. Therefore, the Code Manager considers that R0092A would positively facilitate the achievement of this REC Objective.
To ensure customers interests and data is protected in the operation of the REC	Neutral	The CRS Provider service levels set out in the REC are designed to drive the delivery of a real-time, Consumer focussed switching service. Certain service levels have been designed to support a seamless and reliable Consumer switching journey and any changes to service levels must maintain an appropriate level of performance. R0092A does not propose a material change to these service levels and differs from R0092 by proposing that the existing protection for CSS Users and Consumers remain in place, whilst relaxing some of the service levels to provide greater flexibility to the CRS Provider when managing outliers or edge-cases. The Code Manager does not consider that the proposals in R0092A either positively or negatively impact on the interest

[2] REC Mission Statement

		of Consumers or the protection of data, when compared to the current baseline. Therefore, the Code Manager considers that R0092A is neutral against this REC Objective.
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Positive	Maintaining appropriate service levels will ensure that vital central systems deliver a high value and efficient service in the operation of the REC. The proposal to review service levels based on live experience of operating the service is positive in driving continuous improvements in the operation of the REC and the CRS as a central system. Clarifying the interpretation and measurement of service levels is another example of continuous improvement that will ensure REC Services are being measured appropriately. The proposals in R0092A would support the continuous improvement and efficiencies in the operation of the CSS by providing clarity on the requirement and measurement of its service levels. It appropriately relaxes certain service levels to improve the ability of the CRS Provider to respond to complex incidents, whilst maintaining appropriate protections and minimum standards of service for CSS Users and Consumers. Therefore, the Code Manager considers that R0092A would positively facilitate the achievement of this REC Objective.

13 CODE MANAGER'S RECOMMENDATION

Based on the assessment of the benefits and drawbacks of each solution, and the assessment against the REC Objectives, the Code Manager recommends that R0092 (the original Change Proposal) is rejected; and R0092A (the alternative Change Proposal) is approved. This is on the basis that the REC Objectives would be better facilitated by the implementation of R0092A but would be negatively facilitated by the implementation of R0092. Therefore:

For R0092, The Code Manager recommends that the Performance Assurance Board recommends that the Authority:

- **REJECT** the proposed change solution;
- **REJECT** the proposed implementation approach; and
- **REJECT** the proposed implementation date of **08 November 2024**.

For R0092A, The Code Manager recommends that the Performance Assurance Board recommends that the Authority:

- **APPROVE** the proposed change solution;

- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of **08 November 2024**.

14 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report for R0092 and R0092A will be published on the REC Portal on **01 March 2024** and closes on **03 April 2024.**

Following consultation, the Code Manager will produce an updated version of this Preliminary Change Report (referred to as the Final Change Report). This will include the outcome of the consultation, setting out a summary of the consultation submissions and the Code Manager's response.

The Final Change Report will be issued to the Performance Assurance Board to make its recommendation on **30 April 2024** and then be sent to the Authority for its final determination.

15 APPENDIX

CHANGE PROPOSAL	R0092 R0092A
LEGAL DRAFTING	R0092 R0092A
CONSOLIDATED IMPACT ASSESSMENT RESPONSES	Link
RELATED CHANGE(S)	R0025
ANY OTHER DOCUMENTS / LINKS	Work group documentation

RETAIL ENERGY CODE

16 GLOSSARY

TERM	DEFINITION
Central Switching Service (CSS)	means the Systems and processes provided or procured by the CSS Provider for the purpose of providing the Address Management Service and the Registration Service.
Centralised Registration Service (CRS)	means the services provided pursuant to Condition 15 (Incorporation, delivery and provision of the Centralised Registration Service) of the DCC Licence, being the services provided under this Code by the CSS Provider, Switching Operator, CSS Certificate Authority and, until the end of the Post Implementation Period only, the Core Systems Assurance Provider and the CSS Systems Integrator.
Consumer	means any person supplied (or seeking a supply) of Energy at an RMP (whether or not that person also exports or is seeking to export electricity at an RMP).
CRS Provider	means the DCC when performing the functions and services required by Condition 15 (Incorporation, delivery and provision of the Centralised Registration Service) of the DCC Licence.
CSS Certificate Authority Service	means the CSS Provider in its role as security certificate authority for the Central Switching Service.
Data Communications Company (DCC)	means the person holding the DCC Licence.
DCC Licence	means the licences granted under section 6(1A) of the Electricity Act and section 7AB (2) of the Gas Act.
Distribution Network Operator (DNO)	means a person holding an Electricity Distribution Licence.
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Gas Retail Data Agent (GRDA)	means the provider of a Gas Transporter's Gas Retail Data Service.
Gate Closure	means, 17:00 hours on the day before the Supply Effective From Date of a Switch or Initial Registration.

TERM	DEFINITION
Market Participant	means a participant in either or both of the gas and electricity markets of Great Britain, each of which is identified by a Market Participant Role.
Performance Charges	means the charges which the REC PAB may levy on REC Service Users and REC Service Providers as part of the Performance Assurance Framework.
REC Category 3 Documents	refers to the operational documents and RECCo guidance which are required to support, but do not place obligations upon, market participants and as such will be maintained by the Responsible Provider.
REC Performance Assurance Board	means the performance assurance board for this Code, as from time to time established under Clause 15 of the main body of this Code (which is a Sub-Committee).
REC Service Providers	means the provider of each REC Service.
Service Levels	means the same as Performance Levels.
Switching Data Service Providers (SDSPs)	means the CSS Provider, the SMDSP (in respect of the services provided under the Smart Energy Code), the Enduring Change of Supplier Service Provider (in respect of the services provided under the Smart Energy Code), the Gas Retail Data Agent, the Electricity Retail Data Agents, and the Enquiry Service Providers.
Switching Service Request	means a request for a service or a query for information in respect of the Switching Arrangements (but excluding the raising of Switching Incidents or requests required under this Code to be sent by means of a Market Message).
Switch	means a change to the Registered Supplier for an RMP.
Switch Requests	means a request from a Gaining Supplier to initiate a Switch.
Switching Incident	means an issue that arises with a System or process forming part of the Switching Arrangements that has been working but is no longer working or is not working correctly.
Switching Operator	means the DCC in performing the role of managing the co-ordination of the CSS Provider and the other Switching Data Service Providers, including the mechanisms for Users to report incidents and access service management support, from the CSS Go-Live Date.
Switching Operator Service	means the services performed by the Switching Operator pursuant to REC Schedule 26: Switching Service Management.

TERM	DEFINITION
Switching Programme	means the programme established by the Authority to implement new switching arrangements in retail energy markets.
Switching Service Management Schedule	Means REC Schedule 26.