CODE MANAGER REVIEW OF THE RETAIL ENERGY CODE(REC) RISK REGISTER IN LINE WITH THE PERFORMANCE ASSURANCE OPERATIONAL PLAN

Background: The Code Manager conducted a review of the REC Retail Risk Register in line with the Performance Assurance Operational Plan. This review resulted in proposed changes to be recommended to the REC Retail Risk Register and alters the way in which the Code Manager will measure the associated Risks. The Performance Assurance Board (PAB) were engaged with these updates, which they considered and approved. The PAB also noted that an industry consultation would take place following PAB approval.

The Code Manager issued a consultation on proposed changes to the REC Risk Register in line with the Performance Assurance Operational Plan in September 2023. Two REC Parties responded to the Consultation. Whilst we are engaging with Parties to provide direct responses, a summary is presented below:

Party 1
Summary of Feedback: • We are supportive of the removal of low-risk items that have been identified, in order to focus on ones that have become more relevant. • We have not identified any other Risk areas [including those] relevant to MHHS at this point, however with the continued development and following Industry testing there may be further areas that are identified for consideration. We see the tracking of these on the [Retail Risk Register] at this juncture as being very useful. **Code Manager Response:** Feedback supports the changes proposed by the Code Manager. No further amendments required.

Party 2
Summary of Feedback: • 8.9 - assumes that the losing supplier is in wrong, there is no equivalent risk on the gaining supplier e.g., if a large % of objections are objected to due to the change of occupier flag. It is not fair on the losing supplier as it can lead to increase complaints and resources through no fault of their own. **Code Manager Response:** • While the Code does not prevent objections to switches with Change of Occupier, it requires Suppliers to retain evidence when objecting to a switch with Change of Occupier. Introducing this Risk Driver will allow monitoring how frequently this occurs across the market and requesting evidence retained by Suppliers for a sample of MPxNs where usage is found to be high. **Summary of Feedback**: • 8.10 an 8.11- it needs to be recognised that the suppliers have right to object because of the debt. Currently, there is no option to use DAP for anything other than PP, which could be a detriment to the customer as they are stuck. A wider discussion across the industry is required on this topic. • In addition, depending on the customers portfolio, suppliers could apply the OFAF flag for switching, and if one MPXN fails, they all fail. This would result in an increase in the % of the objection. So there needs to be a consideration of the use of the OFAF and no of MPXN objected. Further consideration should be around seasonality's for e.g., nondomestic contract renewals. **Code Manager Response:** • Our risk monitoring recognises that Suppliers have provisions to object to switches in line with the REC and their Standard Licence Conditions. We expect the rate of use of objections across the market to be at relatively similar levels. Monitoring these Risk Drivers allows the Code Manager to spot any anomalous use of the process.

- We will consider the feedback provided whilst setting thresholds for these Risk Drivers.
- The Code Manager will consult with Ofgem and look for opportunities to initiate industry-wide discussion around provision for Debt Allocation Protocol to be extended to non-Prepayment customers.

Summary of Feedback:

- 12.10 – as there is no ET code or flag, how will it be measured by PAB?

Code Manager Response:

- This Risk Driver is covered through Service Provider Performance Reporting. Where issues with REC Services are identified to cause Switching issues, the Code Manager will apply PATs on the responsible REC Service.

Summary of Feedback:

- R6 and R7 –why the two risks have same risk scores especially when the address cleansing was done as part of the FS programme?

Code Manager Response:

- The priority scores for Retail Risks are determined by PAB. Whilst the Switching Programme undertook some data cleanse activity in relation to Address Management, there are existing REC obligations that are monitored on an on-going basis through the associated Risk Drivers.

Summary of Feedback:

- There is an additional risk in relation to Risk no 7 – Inaccurate meter point master data resulting in errors that impact consumers Risk. MHHS could have an impact on data/billing during transition in case a migrated site has not been properly removed from the legacy systems.

Code Manager Response:

- The Code Manager will investigate this as we prepare for MHHS transition to commence in April 2025. Whilst billing systems are not currently in scope for Performance Assurance monitoring, we will evaluate, including through engagement with Ofgem, how best this can be monitored, and customer detriment prevented.