Updates on the Performance Assurance of R0155 – Change of Occupier: Evidentiary Standards and Timescales

Version 2.0



RETAIL ENERGY CODE

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Change History

Version Number	Date Published	Reason for Change / Updates Made
V1.0	29 October 2024	Initial Guidance Document for consultation
V2.0	10 December 2024	Updated document for Change Report (Final Recommendation) following amendments made to the R0155 Performance Assurance approach.

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CONTEXT

Following responses to the R0155 – Change of Occupier: Evidentiary Standards and Timescales industry consultation, the REC Code Manager decided it would be helpful to address the comments raised through a standalone document that can be used by all stakeholders.

This document sets out the planned Performance Assurance approach, alongside the rationale and requirements of REC Service Users specifically related to the R0155 solution.

This document will sit alongside the main R0155 Change of Occupier – Evidentiary Standards and Timescales Guidance Document and will remain accessible to all Market Participants pre and post implementation.

Performance Assurance activities seek to cover two key areas:

1. Assessment of whether the R0155 solution as implemented is achieving relevant Consumer or market outcomes.

2. Assessment of whether REC Parties are complying with the requirements of the REC.

These two are often linked, as the obligations in the REC have been put in place to establish minimum standards or interoperability so that the Consumer or market outcomes are achieved.

OVERVIEW OF RISKS ASSESSED

The following Retail Risks are relevant to this change:

II. Retail market processes are not effective or efficient, including the incomplete or inaccurate updating of REC data.
III. Consumer interests and data are not protected in the operation of the REC.

As this change introduces a new REC Schedule, the Non-Domestic Change of Occupier Schedule would be added to the Risk Register, under risk II (Retail market processes are not effective or efficient, including the incomplete or inaccurate updating of REC data). Each of the REC Schedules that establish requirements for REC market processes have a line under this risk, with relevant compliance and outcome measures established. The Code Manager assess that this would involve the addition of the following outcome risks:

1. A Consumer with a valid Change of Occupier (CoO) is prevented from switching / agreeing a new contract;

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2. The process to verify a Consumer's claim to be a CoO takes an excessive time, including if this takes multiple Switch Requests; and

3. Following a rejection of a CoO the Consumer / Third-Party Intermediary (TPI) / Gaining Supplier (switches only) repeatedly re-submits the change of contract / Switch Request creating unnecessary rework for the Losing Supplier.

And the following related compliance risks:

4. An Energy Supplier does not complete the process as per Code timelines, delaying the Switch/change of contract;

5. An Energy Supplier inappropriately rejects CoO evidence and hence prevents Switch/change of contract; and

6. Consumers / TPIs / Gaining Supplier (switches only) seek to use the CoO flag to exit a contract early despite there being no actual CoO.

OVERVIEW OF THE METHOD OF PERFORMANCE ASSURANCE

The Code Manager consulted with the Performance Assurance Board (PAB) setting out options for assuring this change, including reflecting on responses from the Party impact assessment and industry consultation. There was significant focus from the PAB on preventing any issues, and having data led monitoring of performance across the market. They requested two activities:

1. Assurance before implementation to gain confidence that Parties were ready to operate in line with the changes to the REC; and

2. Ongoing monitoring to identify outliers or anomalous behaviour, which the Code Manager would then follow up in detail. Further details on the methodology for this are included in the Performance Assurance Methodology and Techniques Document.

To help explain this approach this document will set out the intended information request related to the assurance pre-REC and the rationale and approach for the ongoing monitoring activity.

INFORMATION REQUEST

The Code Manager intends on using the following information request, issued at the point of approval of the change, to gain confidence that Parties are ready to operate in line with the change. This request will be issued to licenced Energy Suppliers who have Non-Domestic Premises recorded within central systems.

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1. What internal documentation and training are you providing to your staff and agents to correctly identify a valid Change of Occupier, a possible Change of Occupier that needs more information or an invalid attempt to use Change of Occupier processes?

2. Have you identified and implemented any necessary changes to your systems to be able to track Change of Occupier, prompt staff and agents to take relevant steps and execute the revised processes introduced by R0155?

3. How will you monitor the application of the internal documentation and training you provide so that all staff or agents apply it consistently?

4. How will you monitor your compliance with the timelines?

5. How do you monitor long running or repeated attempts to use Change of Occupier processes that you are not able to complete?

MONITORING APPROACH

Following consultation with the PAB, we have determined that the most appropriate method of assessing compliance is through direct sampling of Energy Supplier compliance based upon pre-existing market data. This will be based on two specific data sources:

1. Switching data received from CSS, which indicates the rate of objections to Non-Domestic Switches with the Change of Occupier flag set to true.

2. Data received from Energy Suppliers on the time taken for a Non-Domestic Consumer's request to agree to a Change of Occupier. This information will be requested by Ofgem as part of an RFI and to simplify the process for Energy Suppliers we intend on requesting the same data. This reduces the need to make two related but different reports in the same topic area.

These data sources do not measure compliance but indicate higher risks relating to non-compliance. Therefore, Parties that appear to have a higher risk will be sampled, which will involve the inspection of records in detail to assess if Consumers that have requested a Change of Occupier have had their case handled in line with the Code requirements.

UPDATES TO THE PARC

Based on the above, and requests for clarity from Energy Suppliers, the Code Manager will update the PARC to include direct reference to the Ofgem RFI. To ensure that the request is in line with the Ofgem RFI, even if there are later changes, this will not specify the exact data items, just the information as required by Ofgem in the RFI.

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