**REC Podcast Transcript – July 2024**

**July Annual Rating**

**Paul Rocke (PR)**

Hello and welcome to the REC Podcast – the bite-sized show that brings the latest news from the Retail Energy Code straight to your ears. I’m your host Paul Rocke, the Head of Communications within the Code Manager team.

Today I’m joined by Amy Crowe-Lamont, part of the Party Assurance Code Manager team, as we explore the Annual rating activities that are to take place in the coming months.

**Amy Crowe-Lamont (ACL)**

Thanks for having me Paul.

**PR**

It’s always a pleasure, Amy. Please tell us more about the Annual Rating. Where has it come from and what does it mean?

**ACL**

The Annual Rating is a methodology that was introduced by the Code Manager, with PAB approval, in September 2023 with the aim to assess the overall performance of Parties and the market on an annual basis. The publication of the Rating covers the period from the 1 March 2023- 31 April 2024 and assesses Energy Supplier and Distribution Network Operator (DNO) Parties only.

**PR**

Great – and could you explain how a Parties Annual Rating is determined?

**ACL**

The Annual Rating is determined based on criteria components that the Code Manager regularly monitors, and that Parties already have access to, listed in the 2023-2024 Annual Rating Criteria section of the Wiki. The assessment criteria used was developed by the Code Manager through Performance Assurance Board (PAB) consultation. It may change each year depending on the PAB’s focus areas.

The application of the defined criteria results are as follows:

* No Material Weaknesses: No significant issues identified with the Party’s processes, and they have met their Code compliance obligations.
* Minor Weaknesses: Some of the Party’s processes did not meet Code requirements in a minor way, but no evidence of any significant concern was identified.
* Moderate Weaknesses: The Party has either multiple minor Code compliance issues, or a single significant Code compliance issue, or data indicated an increased risk of providing poor consumer outcomes.
* Severe Weaknesses: It has been identified that a significant proportion of the Party processes have failed to meet the requirements of the Code, or their data indicated providing poor consumer outcomes.

This year, Parties will be able to see their Annual Rating alongside that of other Parties in a Peer Comparison format. Future initiatives may consider publishing Annual Rating more publically, however this will be subject to PAB consultation and approval. This year, a query period is implemented to allow each Party to review the Rating and request any clarification before final publication. For this purpose, the Contract Managers will see the details of their Annual Rating within their Performance Assurance (PA) Dashboard in July 2024 and will have a 2-week window to provide any comment for consideration before the scores are finalised at the end of August.

**PR**

What areas make up the criteria components and what time period is this assessed across?

**ACL**

The Annual Rating is based on assessment criteria components and information that Parties already have access to. The following criteria were applied over the 1 March 2023- 31 April 2024 period to determine the 2023-2024 Annual Rating for each applicable Party:

* **Performance Data** - We use performance data primarily as a risk assessment tool, following up with Performance Assurance Techniques where appropriate and utilising more significant PATs where there are validated performance issues. The 2023-2024 Annual Rating criteria focuses on only Action Plans, Management Assertions, Specific Condition PATs, Referral to Ofgem and Event of Default PATs. Please note, within the 2023-2024 Annual Rating Criteria we have recognised that Management Assertion PATs issued specifically to generate engagement with the first data cleanse sprint do not necessarily indicate performance issues. Therefore, we have classed those differently that other Management Assertion PATs.
* Maintenance of Qualification Delay – 2023-2024 Annual Rating considers whether a Party has completed their Maintenance of Qualification (MoQ) activities applicable during the assessed period, and if so, whether their MoQ submission was completed on time. For clarity, if the Code Manager requested follow up information, the extended timelines for this are not considered.
* CME breach - Whether a Party within Controlled Market Entry (CME) has breached one of their CME Conditions also informs its Annual Rating. This year, we have enhanced the criteria to differentiate between those that breach CME caps by a small amount and larger breaches.
* Percentage of Theft target achieved – Energy Theft Detection remains a key area of focus of the PAB. Therefore, performance against the assigned theft target under the Theft Detection Incentive Scheme has been used to determine the 2023-2024 Annual Rating.

**PR**

Where can a Party find their Annual Rating?

**ACL**

The Annual Rating 2023-2024 and accompanying reason(s) for Supplier and DNO Parties are available in the table on the Overall Score tab of the Performance Assurance Dashboards.

All criteria for the Party being rated in the given category are listed as under the field 'Annual Rating Reason'. If a Party has a rating of ‘No Material Weakness’, the 'Annual Rating Reason' will not apply. Other fields listed in this table are standard metrics or pieces of information tracked by the Code Manager on a regular basis and are not related to the 2023-2024 Annual Rating.

***PR***

*How can people find out further information on the REC Portal?*

**ACL**

All information in relation to Annual Rating has been updated on the REC wiki and it will be discussed during the September Performance Assurance Webinar. If you do have any questions, please do not hesitate to contact us via enquiries@recmanager.co.uk.

We’re always looking for ways to improve, and I’d love to hear from anyone on what they’d like to see as part of future annual rating initiatives, you can get in touch with me directly drop me an email at performanceassurance@recmanager.co.uk

**PR**

Amy Crowe Lamont, thank you again for taking the time to speak today on the Annual Rating process. That’s all we have time for today. If you have any feedback on today’s episode, or suggestions for future podcasts, do get in touch. Otherwise, I look forward to speaking to you on the next one. Thank you very much, and goodbye.