

# Performance Assurance Methodology

Version 1.0 – July 2021

RETAIL  
ENERGY  
CODE



# Contents

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Contents .....	2
Change History .....	3
1. Overview .....	4
2. Identifying Retail Risks.....	5
Defining Retail Risk.....	5
Sources of Retail Risks .....	7
3. Analysing Retail Risks .....	8
4. Assessing Retail Risks.....	10
Why is a tiered risk system needed? .....	10
Why do Retail Risks need to be assessed? .....	10
Scoring Risk Drivers .....	12
Analysis at Risk Driver Level .....	14
Responding to risk driver scores.....	15
Understanding the performance of a specific REC party across all applicable processes .....	16
Reporting to the PAB .....	16
5. Appendix 1 – Indicative Worked Example (Prepayment Arrangements) .....	17
What is the Retail Risk? .....	17
How will Retail Risks be Scored? .....	20

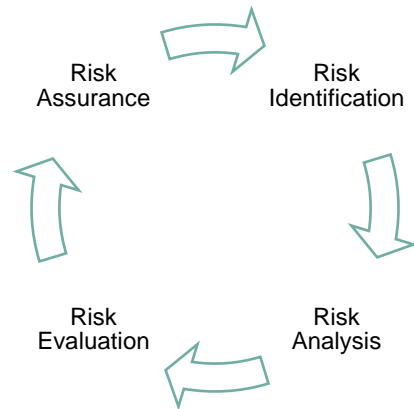
## CHANGE HISTORY

Version	Status	Issue Date	Author	Comments
v1.0	Final	19/07/2021	The Code Manager	N/A

# Performance Assurance Methodology

## 1. OVERVIEW

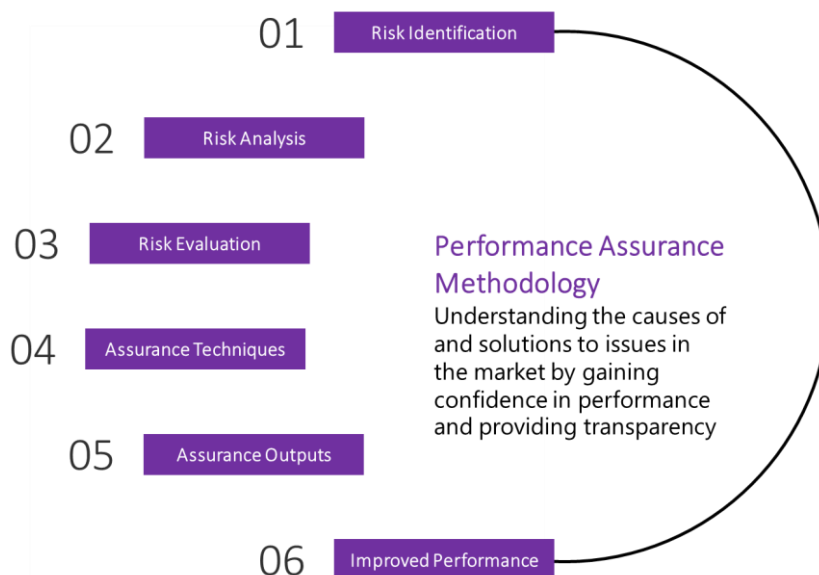
RECCo's performance assurance approach is risk based, with assurance activities driven by the risks to consumers and the effectiveness of the market. High or increasing risk will result in the application of one or more Performance Assurance Techniques (PATs). These techniques include creating incentives to improve performance, undertaking more risk monitoring and alerting, taking steps to prevent the risk resulting in an issue and assessing the risk in more detail.



A core principle of the performance assurance framework is that it focuses on the root causes of risks and issues, so assessment activities may be industry wide where risk information suggests problems may be pervasive, or focused on the performance of a particular party or group of parties.

This document covers the Code Manager's methodology for identifying, analysing, and evaluating risk, as well as how these processes interact with risk assurance. Further details of the performance assurance techniques and the methodology for applying them are set out in other elements of the performance assurance framework.

At a high level the risk assessment methodology, and the key inputs to it, are set out in the diagram below:



## 2. IDENTIFYING RETAIL RISKS

### Defining Retail Risk

The REC focuses on Retail Risks within the retail energy market. Version 0.1 of the Performance Assurance Schedule defines Retail Risk as:

*'a risk of any failure or error in a step or process required under the REC (including in each case a risk which has materialised as an actual failure or an error)'*

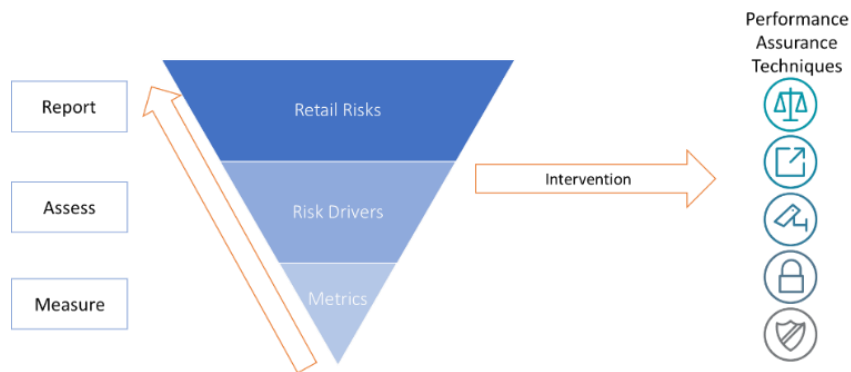
To clarify the scope of the performance assurance applicable within the REC we have set out an enhanced definition for Retail Risks:

*'A risk that retail energy consumer outcomes or the effectiveness of the retail market are measurably and significantly degraded by a failure by a REC Party, REC Service User, REC Service Provider or other Party to meet the objectives, standards or core processes under the REC.'*

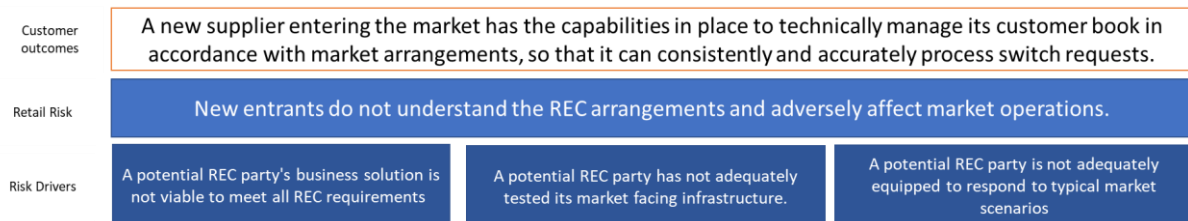
In applying this definition the following principles apply:

- to be considered a Retail Risk, there must be a potential adverse impact to consumer outcomes or retail market effectiveness;
- consumers outcomes may be affected directly, or indirectly e.g. through actions which make the market less efficient and less competitive;
- Risk is considered from the viewpoint of the consumers, with a particular focus on the retail market experience that consumers have;
- Retail Risks will not be ranked by reference to an abstract weighting, rather focused on scoring parties against each individual Retail Risk identified;
- Retail Risks will be considered on a net risk basis, i.e. there may be significant risks that exist in the market that are mitigated by other means, which therefore have a high gross risk but a low net risk. Performance against risks which represent a low net risk will not be directly assessed as part of this process;
- Retail Risks may focus on compliance with the requirements of REC, but they may also go beyond this and focus on the outcomes the REC is aiming to achieve. These include party behaviours, such as erroneously blocking switches, resulting in a less efficient market;
- this definition of Retail Risk will cover many types of organisations. Risks will be identified that relate to all categories of REC party. It will also apply to the REC Code Manager, other REC service providers and 'other parties' subject to the REC, such as non-party service users;
- Retail Risks may apply to non-REC parties on the basis that these parties will agree to an accession agreement which requires these parties to comply with the requirements of the PAF. These non-REC parties could include price comparison websites, automated switching service providers and shippers;

- to enable better analysis of risk, risks will be grouped into Retail Risks, risk drivers and measurement criteria:
  - Retail Risks are high level risks focused on customer outcomes based on the intent and purpose of a given REC objective;
  - Risk drivers associated with a Retail Risk, are more precisely defined or process-level risks which act as indicators of whether the overarching Retail Risks is likely to manifest; and
  - Performance Measures are a set of metrics which demonstrate a party's performance in respect of a risk driver.



The diagram below provides an example of consumer outcomes, Retail Risks and risk drivers relating to new suppliers entering the market:



## Sources of Retail Risks

New Retail Risks will be identified or changes to existing Retail Risks developed based on:

Code documents	<ul style="list-style-type: none"><li>• A comprehensive review of baselined code documents to identify the risks relating to parties' obligations captured within the obligations matrix, including engagement with REC SMEs as appropriate.</li></ul>
PAB Direction	<ul style="list-style-type: none"><li>• The PAB (and any of its regulatory and consumer representatives) has an active role in determining and refining Retail Risks, and the Code Manager will incorporate risks, or changes to risks that it identifies.</li></ul>
Party Behaviour	<ul style="list-style-type: none"><li>• The Code Manager will assess the impacts of party behaviour as part of its risk and assurance activities. These may point to new and increasing risks, or demonstrate that existing risks are less relevant.</li><li>• This will include updating risks following significant events or issues in the market.</li></ul>
Annual assessments	<ul style="list-style-type: none"><li>• At a minimum the Retail Risks will be reviewed once a year, to identify if any new risks have arisen, or current risks need to change.</li></ul>
Change requests	<ul style="list-style-type: none"><li>• As part of change impact assessments, the Code Manager will determine if any new Retail Risks arise, or if existing Retail Risks are changed or removed.</li></ul>
Performance monitoring	<ul style="list-style-type: none"><li>• Based on the performance of REC parties in relation to specific risk drivers, performance against risk drivers will be evaluated to understand whether additional risk drivers or Retail Risks are required</li></ul>

### 3. ANALYSING RETAIL RISKS

Each Retail Risk will be recorded within the Retail Risk Register, which is classed as Category 3 document for change management and therefore administered by the code manager with changes subject to the approval of the PAB. The complete Retail Risk Register will be made available to the PAB, with summary risk information on Retail Risks regularly presented to the PAB.

Underpinning the Retail Risks are the detailed risk drivers. The table below sets out the information that will be captured in relation to each risk driver and the associated performance measures to facilitate analysis of performance and inform the assessment of the Retail Risks.

Field	Description
Reference	A unique reference number.
Risk	One line explanation of the risk.
Cause	A rationale describing the risk driver.
Effect	An explanation of the effect of a risk driver, typically this will either be on consumers or on market effectiveness.
REC Obligations	References to specific REC schedules linked to the risk driver.
Types of party	Types of party for which this risk driver is relevant, and therefore may be assessed against it.
Types of consumers affected	Any particular customer groups that may be affected, including vulnerable customers, domestic, non-domestic, prepay customers, or other customer groups.
Performance measures	Metrics used to assess performance against the risk driver to evaluate the likelihood of the Retail Risk causing customer detriment.
Performance measures frequency	The frequency these measures will be updated, driven by the type of metric.
Tolerance	The acceptable tolerance in respect of the performance metric.
Trend period	The time period will be used to track trends in the performance metric, based on the expected volatility of the metric.
Baseline performance expectation	What the PAB current performance expectation is, based on historical trends, PAB guidance and code obligations.
Related to customer vulnerability <sup>1</sup>	Yes / No field capturing if a risk driver relates to vulnerable customers, or groups more likely to contain vulnerable customers (e.g. prepay customers).

<sup>1</sup> The RPA will be using the Ofgem definition of a vulnerable customer, which is defined as follows:

'A vulnerable consumer is defined as one who is:

- Significantly less able than a typical consumer to protect or represent their own interests; and/or
- Significantly more likely to experience detriment, or for that detriment to be more substantial.'



Related to effective competitive markets?	Yes / no field capturing if the risk relates to market effectiveness. This could relate to potential barriers to entry, additional costs passed on to other participants or inappropriately obscuring information from competitors.
Fail criteria	A combination of metrics that demonstrate that the Retail Risk has materialised.

## 4. ASSESSING RETAIL RISKS

This section details how Retail Risks will be measured. This will be based on performance data, available from market sources, provided directly by parties or derived by the Code Manager. Risk measurement will be updated on a monthly, quarterly, annual or ad hoc basis as appropriate. Upon receipt of the available data, calculations will be performed to measure the extent to which a Retail Risk is likely to materialise.

### Why is a tiered risk system needed?

A tiered risk system is needed so that different process areas (and their associated obligations) within the REC can be considered for a specific REC party type. Multiple Retail Risks will exist, with each Retail Risk having at least one risk driver associated with it. Risk drivers will be identified based on their ability to cause Retail Risks to materialise, and serve as the basis for applying PATs.

Retail Risks are high level risks that address the overall intent and purpose of a given REC schedule or objective. Risk drivers are sub-risks, focusing on key elements of REC processes that REC parties need to follow to reduce the likelihood of Retail Risks materialising.

To identify and develop Retail Risks and risk drivers, collaborative sessions will be held with RECCo SMEs and RECCo leadership as appropriate to understand key obligations that need to be evaluated. These evaluation sessions will take place during mobilisation, and once the metrics have been agreed by RECCo, the analytics solution and other data or reports required to capture and apply measurement rules to the metrics will be developed or identified. Where risk drivers and metrics are changed (based on the sources of Retail Risks section above), a similar approach will be adopted and incorporated into the forward change plan as appropriate.

If all obligations associated with risk drivers are met by the REC party, this will result in a lower likelihood of Retail Risks materialising. If some of the obligations across risk drivers are not met by the REC party, this will result in a higher likelihood of a Retail Risk materialising.

The tiered approach will enable PAB attention to be focused on the big picture Retail Risks affecting customer outcomes, while the Code Manager maintains scrutiny over the detail of the underlying risk drivers.

### Why do Retail Risks need to be assessed?

Retail Risks need to be assessed in order to understand the performance of individual REC parties, service providers and the market as a whole in order to identify where REC objectives are not being achieved resulting in customer detriment, with interventions required. The classification of each Retail Risk will reflect the underlying risk driver scores.

Measurement criteria will be defined to evaluate risk drivers relating to key process requirements on REC parties, enhanced by external data sources relevant to those performance obligations where possible. The measurement criteria will articulate how a set of metrics will be combined and interpreted

to perform an initial assessment of REC party performance. As different REC parties will have different obligations, the application of the measurement criteria will be contingent on the specific characteristics of the REC party (e.g. REC party role, customer profile, market share, etc.).

Measurement criteria may involve direct measures of compliance/success at defined stages of a process (e.g. analysis of market messages), performance reports produced by service providers or parties, and indirect measures of consequential outcomes (e.g. through complaints data, sentiment analysis, surveys, etc.). These will be summarised to develop the PAB's monthly report on performance, which will focus on both party and industry level performance, based on the type of risk and the risk driver.

Each risk driver will be measured and classified into one of the following four categories, as illustrated by the diagram on the right.

Thresholds and tolerances will be defined within the measurement rule for a given risk driver, both subject to review and approval by RECCo and the PAB. Thresholds are the specific requirements imposed by the REC, while tolerances are the allowable deviation from the threshold.

Based on the number of passes, minors, majors and failures (driven by factual datapoints) at a metric level, a risk score is calculated in respect of each risk driver.

This will allow risk drivers to be analysed in several different ways: all risk drivers related to a Retail Risk, risk drivers for a process or party, and risk drivers across all applicable parties.

Major instances will have a higher risk score attributed to them than minors, with fails not attracting additional points but instead directly leading to assurance intervention, including assessment activities or penalties where appropriate.

**Pass** – REC Party meets minimum threshold of the measurement rule

**Minor** – REC Party does not meet minimum threshold, but is within the tolerance of the measurement rule

**Major** – REC Party does not meet minimum threshold, and exceeds the tolerance within the measurement rule

**Fail** – REC Party does not meet minimum threshold where it has been deemed that they must not fail.

## Scoring Risk Drivers

Risk drivers will be scored based on the measurement criteria (including the appropriate tolerances and thresholds) associated with each risk driver. The measurement metrics will vary based on the nature of the risk, but may include, for example, how long a party took to complete a process compared to a time limit as specified within the REC, how many erroneous events occurred, or the number of complaints related to a specific process. Multiple metrics may be associated with a given risk driver, based on the nature of the consumer outcome and REC obligation associated with the Retail Risk. This will also take into account any agreed derogations in effect.

Based on the metrics calculated, performance by a REC party will be assessed in terms of a particular risk driver – if there are instances where the REC party has met the ‘Fail’ criteria, it will qualify for some form of assurance activity regardless of its risk score. Scores at a risk driver level will be determined by calculating a composite score across the relevant metrics if a risk driver has more than one metric.

The classification of each Retail Risk will reflect the underlying risk driver scores and the interventions required. This will highlight those parties exceeding the relevant baselines across each the risk drivers associated with a Retail Risk and giving significant cause for concern.

In the example below, we have outlined an example of 3 metrics across 5 REC Parties relating to 2 risk drivers. The figures indicate the number of pass, minor, major and fails they had in respect of the REC processes associated with these particular risk drivers over a specific measurement period. In this example, minor non-compliances are scored 1 while major non-compliances are scored 5. The PAB will approve the scores for each metric as part of the development of the measurement criteria, and this will be subject to periodic review and update.

	Risk Driver 1 Metric 1						Risk Driver 1 Metric 2						Risk Driver 2 Metric 1					
	Pass	Minor	Major	Fail	Score	Weighted by number of processes	Pass	Minor	Major	Fail	Score	Weighted by number of processes	Pass	Minor	Major	Fail	Score	Weighted by number of processes
REC Party 1	3673	141	-	0	141	3.70%	48	0	1	0	5	10.20%	4929	2	-	0	2	0.04%

REC Party 2	3880	97	1	1	102	2.56%	16	2	0	0	2	11.11%	2550	3	3	1	18	0.70%
REC Party 3	2438	116	2	0	126	4.93%	29	0	1	0	5	16.67%	2056	1	1	0	6	0.29%
REC Party 4	3737	139	-	0	139	3.59%	23	1	1	0	6	24.00%	4600	1	3	0	16	0.35%
REC Party 5	1482	101	2	0	111	7.00%	46	2	1	0	7	14.29%	3449	6	3	0	21	0.61%

To aid comparison a 'weighted score' is also included. This is the percentage of instances where the REC party did not meet the requirements of the measurement criteria based on the total instances that it could have, and the risk score is a relative indication of the extent to which the REC party did not meet its specific obligation being measured. This approach means that larger parties are not subject to additional assurance activities solely based on their size, and that assurance activities can be focused on the areas of greatest risk. This approach will enable comparison of performance of a party against its peers for a specific risk driver, analysis of trends in a party's performance over time and performance in particular process areas across parties.

## Analysis at Risk Driver Level

We will undertake analysis of risk driver scores to enhance the understanding of performance:

Compare performance at risk driver level across parties to understand how different parties are meeting specific process requirements and whether issues are specific to a party or commonplace across the market. This will highlight parties with poorer performance against a specific requirement.

Analyse direction of trend in performance at a party level to focus on deterioration in individual party performance. Trends will be calculated based on performance in the previous measurement period, and serve as an indicator of how party performance is improving or deteriorating.

Compare performance to the pre-defined risk baseline, as agreed by the PAB. This also provides an opportunity for the PAB to increase performance expectations over time, by decreasing this baseline.

Further analysis and assessment for parties will be focused on those with poor performance, deteriorating performance or outside the risk baseline. This will be supplemented by any risk drivers where the fail criteria have been triggered. This will inform the subsequent selection of applicable PATs.

Examples are provided in the following table:

	Risk Driver 1									Risk Driver 2								
	Pass	Minor	Major	Fail	Score	Total	Trend	Baseline	Action?	Pass	Minor	Major	Fail	Score	Total	Trend	Baseline	Action?
REC Party 1	8650	143	1	0	148	1.68%	0.25%	2%	N	4929	2	-	0	2	0.04%	+0.1%	0.5%	N
REC Party 2	6446	102	4	2	122	1.86%	0.01%	2%	N	2550	3	3	1	18	0.70%	+0.6%	0.5%	Y
REC Party 3	4523	117	4	0	137	2.95%	0.07%	2%	Y	2056	1	1	0	6	0.29%	-0.15%	0.5%	N
REC Party 4	8360	141	4	0	161	1.89%	-0.50%	2%	N	4600	1	3	0	16	0.35%	0%	0.5%	N
REC Party 5	4977	109	6	0	139	2.73%	0.07%	2%	Y	3449	6	3	0	21	0.61%	-0.2%	0.5%	Y

## Responding to risk driver scores

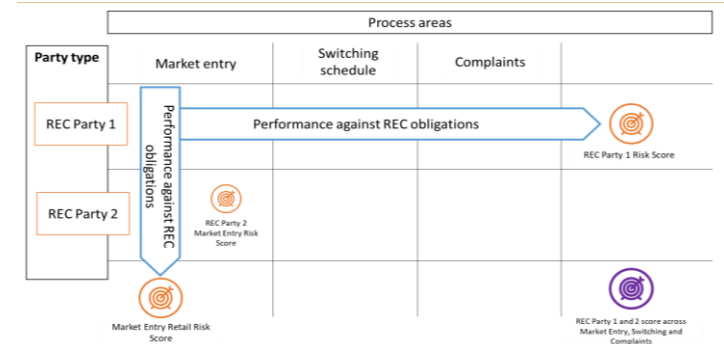
For parties performing at the required level, no specific action will be required. The Code Manager will respond to high or increasing risk driver scores through application of one or more Performance Assurance Techniques (PATs). This may include

- Requests for information for further analysis
- Education
- Self-assessment
- Enhanced monitoring
- Root cause analysis
- Request for remediation plan
- Remote testing
- Targeted site visit
- Remediation plan monitoring
- Escalation to PAB
- Referral to Ofgem

The Code Manager may use existing information to “whitelist” or adjust for known false positives or where a corrective plan is already in place.

Specific details on how PATs would be applied across risk drivers and measurement criteria will be detailed within the PAT element of the wider Performance Assurance Framework.

The tables illustrate fail analysis resulting in further scrutiny of REC Party 2 and cross-metric analysis indicating cross-market challenges in meeting Risk Driver 1 Metric 2.



Risk Driver – Fails	Risk Driver 1 Metric 1	Risk Driver 1 Metric 2	Risk Driver 2 Metric 1
REC Party 1	0	0	0
REC Party 2	1	0	1
REC Party 3	0	0	0
REC Party 4	0	0	0
REC Party 5	0	0	0

Risk Driver - Metrics	Risk Driver 1 Metric 1	Risk Driver 1 Metric 2	Risk Driver 2 Metric 1
REC Party 1	3.70%	10.20%	0.04%
REC Party 2	2.56%	11.11%	0.70%
REC Party 3	4.93%	16.67%	0.29%
REC Party 4	3.59%	24.00%	0.35%
REC Party 5	7.00%	14.29%	0.61%

## Understanding the performance of a specific REC party across all applicable processes

A Retail Risk rating will be determined across all the applicable provisions of the REC according to the REC party type. This will enable the PAB to understand, at an overall level, how a REC party is performing across the process areas relevant to it. Ratings will be comparable between similar parties, but different party types may have significantly different ratings. An example of the output of this process is set out in the table on the right. Once fully populated, this table will demonstrate the ratings of all REC party types, the customers served by each REC party, and the relative performance based on the assigned risk driver scores.

REC Party	Relative ranking for Retail Risk 1	Retail Risk rating	Fails	Customers	Performance Trend
Domestic Supplier 1	1	Green	-	200k	+2%
Domestic Supplier 2	2	Green	-	1.7m	+43%
Domestic Supplier 3	3	Orange	-	2.1m	+1%
Non domestic supplier 1	1	Green	-	29	+2%
DNO 1	1	Green	-	6m	+1.5%
DNO 2	2	Yellow	-	8m	-3%

## Reporting to the PAB

A summary heat map at the Retail Risk level will be provided to the PAB every month, as per the example table to the right, outlining the Retail Risk areas assessed with an overall RAG status, the active techniques in place to improve performance across the market, and the party specific measures adopted. The RAG status will be defined based on the number of minors and majors prevalent within the process area being measured, as well as if there are any hard fails.

Level 1 Risk Area	RAG	Number of parties engaged	Performance Assurance Techniques	Estimated customers affected
PPM1	Red	4	Assessments for REC Party 2, 4, 5 ,6	15,000
CFSB1	Orange	1	Remediation plan requested from REC Party 3	200
CFSB2	Green	0	N/A	4,000
AM1	Orange	2	Enquiries with REC Party 1 and 5	15,000
AM2	Green	0	N/A	30,000



## 5. APPENDIX 1 – INDICATIVE WORKED EXAMPLE (PREPAYMENT ARRANGEMENTS)

This appendix contains an indicative worked example to demonstrate how the methodology will apply in the context of a specific REC schedule. This example is not intended to be definitive in terms of the measurement criteria applicable to specific schedules, and the data items that will be used. This example assumes 1 metric per risk driver. However to reflect the transition to CSS and existence of legacy meters, a combination of interim and enduring measures will need to be defined to reflect the transition from legacy to smart arrangements.

The prepayment arrangements schedule has four consumer principles and outcomes detailed within it:

1. consumers must be able to top up their prepayment meter and should be charged the correct and agreed debt recovery rate.
2. consumers should have access to an emergency top up option or service if needed.
3. consumers should only pay for the energy supplied to their premises, and suppliers should only be entitled to payments while they have an active energy contract with the consumer.
4. if an issue is identified with a prepayment meter, the energy supplier should take appropriate steps to resolve the issue within a suitable timeframe.

### What is the Retail Risk?

Based on the consumer outcomes defined within the schedule, the Retail Risk associated with this schedule could be articulated as follows:

Risk ID	Description
PPM1	Consumers who utilise a prepayment meter may be charged incorrectly for energy usage.
PPM2	Consumers are unable to access power/gas due to problems topping up their prepayment meter, resulting in physical harm or discomfort.
PPM3	A consumer has made a payment to the incorrect supplier.

It follows that if REC parties do not meet the requirements of the prepayments schedule, there is an increased likelihood of these top level Retail Risks materialising. The following risk drivers can be articulated based on the specific outcomes identified:

Risk ID	Risk Driver	Measurement considerations	Potential data points <sup>2</sup>
PPM1.1	Prepayment customers are charged incorrectly for energy used.	Does the tariff information within the supplier's systems reflect the tariff information in the consumer's meter?	Provision of Fixed Balance UTRNs) from CSS between gaining and losing supplier
PPM2.1	Consumers do not have access to an emergency top up facility, resulting in a loss of supply	<p>Has the supplier sent an emergency top up device to the consumer? Has the emergency top up device been sent before the switch effective date?</p> <p>Was the Unique Transaction Reference Number (UTRN) requested by gaining supplier within 28 calendar days of supply effective date?</p> <p>Did the losing supplier provide UTRN within 3 working hours of receipt of request from gaining supplier?</p>	<p>D-flows sent via the Data Transfer Network (DTN) outlining a change of supplier, tenancy or metering equipment for legacy prepayment meters between PPMIPs and energy suppliers</p> <p>D-flows sent via the DTN to issue a prepayment meter between energy supplier and PPMIP</p>
PPM2.2	A consumer has a faulty prepayment device, resulting in an inability to top up.	<p>How many requests for a new top up device has the PPMIP received from the REC party?</p> <p>How many alerts have been issued by PPMIPDs to the REC party?</p>	<p>D-flows sent via the DTN to set specific tariffs and debt management processes</p>
PPM3.1	Consumers pay for energy supplied to their premises after a switch has taken place to the wrong supplier.	<p>Was the Retail Meter Point (RMP) assigned to the gaining supplier before or after the relevant RMP was updated in Electricity Enquiries Service (EES) / Gas Enquiries Service (GES)?</p> <p>Were instructions sent to the Prepayment Metering Infrastructure Providers (PPMIP) from the supplier prior to the switch effective date?</p> <p>Was the PPMIP database updated prior to the switch effective date?</p>	<p>Data sent between PPMIP and energy suppliers containing meter dump information including emergency credit status</p> <p>PPM IDs which have been subject to a switch event</p> <p>Confirmation of updates made to PPMIP databases</p>
PPM3.2	A supplier has received payments	How many misdirected payments claim forms have	

<sup>2</sup> This is based on preliminary analysis of version v.02 of the Prepayment Arrangements Schedule, and may be subject to change once the schedule has been baselined, and the data available.

from a consumer that it is not entitled to.

been used by the initiating supplier on the REC portal?

For those claim forms raised by the initiating supplier, how many times has the associated supplier completed the claim form within 20 WD?

Does the 'claim request from date' and the 'claim request to date' align with the RMP assignment date?

Outputs of daily electricity RMP count from all Grid Supply Point (GSP) groups by meter type from CSS

Complaints information received from Energy Ombudsman / Citizen's Advice relating to PPMs by supplier

Provision of tariff information from the PPMIP for gas i.e. consumers per tariff codes

Smart data via CSS demonstrating that PPMIDs have been configured successfully by each supplier

Volumes of unallocated transactions

Number of instances that the supplier has used the claim form on the REC portal

## How will Retail Risks be Scored?

The measurement rules will be applied based on the scoring approach for each measurement rule. An example of how the pass, minor, and major scoring approach will be applied has been outlined below.

Risk ID	PPM1.1	PPM2.1	PPM2.2	PPM3.1	PPM3.2
Scoring Approach <sup>3</sup>	<p><b>Pass</b> – Tariff information on supplier systems reflect the tariffs set up on the PPM.</p> <p><b>Minor</b> – Tariff information on supplier systems does not reflect the tariffs set up on the PPM.</p> <p><b>Major</b> – Tariff information on supplier’s systems do not match information from smart data, and sentiment analysis indicates an issue with supplier’s responsiveness.</p> <p><b>Fail</b> - N/A</p>	<p><b>Pass</b> – Where a new or replacement PPM is required, D0190/D0174 is sent before Switch Effective Date. UTRNs provided within the relevant time periods.</p> <p><b>Minor</b> – D0190 /D0174 is sent 2WD of a new / replacement PPM being required. UTRNS not provided within the threshold required by the REC, but within the acceptable tolerance set by the PAB.</p> <p><b>Major</b> – D0190/D0174 is sent more than 2WD of a new /replacement PPM being required. UTRNs not provided by losing supplier.</p> <p><b>Fail</b> – complaints information from Ofgem, Energy Ombudsman or Citizen’s Advice indicate a failure to provide an</p>	<p>Based on the overall number of PPM customers for the REC party:</p> <p><b>Pass</b> – alerts received from PPMIDs are within the bottom range; few if any requests received by PPMIP from REC party to replace a PPM.</p> <p><b>Minor</b> – alerts from PPMIDs are higher than expected range; moderate number of requests received by PPMIP from REC party to replace a PPM.</p> <p><b>Major</b> –alerts from PPMIDs are higher than expected range, high number of</p>	<p><b>Pass</b> – Relatively low number of claim forms used, completed within 20 WD and dates within the form align to the RMP assignment dates.</p> <p><b>Minor</b> – Moderate number of claim forms used completed within 22WD, aligning to the RMP assignment dates.</p> <p><b>Major</b> – high volume of claim forms, completed more than 22WDs after the claim form was raised, dates within the claim form do not align to RMP assignment dates.</p> <p><b>Fail</b> - N/A</p>	<p><b>Pass</b> – RMP assigned to gaining supplier on Switch Effective Date; PPMIP were sent instructions on or before Switch Effective Date.</p> <p><b>Minor</b> – RMP assigned to gaining supplier within 2 WD after Switch Effective Date; PPMIP were sent instruction within 2 WD of Switch Effective Date.</p> <p><b>Major</b> – RMP assigned to gaining supplier more than</p>

<sup>3</sup> The scoring approach for each set of Retail Risks will be subject to agreement with RECCo and the PAB prior to being used to report on party performance.

emergency top up device.

requests received by PPMIP from REC party to replace a PPM.

2 WD after Switch Effective Date; PPMIP were sent instructions more than 2WD of Switch Effective Date.

**Fail - N/A**

Assume data received in respect of the measurement criteria and scoring approach demonstrates the following, across 5 REC parties, each with their own specific characteristics which have been taken into account in the production of the risk score and classification of whether they missed or met the metric e.g. REC role type, number of PPM customers as a proportion of all customers, complaints information and CSS / smart data:

	PPM1.1					PPM2.1					PPM2.2					PPM3.1					PPM3.2				
	Pass	Minor	Major	Score	Weighted Score	Pass	Minor	Major	Score	Weighted Score	Pass	Minor	Major	Score	Weighted Score	Pass	Minor	Major	Score	Weighted Score	Pass	Minor	Major	Score	Weighted Score
REC Party 1	580	25	3	40	4.61%	865	12	4	32	2%	608	36	3	51	6%	912	31	4	51	4%	83	100	4	120	56%
REC Party 2	839	48	1	53	5.52%	336	19	0	19	5%	310	38	1	43	11%	685	31	2	41	5%	74	78	13	143	55%
REC Party 3	813	23	0	23	2.75%	280	3	1	8	1%	134	8	0	8	6%	150	5	2	15	4%	50	90	8	130	66%
REC Party 4	435	31	3	46	7.25%	11	5	1	10	35%	757	11	1	16	2%	175	48	4	68	23%	35	64	6	94	67%
REC Party 5	503	16	0	16	3.08%	502	4	1	9	1%	225	39	1	44	15%	692	15	5	40	3%	13	44	19	139	83%

Across this example, REC Party 5 has met the failure criteria for PPM2.1 based on the measurement rule defined for PPM2.1 and this will trigger further scrutiny and/or intervention. This could be on the basis that complaint information will have been received indicating that a particular consumer has not received a key card for its PPM. Further, REC Party 4, in the context of PPM1.2, despite having a relatively low risk score, has a high weighted score. This could be indicative that they are not following the provisions of the Address Management schedule in relation to switching customers on a PPM, as the data will demonstrate that they are not updating the RMP within the required time frame.

To compare performance across these 5 REC Parties, we will consider individual REC party performance, trend since the last measurement period and relative performance to the PAB-approved baseline for each risk driver to determine whether any further scrutiny and/or intervention is required. In the context of this example, REC party 2 and 4 would be subject to some form of scrutiny as they are not following processes designed to enable correct payments to customers on a PPM.

PPM1.1	Pass	Minor	Major	Fail	Score	Total	Trend	Baseline
REC Party 1	580	25	3	0	40	4%	-0.40%	4%
REC Party 2	839	48	1	0	53	5%	0.52%	4%
REC Party 3	813	23	0	0	23	2%	-0.29%	4%
REC Party 4	435	31	3	0	46	7%	-0.87%	4%
REC Party 5	503	16	0	0	16	3%	0.69%	4%



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