RETAIL ENERGY CODE

AN OVERVIEW OF REC PERFORMANCE ASSURANCE - INDUSTRY SESSION

7 DECEMBER 2021

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AGENDA

- Introduction

- Part 1 - Overview of the Performance Assurance Framework

- Part 2 - How we have adjusted our Maintenance of Qualification schedule based on your feedback

- Part 3 - Data to be uploaded for the January Performance Assurance Report Catalogue submission deadline

- Q&A

We will talk you through introductory slides and then open up to your questions.

Please either, raise your hand or add you questions into the chat box.

The Code Manager will coordinate questions raised, so please remain on mute until invited to raise your questions.

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INTRODUCTION

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INTRODUCTION

Purpose of the session is to provide REC stakeholders with a refresher of the Performance Assurance Framework, confirm the timetable for annual Qualification of Maintenance submissions and also assist Parties with any queries related to Performance Assurance reporting requirements ahead of the January data submission.

Specifically, the agenda focuses on:

1. Overview of the Performance Assurance Framework, including:
   a. The Performance Assurance Methodology
   b. The Retail Risk Register and our approach to risk monitoring
   c. How performance assurance data is used and how it affects you

2. How we have adjusted our Maintenance of Qualification schedule based on your feedback

3. Data to be uploaded for the January Performance Assurance Report Catalogue submission deadline.

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THE PERFORMANCE ASSURANCE FRAMEWORK (PAF)

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Three reasons why Performance Assurance is needed

Three key principles in how we therefore approach it

Major investments in systems and data – it is critical the industry realises the benefits
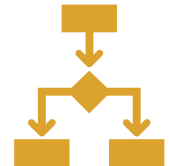
Consumer confidence in retail markets is low

The REC has improved on previous Codes, but has not been built on real data analysis

Evidence based

Pragmatic

Flexible

KEY PRODUCTS OF THE PERFORMANCE ASSURANCE FRAMEWORK

Performance Assurance Methodology (PAM) — GO TO REC PORTAL

This document covers the Code Manager's methodology for identifying, analysing, and evaluating risk, as well as how these processes interact with risk assurance.

Retail Risk Register — GO TO REC PORTAL

The Retail Risk Register is an excel format document identifying applicable Retail Risks that measure where consumer outcomes or the effectiveness of the retail market are degraded by a failure by a REC Party, REC Service User, REC Service Provider or other stakeholder to meet the objectives, standards or core processes under the REC.

Performance Assurance Techniques (PATs) — GO TO REC PORTAL

This document covers the Performance Assurance Techniques used as the mechanism by which the Code Manager understands the causes of poor performance and acts to improve performance.

Performance Assurance Operating Plan (PAOP) — GO TO REC PORTAL

This document sets out the Code Manager's activity and plan for the first year of market opening. The PAOP will be updated each year and it covers each of the components of the PAF, describes the activities, dates and dependencies which are needed to track the development of the PAF.

Forward Change Plan

This record is a mechanism to manage improvements and changes to the PAF products, which are shared with the PAB for review and approval.

RETAIL RISK REGISTER

Through our Risk Register we will monitor performance in 16 areas - see righthand-side.

There are a total of 14 Retail Risks and 56 Risk Drivers across the areas described.

The Retail Risks have a priority score ranging from low (1- 5), Medium (5-7), High (7-8) or Very High (8-10).

The priority score resulted from a voting performed by interim PAB members. The voting was driven with customer detriment in mind.

For more information please see the **Performance Assurance Methodology**.

Prepayment Arrangements	Metering Accreditation	Transfer of Consumer Data	Data Access / Secure Data Exchange
Metering Operations	Address Management	Green Deal Arrangements	Registration Process
Related Metering Points	Erroneous Switches	Registered Measurement Point Lifecycle	Smart Meter Installation
Switching Data Management	Theft Reduction	Debt Assignment	Meter Readings

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RISK MONITORING AND DETERMINATIONS

The following diagram sets out the assurance process applied by the Code Manager and highlights where efforts are focused and how it protects REC stakeholders and consumers.

Measurement of Retail Risks:

i) Individual Party Performance

ii) Whole Market Performance

Every month the Code Manager uses data to decide which Performance Assurance Techniques should be applied. This process is called the monthly Risk Management Determinations.

Performance Improvement & lower customer detriment

Information from PATs

Contextual Information

Risk Management Determinations

Performance Assurance Board (Industry Representatives) review and challenge

Application of Performance Assurance Techniques

used to understand the causes of issues, or to address issues

Ongoing Risk Monitoring

Direct Application of Techniques

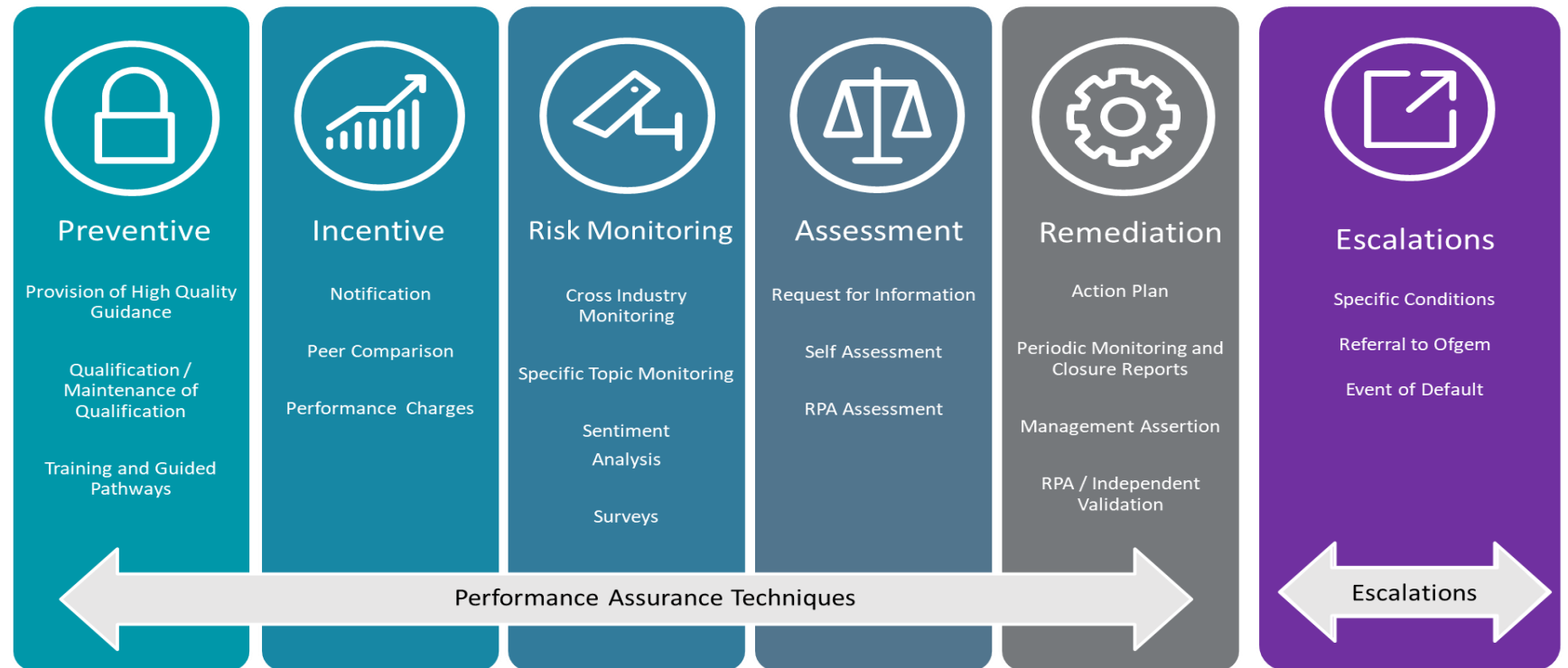# APPLICATION OF PERFORMANCE ASSURANCE TECHNIQUES (PATS)

In response to high, or increasing, risk scores the Code Manager can use Performance Assurance Techniques.

Each month the Code Manager will review performance data to decide which techniques to apply. This is referred to as the risk management determination process.
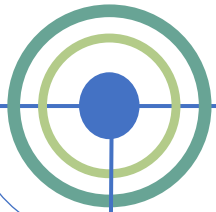
The Code Manager can apply one of 17 Performance Techniques, and 3 escalations, as set out below.

More detail on the PAF can be found in the **Performance Assurance User Guide**.

Preventive

Provision of High Quality Guidance

Qualification / Maintenance of Qualification

Training and Guided Pathways

Incentive

Notification

Peer Comparison

Performance Charges

Risk Monitoring

Cross Industry Monitoring

Specific Topic Monitoring

Sentiment Analysis

Surveys

Assessment

Request for Information

Self Assessment

RPA Assessment

Remediation

Action Plan

Periodic Monitoring and Closure Reports

Management Assertion

RPA / Independent Validation

Escalations

Specific Conditions

Referral to Ofgem

Event of Default

Performance Assurance Techniques

Escalations

PORTAL PERFORMANCE ASSURANCE ENHANCEMENTS
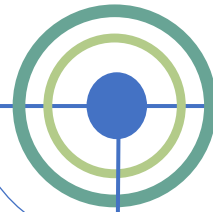
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NOV 21

Performance Assurance Activity Log and RFI Log

DEC 21

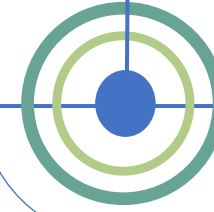Performance Assurance document upload functionality for RFIs and ability to amend Activity Status
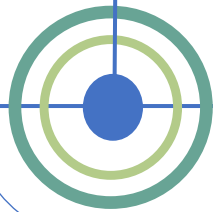
JAN 2022

Annual Maintenance Online Forms, Training & Guidance and Calendar Functionality

APR 2022

Dashboards and analytics

EVOLUTION OF THE PERFORMANCE ASSURANCE FRAMEWORK

Performance Assurance Improvement Activities

- Party risk dashboards
- Market engagement on risk scores and thresholds
- First year review and PAOP 2022/23 development

CSS Readiness

- REC V3.0 risk assessment
- CSS data monitoring

Additional Performance Assurance Techniques

- Exploring potential Performance Charges on Service Provider
- Exploring potential Performance Charges on Erroneous Switches
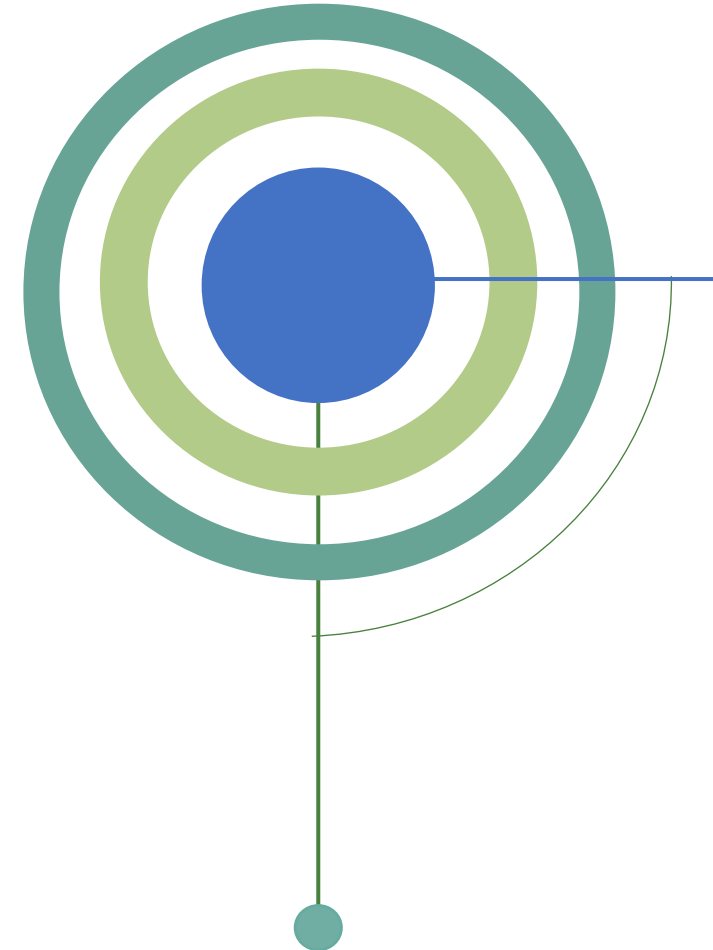
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HOW PERFORMANCE ASSURANCE DATA IS
USED AND HOW IT AFFECTS YOU
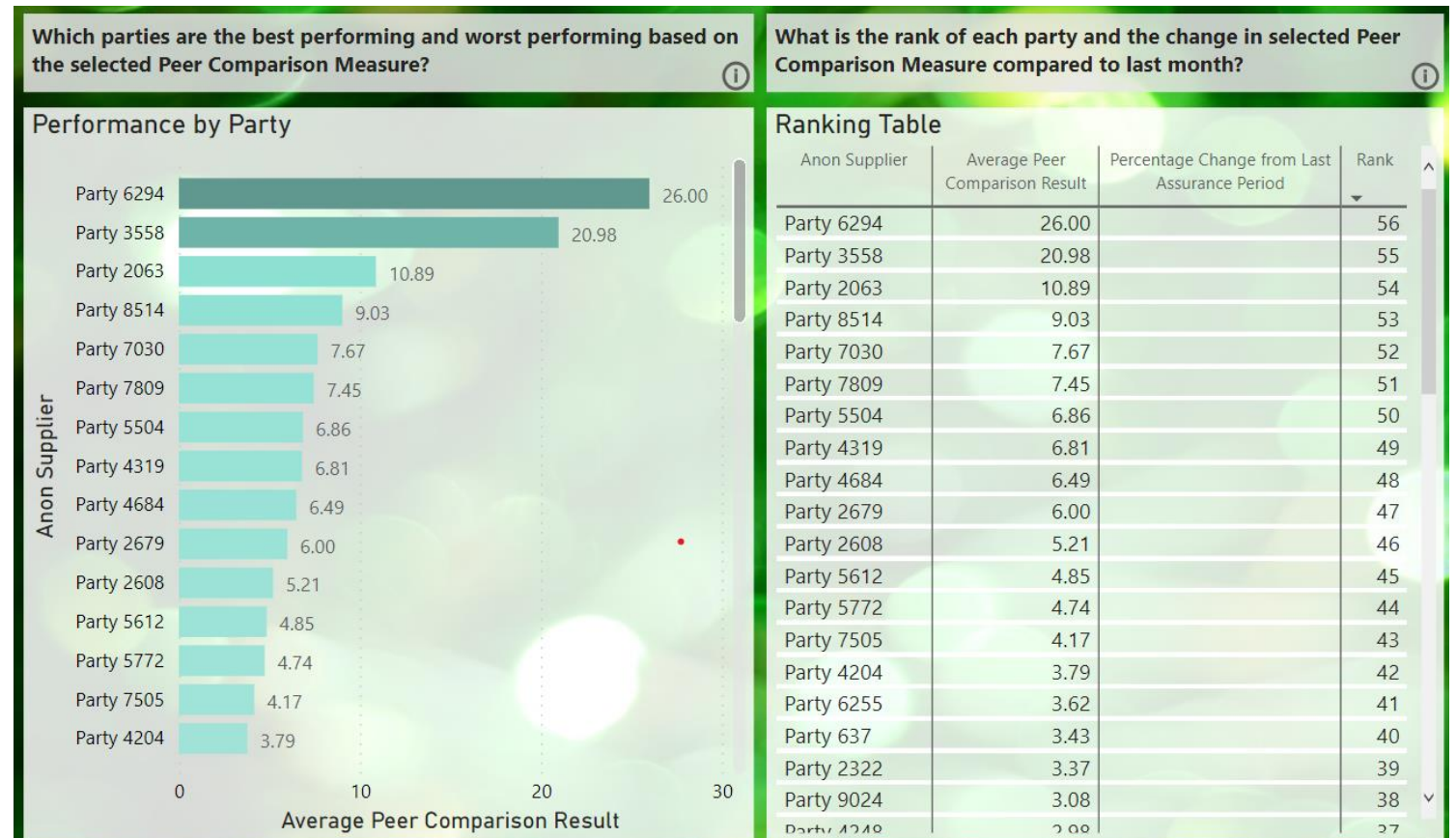
PERFORMANCE ASSURANCE ANALYSIS

The majority of data provided to us is used to assess party performance against the set of Retail Risks and Risk Drivers defined in the Risk Register:

- Potential exceptions are identified at an MPxN level and scored depending on the level of risk associated with the potential exception.

- The individual scores are aggregated by Party and role, and used to determine a Risk Driver score.

- Risk Driver scores are then used to determine the level of performance across the market as well as to determine whether individual Parties are performing at a significantly lower level than the market average. The PAB will set performance thresholds based on real market data to guide the Code Manager on the key areas to focus.

- If analysis indicates performance is poor across the market, we will investigate and monitor the process area to determine the root cause. For example, November data showed that the debt assignment process for prepayment meters could be an area of concern, but timely switch request registration is an area the market is performing well.

- If analysis shows a Party has performance consistently below threshold for a period of time, or if there has been an instance of an egregious performance issue, we will look to intervene by applying an appropriate Performance Assurance Technique.

PERFORMANCE ASSURANCE PEER COMPARISON

The data obtained is also used to complete our Performance Assurance Techniques. This is the Erroneous Switch peer comparison, comparing party performance in the rate of Erroneous Switches per month.

As you can see, two parties are performing notably worse than the rest of the market. These parties will be monitored closely, and if the data shows this poor performance continues, we will look to intervene.

Which parties are the best performing and worst performing based on the selected Peer Comparison Measure? ⓘ

Performance by Party

Anon Supplier	Average Peer Comparison Result
Party 6294	26.00
Party 3558	20.98
Party 2063	10.89
Party 8514	9.03
Party 7030	7.67
Party 7809	7.45
Party 5504	6.86
Party 4319	6.81
Party 4684	6.49
Party 2679	6.00
Party 2608	5.21
Party 5612	4.85
Party 5772	4.74
Party 7505	4.17
Party 4204	3.79

What is the rank of each party and the change in selected Peer Comparison Measure compared to last month? ⓘ

Ranking Table

Anon Supplier	Average Peer Comparison Result	Percentage Change from Last Assurance Period	Rank
Party 6294	26.00		56
Party 3558	20.98		55
Party 2063	10.89		54
Party 8514	9.03		53
Party 7030	7.67		52
Party 7809	7.45		51
Party 5504	6.86		50
Party 4319	6.81		49
Party 4684	6.49		48
Party 2679	6.00		47
Party 2608	5.21		46
Party 5612	4.85		45
Party 5772	4.74		44
Party 7505	4.17		43
Party 4204	3.79		42
Party 6255	3.62		41
Party 637	3.43		40
Party 2322	3.37		39
Party 9024	3.08		38
Party 4248	2.98		37

THE PERFORMANCE ASSURANCE FRAMEWORK (PAF)
Q&A

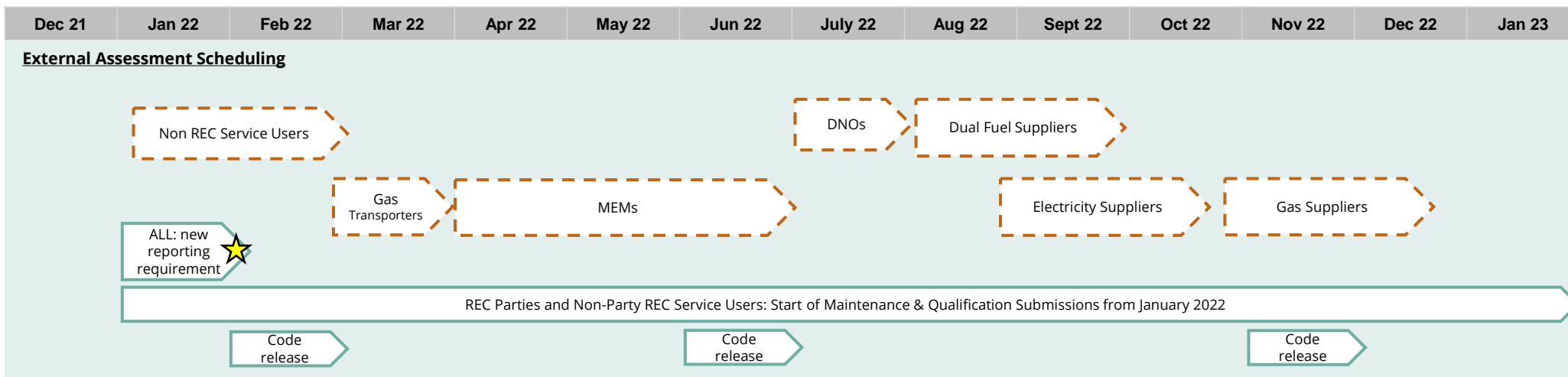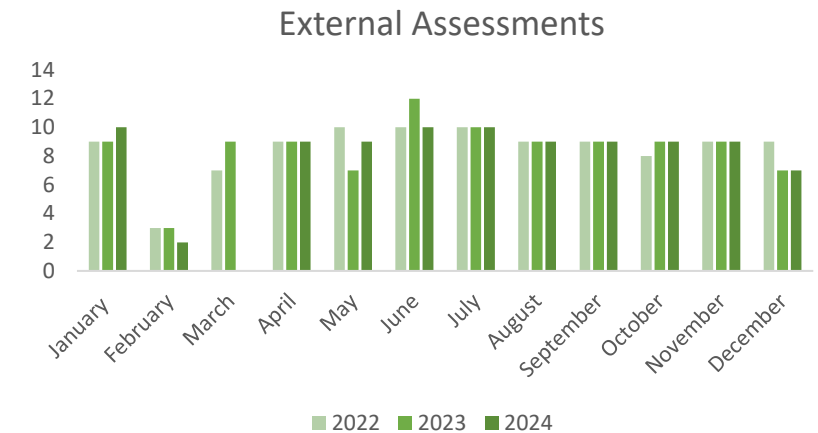# RETAIL ENERGY CODE

MAINTENANCE OF QUALIFICATION SCHEDULE ADJUSTMENT

MAINTENANCE AND QUALIFICATION

- The Qualification and Maintenance Schedule has now been communicated to all Parties.

- The Code Manager gathered information from industry regarding compliance requirements that were already in place throughout the year. Using this information, the schedule has been designed to ensure that reporting requirements for each Party have been distributed throughout the year as evenly as possible, to avoid peaks in particular months.

External Assessments

External Assessment Scheduling

| Dec 21 | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | July 22 | Aug 22 | Sept 22 | Oct 22 | Nov 22 | Dec 22 | Jan 23 |

- Non REC Service Users
- DNOs
- Dual Fuel Suppliers
- Gas Transporters
- MEMs
- Electricity Suppliers
- Gas Suppliers
- ALL: new reporting requirement
- REC Parties and Non-Party REC Service Users: Start of Maintenance & Qualification Submissions from January 2022
- Code release
- Code release
- Code release

Q1: *To whom and for which company are the emails addressed to?*

A: This is mostly the Contract Manager. When the REC Portal functionality is in place this will be accessible to all with the Performance Assurance tile.

Q2: *Does the notice apply to both the Supplier and MEM activity that is undertaken under this organisation?*

A: Organisations can group the same types of organisations (e.g. suppliers together) but not across Party categories.

MAINTENANCE OF QUALIFICATION SCHEDULE ADJUSTMENT
Q&A

JANUARY DATA SUBMISSION REQUIREMENTS

The following data items listed in the Report Catalogue are required to be submitted for the first time to the REC Portal from 05/01/2022:

Ref #	Data Item	Data Period Covered	Party Type
90	Network Operator Complaints Data	01/09/21 – 30/11/21	Electricity Network Operator
100	Supplier Complaints Data for domestic and micro-business customers	01/09/21 – 30/11/21	Supplier
660	Content provided within RGMA flow - ONAGE	01/09/21 – 30/11/21	Gas MAM
670	Content provided within RGMA flow - ONDET	01/09/21 – 30/11/21	Gas MAM
680	Content provided within RGMA flow - ONJOB	01/09/21 – 30/11/21	Gas MAM
690	Content provided within RGMA flow - ONUPD	01/09/21 – 30/11/21	Gas MAM
700	Content provided within RGMA flow - ORDET	01/09/21 – 30/11/21	Gas MAM

The following data items listed in the Report Catalogue are required to be submitted for the first time to the REC Portal from 05/01/2022:

Ref #	Data Item	Data Period Covered	Party Type
710	Content provided within RGMA flow - ORJOB	01/09/21 – 30/11/21	Gas MAM
720	Content provided within RGMA flow - RNAGE	01/09/21 – 30/11/21	Gas MAM
730	Content provided within RGMA flow - RNDET	01/09/21 – 30/11/21	Gas MAM
740	Content provided within RGMA flow - RNJOB	01/09/21 – 30/11/21	Gas MAM
750	Content provided within RGMA flow - RNUPD	01/09/21 – 30/11/21	Gas MAM
760	Content provided within RGMA flow - RRDET	01/09/21 – 30/11/21	Gas MAM
770	Content provided within RGMA flow - RRJOB	01/09/21 – 30/11/21	Gas MAM

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The following data items listed in the Report Catalogue are required to be submitted for the first time to the REC Portal from 05/01/2022:

Ref #	Data Item	Data Period Covered	Party Type
1380	SMETS1 Monthly Transaction Data	01/09/21 – 30/11/21	Supplier
1430	Gaining Supplier Switching Data	01/09/21 – 30/11/21	Supplier
1440	Losing Supplier Switching Data	01/09/21 – 30/11/21	Supplier

Additionally, as per our email communications on 4 and 15 October, and the previous session held on the 20 October:

- Where parties have access to the PPMIP pre-existing assurance reports (items 1240 – 1310) and had already made arrangements to upload these to the REC Portal we would appreciate parties providing this data, however we are aware that not all Parties currently receive or make use of these reports, in such cases no action is required.

If you have any questions about the submission of any of the items listed, please submit your questions to enquiries@recmanager.co.uk we will be happy to help.

REPORT CATALOGUE UPDATES

- As you may have seen, a new iteration of the Report Catalogue has been released and it is progressing through the Category 3 change process at present, with the changes becoming final on 16 December 2021.

- The changes focus on making the Report Catalogue and data submission process more useable, with many of the changes coming off the back of feedback from Parties over the past couple of months.

- **To be clear, no new data items have been added that are required to be submitted in January.**

- If you have not yet seen this new version of the Report Catalogue, it can be found on the REC Portal here.

FREQUENTLY ANSWERED QUESTIONS AND ANSWERS

Q1: *Can you confirm the date in January in which the new reports covering 1 September 21 to 30 November 21 are due?*

A: All reports will be required by the 5 January, to allow for the bank holiday in Scotland on the 4 January

Q2: *Do you have any Data Privacy Impact Assessments for the new reports? A lot of the reports are at MPAN level, which can be used to identify the customers and we need them to close that off our end and allow submissions containing this.*

A: The DPIA was completed by RECCo as Data Controller. The DPIA has now been published on the REC Portal here (see 'Useful Documents' on the Party Management page).

Q3: *Are the three reports you expected on November 01 the same for 01 January 2022?*

A: The reporting obligation for the three reports first submitted in November will continue indefinitely, with the TRAS Outcome files and Ofgem Complaints data required to be submitted every month, and the SMIS Survey Results every quarter.

Q4: *Will report #100 be required in January?*

A: Yes, #100 will be required from 5 January.

Q5: *PARC 2.0 says 'TBC' for report #90 for GDNs. When will the detail be provided?*

A: The GDN complaints data has now been split out from item #90 into a new data item, #91 specifically for GDN complaints. Calls have been held with GDNs regarding this data item over the past couple of months and the guidance for #91 has been published in the latest version of the Report Catalogue, which is going through the Category 3 change process as above.

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ANY FURTHER QUESTIONS?

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KEY CONTACTS

KEY PERFORMANCE ASSURANCE CONTACTS

Anton Moden – RPA Lead
Anton is the single point of contact bringing the work of the analytics, regulatory and PAF specific workstreams together. He will be the designated point of contact for escalations from our analytics, regulatory and PAF workstreams.

Rebecca Mottram - Industry Engagement and Governance Lead
Rebecca's primary role is PAB Secretary and will be the single point of contact for the PAB. She is responsible for leading PAB processes and interactions, such as the Change Process, appeals and escalations, and Derogation and Sandbox applications. She will also be the RPA lead for industry stakeholder training and guidance.

Adam Blair
Technical Assurance Manager

Cristina Bermudez Alvarez
Party Assurance Manager

Eliana Campbell
Governance and Change Manager

Lewis Williams
Analytics Manager

For all performance assurance enquiries, please contact enquiries@recmanager.co.uk and you will be connected with a relevant member of the team.