

UNC674 workgroup

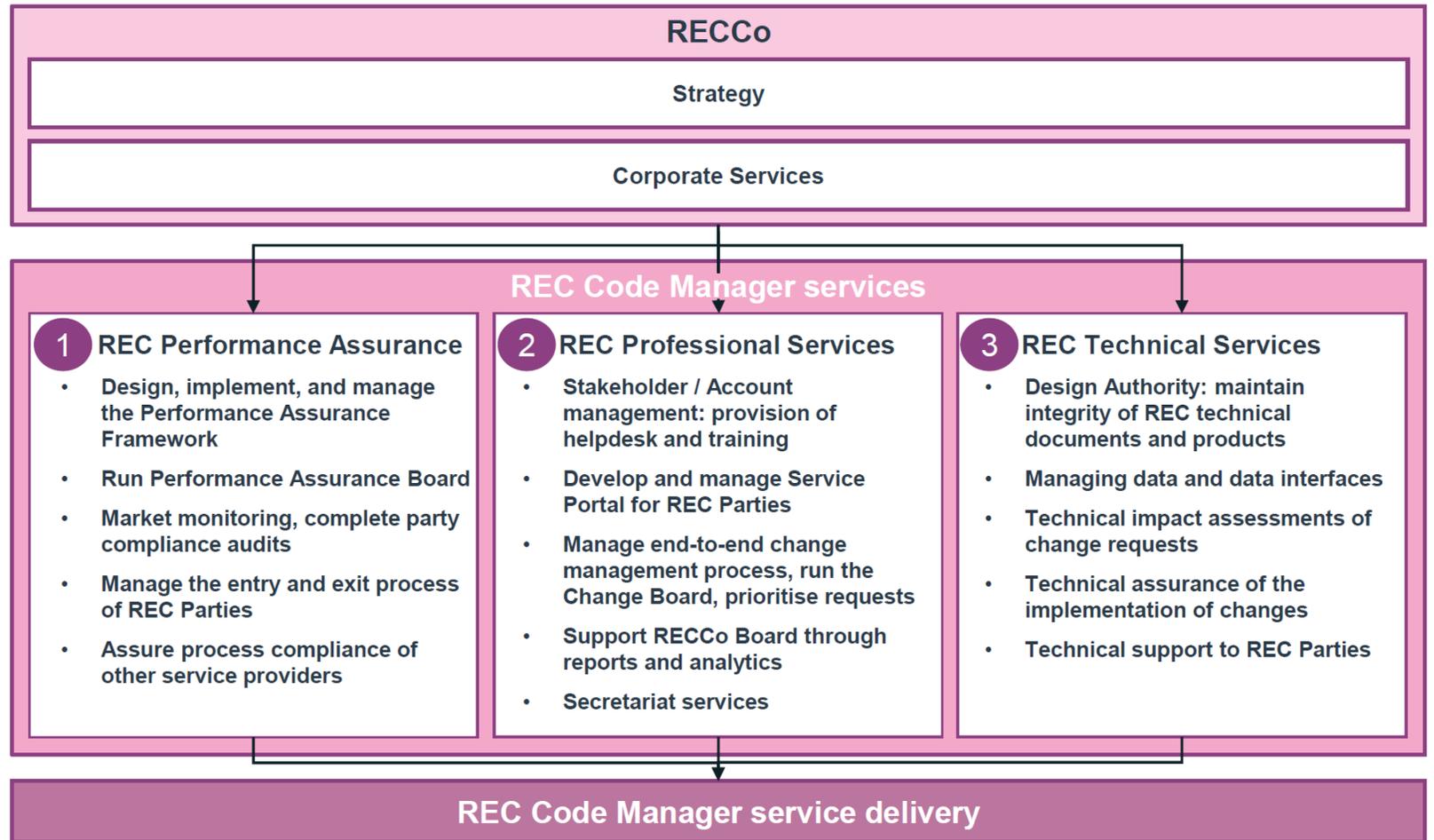


11 December 2019

Background:

- Asked to present as Ofgem and RECCo are developing a performance assurance regime for the REC;
- The scope of the REC PAF may extend to any service delivered through or pursuant to the REC – and expected to cover both REC Parties and service providers;
- Initial focus will be on the establishment of a Performance Assurance Board – looking to appoint the PAB summer 2020 so that it has circa 9 months to firm up the arrangements ahead of REC v2.0 (April 2021) and CSS go-live (summer 2021);

- REC Code Manager procurement expected to be published w/c 16 Dec;
- Separated into 3 lots – allowing flexibility to appoint best candidate in each category rather than potentially compromise on one or two;
- Legal text has continued to evolve in parallel with the low level service requirements developed by RECCo;
- Mobilisation of each service to commence Q3 2020:
 - Particularly keen that REC (PA) in place early, to support the REC PAB – hit the ground running in April 2021!
 - Scope for REC (PS) and REC (TS) to assist in delivery of SCRs
- Procurement Evaluation Panel to be established



Source: RECCo Outline Prospectus

- Allow for establishment of and formal recognition of the PAB:
 - Recruit members;
 - Commission necessary reports;
 - Commission analysis, etc.
- Potential to start aspects of REC Change Management earlier than v2.0
 - Establish Change Panel;
 - Complete lower level documentation;
 - Initiate work on any new/carried over change proposals (recognising substantive decisions must await v2.0)
- Potential for REC Technical Service to embed with Ofgem/PwC programme team to provide continuity around entry testing (and reduce duplication of costs).
- Desire for RECCo to have clear vires for procurement of activities still being overseen by extant codes, e.g.
 - Theft tip-off service
 - TRAS replacement
 - Metering audits, etc
- Change to Company Governance:
 - Establish a nominations committee and recruit new directors;
- Establish charging principles:
 - Shape the content and nature of the 2021/22 RECCo budget consultation and development of associated charging statement.

- Chaired by a RECCo employee
- Proposing a mixed Board
 - Industry appointed representatives;
 - Consumer representation;
 - External appointees (with relevant experience in comparable sectors/other territories)
 - Service Providers and/or agents as required
- Role of the PAB:
 - Develop evidence-based risk register and methodology;
 - Develop and apply Performance Assurance Techniques (matching appropriate technique to each risk and/or associated performance measure);
 - Make determinations in relation to other breaches and disputes;
 - Oversee REC Sandbox:
 - No initial stage approval required from Ofgem – streamlined process;
 - Definitive outcome (e.g. make derogation permanent through PAB/Code Manager raised change).
 - Ensure REC rules remain proportionate and effective
- We would like the PAB (supported by the REC Code Manager) to review the REC drafting prior to SCR submission in order to:
 - ensure that it is sufficiently clear what its requirements are;
 - complete and ratify the initial risk register;
 - establish how the necessary monitoring will be undertaken; and,
 - ensure that there are clear and objective criteria for applying any PAT and escalations.

- Performance Assurance Techniques, e.g.:
 - Entry qualification and processes;
 - Applying switching programme requirements to new entrants
 - Published performance tables;
 - Potential mix of anonymised and non-anonymised.
 - Requirement to produce remedial plans;
 - Liabilities and incentives payments;
 - E.g. non-delivery or late delivery or reports (including impact assessments)
 - Restriction of services;
 - Usual to restrict registrations for late payment – extend to performance issues.
- Once action initiated, momentum maintained until resolved - failure to demonstrate that the issue is remedied to PAB satisfaction will result in escalation unless the PAB determines otherwise.
- Appeals may be escalated to the RECCo Board (which in effect delegates authority to the PAB).

Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.

We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.