RETAIL ENERGY CODE

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PERFORMANCE ASSURANCE BOARD OPERATING PLAN UPDATE AND FORWARD LOOK

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FOR INFORMATION	We have consolidated the forward look on the PAB's agenda with the forward look on the Performance Assurance Operating Plan. We intend on using this paper to cover any PAF updates that PAB should be informed of, invited to discuss, or asked to approve so these updates are shared within a public paper to promote transparency and also so that the Party Assurance paper can be focused on Party performance.
APPENDICES	**RECPAB_25_0429_09A – REC PAB - Terms of Reference v3.1 - DRAFT**

1 LOOK AHEAD ON PAOP

The table below outlines the key activities that have been planned for the next three months of the 2025 performance year. These activities are in addition to Monthly Performance Assurance activities such as Market Entry Assessment, Maintenance of Qualification, Monthly risk determinations where all Retail Risks are monitored, Specific topic monitoring on Metering updates and other Associated Operational Processes.

Key:		
		Planned activity
		Planned sub-activity
		Potential activity dependent on performance
	✓	Completed
		Activity on hold

Activity	Apr-25	May-25	Jun-25
A3. Gas meter data reconciliation and associated PATs	✓		
A4. Smart Meter Installation Survey and associated PATs			
A6. Application of quarterly PATs			
A8. Party Annual Rating			
A8.2 Annual Rating – Develop Scoring Criteria			
A8.3a Annual Rating – Publish draft rating			
C2.2 Assessment of the accuracy of reporting: EES (post MHHS transition start)			
C2.4 Assessment of the accuracy of reporting: CSS, CSS CA, SO	✓		
C3.1b PAB Deep Dives: Code Manager Operational Update – Change Management			
C3.2a REC Service PAB deep dive – EES (Post-MHHS go-live)			
C2.3 Assessment of the accuracy of reporting: GES[1]			
C5.4 KPI Review for GRDS	✓		
D2.1d Sprint 3 – Post-sprint Review	✓		
D2.2b Sprint 4 – Execution	✓		
C3.2c REC Service PAB deep dive – CSS, CSS CA, SO			
E1.4 TDIS – Analyse final submission for the reporting year			

[1] This is due to commence in late April, and we will report on this at May's PAB.

Activity	Apr-25	May-25	Jun-25
E2. Verification of ETTOS confidentiality (part of Maintenance of Qualification)	✓		
E3. Verification of TDIS Submissions (On Hold due to R0173 Send Back and subject to agreement with RECCo)[2]			
F4. Assurance of REC transformation programmes	✓		
J1. MTD reconciliation for electricity	✓		
K1. Address Quality Data Cleanse (subject to REC Change and agreement with RECCo)	✓		
M4. Performance Assurance: PAB Procedures			
N3. Performance Assurance Engagement Sessions			
G1. Review of REC governance	✓		

2 UPDATES TO PAB TOR

Following the addition of Beth Procter joining the PAB as the SEC PAF Representative, we have updated the REC PAB – Terms of Reference to include the following updates:

- Composition of the PAB and Appointment of Members:
  - The inclusion of **'One member nominated by the SEC Performance Assurance Administrator'**.
  - The inclusion of Any PAB member appointed as an REC Party nominee, BSC representative, UNC Performance Assurance Framework Administrator, '**SEC representative'** or consumer representative shall remain in office until their resignation has been submitted in writing to the PAB Chair; they have reached the end of their tenure, being no longer than three years from initial appointment; or, they are removed by the RECCo Board in accordance with 2.10. A PAB member coming to the end of their tenure will not be precluded from standing for nomination for a further term, but is limited to two consecutive terms.
- Establishment and Role:
  - **'Other than those that relate to the location of data processing'** has been moved to follow 'responsibility for specifying REC Party, Non-Party REC Service User and REC Service Provider security and data protection requirements under the REC, other than those that relate to the location of data processing'.
- Attendance by Non-PAB Members:

[2] Please refer to the March PAB Papers for the recent update.

- The inclusion of a nominee in place of the RECCo Company Secretary: 'the RECCo Company Secretary **or nominee'**.
- The inclusion of the '**RECCo Director of operations or nominee'**.

- Quorum:
- Amendments made to the independent members: 'Subject to Paragraphs 5.3 – 5.6, the PAB shall not make any determinations at a meeting that is not quorate, and including at least three REC Party members, **and either an independent member and a** Citizen's Advice or Citizen's Advice Scotland nominee **or two** independent member**s** appointed by RECCo.'

Please see Appendix 'RECPAB_25_0429_09A'.

3 SPECIFIC UPDATES:

- A3: The Gas Meter Data Reconciliation process for 2025 has started, with MAMs submitting data to Xoserve by 22 April. We will liaise with Xoserve after the deadline to understand if there are any MAMs who were expected to provide data but did not in order to apply PATs given the requirement to submit data is an explicit Code requirement. We expect to receive the outputs by July (based on prior year timescales) and these will be used to provide input into future data cleanse sprints (as per recently completed Sprint 3). We are also supportive of a REC Issue that has been raised to increase the frequency of reconciliations going forward (REC Issue I0252).
- J1: The REC Change Report (R0202) for the corresponding PARC changes to support this activity is included as a separate paper for PAB Approval. Subject to this approval we will provide a further update on the subsequent activity in July, as this is expected to be included in the June '25 REC release. We expect data to be provided from early August and to input into Data Cleanse Sprint 5 as well as MHHS Early-life monitoring activity.
- The CSS Improvement Project update item is the assurance of REC Transformation Projects.

4 ACTION UPDATES:

We have included updates to actions with brief explanations below:

RECPAB_25_0325_03: *Code Manager to confirm responsible person at RECCo and DCC to provide an update to PAB on why the operational cost has reduced and the rationale for those decisions.*

RECCo assumed responsibility for DCC funding in 2023-24. In both of 2023-24 and 2024-25 DCC's actual costs were for each year c£13m, 21% lower than the respective year's budget which were both c£16.5m. These underspends were due to lower staff costs as well as lower contract costs, with both types of cost consistent

throughout the period. In the current year (2025-26), reflecting the actual performance in the prior two years, a new budgeting approach has been taken, with the budget based on a stable headcount for CRS services and costs for procured services. This, combined with the return of underspends to RECCo, has resulted in a 32% lower budget for the coming year compared to prior year budgets. However, it does not reflect a reduction in resourcing as the 2025-26 budget is now reflective of actual historic spend. DCC is allowed a return on its internal costs only and given the reduction in these the corresponding margin has also reduced. The performance charge is wholly reflective of the allowed margin and therefore the performance charge for 2025-26 reduces correspondingly. As part of the 2025-26 Budget setting process, as set out in the REC, RECCo challenged DCC on the reduced cost profile and as to whether this reflected a reduction in headcount. DCC confirmed this was not the case.

If the PAB requires further information the RECCo CFCO can present on the matter.

5 PROCESSING INFORMATION OUTSIDE OF THE EEA

In December 2024 RECCo and the Code Manager proposed to the PAB that it recommends to the REC Board the process above is adopted for Parties wishing to process REC relevant data outside the EEA. PAB approved this, subject to engagement with RIG. In April 2025, RECCo reviewed whether formal approval was necessary and whether its presence effectively mitigated any additional risks to the organisation. The review considered similar changes under the BSC, where board approval is not required, but relevant sub-clauses are retained to manage associated risks. It was also confirmed that the change would not increase RECCo's risk profile. As a result, the RECCo Board agreed that a REC Change Proposal (CP) would be raised to remove the requirement for Board approval, while maintaining the existing sub-clauses. As a temporary measure, authority has been delegated to the RECCo CEO until the outcome of the CP is concluded. On that basis we do not intend on bringing further requests related to this to the REC PAB.