RETAIL ENERGY CODE

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DEVELOPING THE PERFORMANCE ASSURANCE OPERATING PLAN (PAOP) FOR 2025-26

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FOR DECISION 	Last month, in RECPAB_25_0624_07 the Code Manager presented the proposal for defining the Performance Assurance priorities for 2025-26. This included our Stakeholder Engagement Plan as well as a long list of possible initiatives the Performance Assurance Board (PAB) could consider for the upcoming year. Since the last PAB meeting, we have sought input from various REC Stakeholders and incorporated feedback from PAB provided at the June meeting. In this paper, we present insights from those interactions to inform PAB's decision on activities to include within the PAOP for 2025-26. Based on the information presented in this paper, the Code Manager recommends PAB: • **APPROVE** the Performance Assurance activities to be planned for 2025-26. • **APPROVE** the draft timetable for these activities for further consultation and refinement before the final PAOP is presented to PAB for approval at the August meeting.
APPENDICES 	**RECPAB_25_0729_10A – Feedback Summary (within this document)** **RECPAB_25_0729_10B – PAOP for 2025-26 (attached spreadsheet)**

Note: To access any links within this paper, especially previously published PAB papers, you will need to ensure that you are logged into the REC Portal before clicking on the link.

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1 INTRODUCTION

This document updates the PAB on the proposed assurance activities, based on the feedback gathered for the 2025-26 operating plan, following the June PAB meeting and the Performance Assurance webinar on 2 July. We appreciate your ongoing engagement and seek your input on prioritising the identified priorities. This builds upon the discussion document RECPAB_25_0624_07 – Defining Performance Assurance Priorities for 2025-26.

2 PRIORITIES FOR 2025-26

Based on feedback (outlined in Appendix A of this paper), we are proposing that PAB focus on the following activities in 2025-26:

2.1 A DEEP DIVE ON EFFECTIVENESS OF ESCALATIONS AND SDEP TO EFFICIENTLY RESOLVE ISSUES FACED BY CONSUMERS

Feedback from industry highlights that the use of escalations processes prescribed under the REC, such as via SDEP, is inconsistent across the industry, reducing their effectiveness in ensuring a prompt and positive outcome for the consumer. Furthermore, overreliance on escalations indicates possible ineffectiveness of operational processes in the first place. Whilst escalation processes offer an opportunity to quick resolution, in a well designed and operating system, there should be lesser need for escalations.

Therefore, we are proposing that the Code Manager conducts a deep dive with the objective of capturing and proposing ways to resolve issues Parties are facing when trying to resolve issues faced by consumers. This review will also aim to identify opportunities to reduce demand on Parties through improvement of processes governed under the REC.

2.2 A DEEP DIVE ON HOW DATA QUALITY UNDER THE REC CAN BE IMPROVED

Poor quality of REC data maintained by Parties can impact the performance of REC processes as well as those governed under other Codes, which are reliant on REC data. These data issues can impact consumers whilst also increasing demand on Market Participants who may inherit the poor quality data through switching.

Also, as the industry transitions to Marketwide Half Hourly Settlement (MHHS), data quality issues could also prevent or delay migration of meter points, preventing timely programme exit or prevent some consumers from reaping the benefits of MHHS.

It is also worth noting that since its introduction, data cleanse under the REC and our approach to sprints has been well regarded within the industry as it has helped coordinate and focus participant effort across the industry.

Through this deep dive, we will identify REC data items for data cleanse and based on expected benefit and effort involved, propose a prioritisation methodology which allows Parties to focus on the most important items (such as through sprints) whilst offering an opportunity for Parties monitor and self-correct in other areas.

2.3 A REVIEW OF HOW PERFORMANCE ASSURANCE CAN BE BETTER INTEGRATED ACROSS VARIOUS INDUSTRY CODES

Recent experiences with managing a Supplier's performance has demonstrated an urgent need for better cross-code collaboration and integrated Code Assurance action.

Through this review, we are proposing to identify opportunities for information sharing and coordinating actions to improve effectiveness. As currently, we do not have good quality information on how effectively

cross-code processes are operating today, as part of this review, we will also seek to propose suitable measures.

2.4 AN ASSESSMENT OF HOW EFFECTIVELY CRITICAL REC CHANGES, RECENTLY DELIVERED, HAVE REALISED THE INTENDED BENEFITS AND OUTCOMES

REC Change is a key process within REC arrangements which helps REC meets its objective of continuous improvement and innovation. To assess whether critical changes are delivering the intended benefits and whether any further work is required to address issues or improve outcomes, we will conduct an assessment of critical REC Changes.

2.5 RECURRING PERFORMANCE ASSURANCE ACTIVITIES

Other activities which form part of the Code requirement for the Code Manager, such as Maintenance of Qualification assessments and Theft Detection Incentive Scheme (TDIS) operation, are also included within the PAOP and prioritised based on need and feedback.

3 SCHEDULE FOR 2025-26

We have proposed a schedule of activities for 2025-26 within Appendix B. However, we recognise that PAB may need to reprioritise the activities within the Operating Plan at any given point during the performance year in response to emerging risks and issues. Therefore, we will continue to review, with PAB each month, the upcoming activities for the next three months.

4 NEXT STEPS

At the July meeting, we are seeking feedback from PAB on the appropriateness and sufficiency of the activities proposed within the PAOP for 2025-26. Once approved by PAB, we will consult with the industry via the REC Category 3 change process and refine the PAOP and bring is for PAB approval at the August meeting.

5 PAB DECISION

REC PAB DECISION

The Code Manager recommends PAB to:

- **APPROVE** the Performance Assurance activities to be planned for 2025-26 as prioritised in Appendix A.
- **APPROVE** the draft timetable for these activities, as proposed in Appendix B, for further consultation and refinement before the final PAOP is presented to PAB for approval at the August meeting.

6 APPENDIX A: FEEDBACK SUMMARY

6.1 REQUIRED ELEMENTS OF THE OPERATING PLAN

Some activities are part of the PAOP each year as they are either required by the Code, contractually agreed with RECCo or determined by PAB. We asked the value various REC Stakeholders receive from these activities and if any should be adjusted and received the following steer:

Legend:

Consumer impacting: Low | Medium | High

Systems / Process impacting: Low | Medium | High

Assurance focus: ↑ Increase | = Retain | ↓ Decrease

Activity	Retail Risk Mapping	Indicative Impact	Code Requirement	Contractually Agreed	PAB Determined	Current estimate of time input	PAB Feedback	Party Feedback	Proposed prioritisation for 2025-26[1]	Rationale
Qualification / Maintenance of Qualification / Metering accreditation scheme[2]	II, III	● ●	✓			36%	=	=	=	Feedback consistently reflects the level of activity should be retained.
Theft Detection Incentive Scheme (TDIS) and associated Theft Target	II	●	✓			2%	=	=	=	Feedback consistently reflects the level of activity should be retained.

[1] Proposed time effort for 2025-26 is captured within Appendix B.
[2] This has increased as there is an increase in use cases for access to as well as number of organisations accessing REC data.

Activity	Retail Risk Mapping	Indicative Impact	Code Requirement	Contractually Agreed	PAB Determined	Current estimate of time input	PAB Feedback	Party Feedback	Proposed prioritisation for 2025-26[1]	Rationale
Methodology (TTM)										
TDIS Verification	II				✓	0%	=	=	↑	Ofgem's decision to approve R0173 recognised there are discrepancies into the quality of investigations and therefore it encouraged RECCo and Suppliers to work collaboratively on this..
Annual Rating – a multi-year PAB priority	II				✓	1%	↑	=	↑	We support PAB's intention to continue to build this initiative in line with previous years' commitment to develop a public rating through robust consultation.
Monthly data review, response and PATs	All		✓			18%	=	=	↓	Whilst feedback indicates the level of activity should be maintained, we recommend that the papers to PAB on Party Assurance should move to a quarterly cycle in line with the active month

Activity	Retail Risk Mapping	Indicative Impact	Code Requirement	Contractually Agreed	PAB Determined	Current estimate of time input	PAB Feedback	Party Feedback	Proposed prioritisation for 2025-26[1]	Rationale
										approach. During inactive months, we will continue to publish PA dashboards and update PAB if any trends indicate the need for immediate intervention.
Recurring data provision, such as Erroneous Switch peer comparison and Smart Meter Installation Survey	II	○○			✓	2%	=	↓	=	Whilst Party feedback indicates this activity can be deprioritised, we recommend retaining the level of focus as these allow Parties to self-monitor and improve in line with peers, reducing the need for more intrusive PATs.
Data cleanse	II	○○			✓	2%	↑	↑	↑	As a successful initiative, we will continue to explore opportunities to utilise it and are proposing this as a potential area for deep dive during 2025-26.

Activity	Retail Risk Mapping	Indicative Impact	Code Requirement	Contractually Agreed	PAB Determined	Current estimate of time input	PAB Feedback	Party Feedback	Proposed prioritisation for 2025-26[1]	Rationale
CDSP reconciliation	II		✓			1%	=	=	=	Feedback consistently reflects the level of activity should be retained.
Monitoring of REC Services	I			✓		6%	↓	=	↓	As REC Services mature and RECCo's Operations functions that contractually manage the performance of Service Providers expand, there is an opportunity to reduce PA focus and free up capacity to focus more on other areas such as emerging risk. We recommend that whilst we will continue to publish the REC Services SLA dashboard, the monthly assurance updates could be replaced with updates to PAB from RECCo, as and when required.
Assessment of accuracy of	I			✓		7%	↓	=	=	As REC Services self-report on their

Activity	Retail Risk Mapping	Indicative Impact	Code Requirement	Contractually Agreed	PAB Determined	Current estimate of time input	PAB Feedback	Party Feedback	Proposed prioritisation for 2025-26[1]	Rationale
REC Service reporting										performance, we propose we retain the level of focus to ensure those submissions are complete and accurate.
CRS Performance Charge	I		✓			1%	↓	=	=	As this is operated in line with the Code requirements, we recommend maintaining the level of focus.
Change process assurance	IV				✓	1%	↑	↑	↑	Feedback consistently reflects that there is value in increasing the level of assurance and therefore we are proposing this as a potential area for deep dive.
REC Service KPI review	I			✓		1%	↓	=	↓	We propose this activity is complete and not continued in 2025-26 as: - We have reviewed the KPIs for ERDS, GRDS and Code Manager Services in 2024-25.

Activity	Retail Risk Mapping	Indicative Impact	Code Requirement	Contractually Agreed	PAB Determined	Current estimate of time input	PAB Feedback	Party Feedback	Proposed prioritisation for 2025-26[1]	Rationale
										- CRS KPIs were recently reviewed under REC Change R0092A. - The Enquiry Services have undergone a re-procurement exercise in 2025 as part of which the SLAs have been reviewed.
Maintaining our Framework documents	N/A - operational	○	✓			1%	=	=	=	Feedback consistently reflects the level of activity should be retained.
Supporting other RECCo / CM initiatives (e.g. REC Changes)	IV	●●		✓		18%	↑	↑	↑	Feedback consistently reflects that there is value in increasing the level of assurance and therefore we are proposing this as a potential area for deep dive.
Focus on emerging risks	IV	●●			✓	2%	↑	↑	↑	Feedback consistently reflects that there is value in increasing the level of assurance and therefore we are proposing the new

Activity	Retail Risk Mapping	Indicative Impact	Code Requirement	Contractually Agreed	PAB Determined	Current estimate of time input	PAB Feedback	Party Feedback	Proposed prioritisation for 2025-26[1]	Rationale
										approach where through deep dives, we focus on areas of emerging risk as well as free up PA team capacity to responding to issues and focus on how the Code arrangements can prevent them in future.

6.2 SCOPING PAB DEEP DIVES

Feedback from REC Services who were subject to a deep dive in 2024-25 endorses continuation of the initiative. A REC Service Provider said that whilst great effort goes into planning and delivering the deep dives, the process was more rewarding as it yielded insights into areas for improvement. The feedback also highlights that the Service Provider felt the process was more collaborative and they were more involved in the process rather than just being subject to a PAT. Building on the success of the REC Service Deep Dives in 2024-25, we are proposing that the Code Manager undertakes 4 deep dives during 2025-26 (shown in bold below) which have been selected from a list of 13 topics we compiled within the long list for PAB and Party feedback:

#	Area	Deep dive topic	PAB prioritisation	Party prioritisation	Recommendation
1	**REC Processes**	**Escalations and SDEP – whether processes are effective to resolve consumer escalations efficiently**	**6**	**1**	**In scope for 2025-26 as this has been a consistent request from REC Parties. The deep dive will serve as an opportunity to understand why escalations are required and how the associated processes can be improved to reduce demand.**
2	**REC Processes**	**Data quality / cleanse – cleansing data where there is a strong business case**	**1**	**3**	**In scope for 2025-26 as this continues to be an area where Parties are most engaged and improving REC data quality will naturally result in better performance of REC processes and reduce demand on issue resolution.**
3	REC Processes	The objections process in switching – reviewing the customer journey and objection rates to assess if this process is fit for purpose	2	4	This has been rated highly by both PAB and REC Parties but we believe that following the REC Change R0155 release on 27 June 2025, we should allow benefits from this change to be realised. This area could form part of a PAB deep dive in future years.
4	REC Processes	Prepayment switching processes (including DAP) – assessing the switching processes for prepayment meters to understand if they are currently effective	3	7	Not in scope for 2025-26, although PAB may reconsider this whilst developing future PAOPs.

#	Area	Deep dive topic	PAB prioritisation	Party prioritisation	Recommendation
5	REC Processes	Electricity metering data – reviewing how MHHS processes and REC data cleanse are improving outcomes and if further work is needed	4	2	Not in scope for 2025-26, although the proposed deep dive on data cleanse could also look into the impacts of MHHS transition.
6	REC Processes	Energy theft – quality of confirmed thefts	7	5	Not in scope for 2025-26, although PAB may reconsider this whilst developing future PAOPs.
7	REC Processes	Gas process improvement – reviewing if the series of gas data changes are delivering better outcomes	5	6	Not in scope for 2025-26, although PAB may reconsider this whilst developing future PAOPs.
8	REC Services	REC Service Security – confirming key security activities are taking place	5	2	This activity will be led and delivered by RECCo Operations team, who will propose appropriate milestones for PAB engagement.
9	REC Services	IT capacity and performance management for REC Services – assessing how capacity requirements are identified and services planned for	6	4	This activity will be led and delivered by RECCo Operations team, who will propose appropriate milestones for PAB engagement.
10	**REC Services**	**Critical changes – assessing if they deliver the expected improvements e.g. R0155**	**2**	**1**	**In scope for 2025-26 as this has been determined as a priority both by REC PAB and Parties.**
11	REC Services	CSS Improvement Plan – are benefits being realised?	4	6	This activity will be led and delivered by RECCo Operations team, who will engage PAB if any escalation is required.
12	REC Services	Incident and Problem Management Deep Dive	3	5	This activity will be led and delivered by RECCo Operations team, who will engage PAB if any escalation is required.

#	Area	Deep dive topic	PAB prioritisation	Party prioritisation	Recommendation
13	**REC Services**	**Cross Code integration of Code Management services**	**1**	**3**	**In scope for 2025-26 as this has been determined as a priority both by REC PAB and Parties.**