Updates on the Performance Assurance of R0155 – Change of Occupier: Evidentiary Standards and Timescales

Version 1.0



RETAIL ENERGY CODE

Contents

1. Context 3
2. Overview of Risks Assessed 3
3. Overview of the Method of Performance Assurance 4
4. Information Request 4
5. Monitoring Approach 5
6. Sources of Information 6
7. Updates to the PARC 7
8. Other Options Discounted 8

 Copyright 2024 Retail Energy Code Company

1. CONTEXT

Based on responses to the R0155 – Change of Occupier: Evidentiary Standards and Timescales Party impact assessment the REC Code Manager's Performance Assurance team decided it would be helpful to address the comments raised through a standalone document that can be used by all Stakeholders. The REC change process allows all impacted or interested Parties (i.e. REC Parties or anyone interested within the change) to have the opportunity to assess and respond to each individual change, including the Performance Assurance Reporting Catalogue (PARC). However, in this instance the Code Manager recognises that the PARC was provided without a detailed rationale so has drafted this document to support it.

This document sets out the planned Performance Assurance approach, alongside the rationale and requirements of REC Service Users specifically related to the R0155 solution.

This document has been published following the R0155 Party impact assessment and may be amended once further comments have been received as part of the industry consultation.

Performance Assurance activities seek to cover two key areas:

1. Assessment of whether the R0155 solution as implemented is achieving relevant Consumer or market outcomes.
2. Assessment of whether REC Parties are complying with the requirements of the REC.

These two are often linked, as the obligations in the REC have been put in place to establish minimum standards or interoperability so that the Consumer or market outcomes are achieved.

2. OVERVIEW OF RISKS ASSESSED

The following retail risks are relevant to this change:

II. Retail market processes are not effective or efficient, including the incomplete or inaccurate updating of REC data.
III. Consumer interests and data are not protected in the operation of the REC.

As this change introduces a new schedule, this schedule would be added to the Risk Register, under risk II (Retail market processes are not effective or efficient, including the incomplete or inaccurate updating of REC data). Each of the schedules that establish requirements for REC market processes have a line under this risk, with relevant compliance and outcome measures established. The Code Manager assess that this would involve the addition of the following outcome risks:

1. A Consumer with a valid Change of Occupier (CoO) is prevented from switching / agreeing a new contract;

 Copyright 2024 Retail Energy Code Company

2. The process to verify a Consumer's claim to be a CoO takes an excessive time, including if this takes multiple switch requests; and
3. Following a rejection of a CoO the Consumer / Third-Party Intermediary (TPI) / Gaining Supplier (switches only) repeatedly re-submits the change of contract / Switch Request creating unnecessary rework for the Losing Supplier.

And the following related compliance risks:

4. An Energy Supplier does not complete the process as per Code timelines, delaying the Switch/change of contract;
5. An Energy Supplier inappropriately rejects CoO evidence and hence prevents Switch/change of contract; and
6. Consumers / TPIs / Gaining Supplier (switches only) seek to use the CoO flag to exit a contract early despite there being no actual CoO.

3. OVERVIEW OF THE METHOD OF PERFORMANCE ASSURANCE

The Code Manager consulted with the Performance Assurance Board (PAB) on 30 July 2024 setting out options for assuring this change. There was significant focus from the PAB on preventing any issues, and having data led monitoring of performance across the market. They requested two activities:

1. Assurance before implementation to gain confidence that Parties were ready to operate in line with the changes to the REC; and
2. Ongoing monitoring to identify outliers or anomalous behaviour, which the Code Manager would then follow up in detail. Further details on the methodology for this are included in the Performance Assurance Methodology and Techniques Document.

To help explain this approach this document will set out the intended information request related to the assurance pre-REC and the rationale and approach for the ongoing monitoring activity.

4. INFORMATION REQUEST

The Code Manager intends on using the following information request, issued at the point of approval of the change, to gain confidence that Parties are ready to operate in line with the change. This request will be issued to licenced Energy Suppliers who have Non-Domestic Premises recorded within central systems.

1. What internal documentation and training are you providing to your staff and agents to correctly identify a valid Change of Occupier, a possible Change of Occupier that needs more information or an invalid attempt to use Change of Occupier processes?
2. Have you identified and implemented any necessary changes to your systems to be able to track Change of Occupier, prompt staff and agents to take relevant steps and execute the revised processes introduced by R0155?

 Copyright 2024 Retail Energy Code Company

3. How will you monitor the application of the internal documentation and training you provide so that all staff or agents apply it consistently?
4. How will you monitor your compliance with the timelines?
5. How do you monitor long running or repeated attempts to use Change of Occupier processes that you are not able to complete?
6. Please confirm that you will be ready to provide reporting in line with the PARC requirements from the change implementation date.

5. MONITORING APPROACH

The Code Manager expects to monitor the ongoing risks using the following approaches, which directly informs the associated PARC changes proposed. For the majority of risks, the approaches proposed below are similar to those used for monitoring other switching related activities (e.g. other types of Objections) where monitoring is performed relative to overall volumes for the applicable organisation, relative performance and PAB thresholds used to identify where Performance Assurance Techniques (PATs) are required).

#	Risk	Impacted Party	Monitoring Approach
1	A Consumer with a valid CoO is prevented from switching / agreeing a new contract.	Consumer TPI Gaining Supplier (if with Switch) Losing Supplier	Measure the proportion of rejected switches/change of contract (vs those not queried or accepted) as an outcome measure.
2	The process to verify a Consumer's claim to be a CoO takes an excessive time, including if this takes multiple Switch Requests.	Consumer, TPI (if applicable) Suppliers	Measure: • number of CoO that are not completed per timeframe. • number of CoO where multiple requests for evidence are requested. • magnitude of delays (average and longest delay). • number and duration of outstanding requests including those in dispute. • number and timing of repeated (objected) requests, including analysis by TPI / Gaining Supplier (where applicable). This data will be considered relative to overall CoO activity volumes.
3	Following a rejection of a CoO the Consumer / TPI / Gaining Supplier (switches only) repeatedly re-submits the change of contract / Switch Request creating	Consumer Losing Supplier	Measure number and timing of repeated (objected) requests, including analysis by TPI / Gaining Supplier (where applicable).

 Copyright 2024 Retail Energy Code Company

#	Risk	Impacted Party	Monitoring Approach
	unnecessary rework for the [losing] supplier		
4	Energy Supplier does not complete process per Code timelines, delaying the Switch/change of contract	Consumer TPI Gaining Supplier (if with Switch)	Measure: • average time to complete process. • number of CoO that are not completed per timeframe. • magnitude of delays (measure based on longest delay).
5	Energy Supplier rejects CoO evidence and hence prevents Switch/change of contract	Consumer TPI Gaining Supplier (if with Switch) Losing Supplier (if with Switch)	Measure the proportion of rejected switches/change of contract (vs those not queried or accepted) as an outcome measure. NB: Whilst this does not (and cannot) directly measure appropriateness of rejection this will be used as an outcome measure.
6	Consumers / TPIs / Gaining Supplier (switches only) seek to use the CoO flag to exit a contract earlier despite there being no actual CoO	Losing Supplier Consumer	Measure: • Proportion of switches with CoO flag set – analyse by Gaining Supplier. • Proportion of switches with CoO flag set – analyse by TPI (dependent on implementation of R0137 or R0137A. • Proportion of switches where the Losing Supplier rejected the CoO evidence analysed by Gaining Supplier and (separately) by TPI (i.e. where there is a Gaining Supplier / TPI where across all Losing Suppliers there is a high proportion that are rejected this may indicate that the Gaining Supplier / TPI is incorrectly claiming a CoO has occurred).

6. SOURCES OF INFORMATION

Wherever possible the Code Manager would prefer to utilise information from central sources, such as the Central Switching Service (CSS), Data Transfer Network or enquiry services, for risk monitoring. This is for a range of reasons are:

1. Reduced workload on REC Parties to compile and submit data.
2. Reduced workload and cost for assurance activities, as the Code Manager can access the data more simply.
3. Reduced risk of reporting irregularities as number of sources limited:
4. Cost effective use and effectiveness of the central tool.

 Copyright 2024 Retail Energy Code Company

5. Using system enforced controls to deliver compliance, can result in less monitoring. For example, preventing a Switch progressing without specific information prevents the need to monitor the sharing of the CoO evidence or the Objection.

In this case, the Performance Assurance process is unable to entirely use centrally provided data for either process variant. Where there is a CoO, but no Switch information only exists within the current supplier and is not available via CSS.

The Code Manager notes that there is a two-part solution for the use of the Secure Data Exchange Portal (SDEP). Initially, the Performance Assurance team is limited in the data available as the current SDEP platform and reporting does not provide sufficient information on the status (including closure) and timing of activities. SDEP will also not provide data regarding processes without a Switch. The Code Manager recognises this will be resolved with the second phase of the R0155 solution and following the implementation of R0122 (SDEP Review Improvements (2) – Usability).

7. UPDATES TO THE PARC

Based on the above, and requests for clarity from Energy Suppliers, the Code Manager will update the PARC to include:

- The Code Manager has updated the requirements from four individual reports to a single disaggregated (i.e. Meter Point X Number (MPxN) / Switch level) report to cover both CoO with and without a Switch which will apply solely to non-domestic switches;
- This report will be separate to existing reporting (notably the R0137 updated of PARC 1431) given this reporting applies solely to non-domestic switches and hence avoids requiring change from domestic only Energy Suppliers; and
- Further guidance on the triggers for measuring the start and end of the process when calculating time to complete.
- Requirements to include reporting on TPIs has been included. The Code Manager notes this will be dependent on R0137 or R0137A (Introducing Third Party Intermediary (energy broker) assurance and accreditation) being approved by the Authority.

The Code Manager received a variety of comments regarding the proposed PARC reporting, including the use of MPxN level data. MPxN data is required on the basis of the following:

- Data can be combined with the information we hold from central sources, most notably Objection data from CSS.
- Where the CoO involves switching, the Code Manager has proposed monitoring by TPI – this requires the Gaining Supplier to provide detail of which TPI was used (if applicable) and the Losing Supplier to provide details of the timing of key activities performed by the Losing Supplier. If R0137 / R0137A is approved, the Gaining Supplier will already be providing details of the TPI in the PARC report 1431 and hence this allows reuse of this information.

 Copyright 2024 Retail Energy Code Company

- Where the CoO involves switching, there may be multiple Switch Requests that need to be analysed to measure the end-to-end process given the interaction between Objection windows and the timelines within the proposed new schedule.
- The Code Manager is able to measure repeated rejections / repeated objections by MPxN.
- The resolution of open items across reporting periods can be consistently monitored / calculated by the Code Manager.
- Our proposed monitoring includes analysis of data by several attributes (e.g. Gaining Supplier, TPI) – by providing MPxN data can be reported and aggregated by the Code Manager across multiple attributes.

Whilst some of the above considerations could be met through provision of non-MPxN level detail the Code Manager also considered the complexity of the reporting requirements this would place on Parties, the need to apply more complex data processing (e.g. to track and report on the status of individual switches/change of contract across months) which would increase report development effort for Parties and increase the risk of inconsistent reporting due to the greater need for interpretation by Parties.

The Code Manager also considered that given the change applies to non-domestic switches the scope of any personal data sharing was more limited (whilst noting the MPxN for sole traders and partnerships means that it is not correct to assume that no personal data is processed).

The Code Manager believe our approach enables us to monitor the compliance and outcome risks with the minimal information processed.

8. OTHER OPTIONS DISCOUNTED

The Code Manager considered other options, including those raised during the impact assessment, and has set out the rationale for discounting each of them:

- The Code Manager considered collecting data from SDEP but note the limitations on both coverage of the in-scope activities and system limits on reporting outlined above. The Code Manager notes this is a temporary issue that will be resolved with the second stage development, post MHHS go live.;
- The Code Manager considered collecting this data at different frequencies, including quarterly, but discounted this as it would be inconsistent with other reporting process, provide less useful information and mean that we would not be able to respond to market wide issues as quickly;
- The Code Manager considered updating the pre-existing PARC report 1431. There are other changes that may update this, which makes parallel changes complex for Energy Suppliers to manage. We also collect this information for domestic switches, which are not part of this process;

 Copyright 2024 Retail Energy Code Company

- The Code Manager considered only tracking aggregate data that would then enable regular sample checking of an Energy Supplier's compliance in detail, however the PAB preferred the ongoing monitoring approach; and
- The Code Manager considered additional measures especially relating to contract changes where CoO is notified by the TPI, however in the as we do not have access to contextual information regarding contract changes without CoO for comparison, we descoped this measure to ensure our risk monitoring remains proportionate.

 Copyright 2024 Retail Energy Code Company

To find out more please contact:
Performance Assurance Team
E:enquiries@recmanager.co.uk
W: www.recportal.co.uk

RETAIL ENERGY CODE