RETAIL ENERGY CODE

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POST CHANGE IMPLEMENTATION ASSURANCE

BY AQSA NASIR AZIZ, REC CODE MANAGER

REVIEWED BY ANTON MODEN, PERFORMANCE ASSURANCE LEAD, REC CODE MANAGER

FOR INFORMATION	In this paper, the Code Manager has presented the review of a sample of changes and the corresponding benefits achieved post implementation as well as the progress of previously agreed management actions. This review also details the overall findings discovered through the process, particularly identifying where the change process could be improved further.
APPENDICES	**RECPAB_25_0527_04A – Analysis of changes (Section 4 of this paper)**

1 SCOPE AND OBJECTIVE OF REVIEW

The REC Performance Assurance team worked alongside the REC Change Team to:

- Assess the benefits achieved following the implementation of a selected set of changes.
- Assess the completion status of a set of Management Actions previously reported to the PAB.
- Determine areas in which the overall change process can be improved.

1.1 COLLABORATION AND AGREEMENT OF SAMPLE

The Code Manager's Performance Assurance and Change teams worked jointly to identify a set of changes implemented more than 12 months ago.

- The changes selected have been implemented for a considerable period, such that any benefits outlined in the reports should have now materialised.
- Some of the changes were urgent and therefore highlight the efficiency level at which the process should aspire to be at.
- Those of a minor nature were excluded and, instead, those selected were of a significant nature with proposed significant impacts and benefits.
- The Change Team were then consulted with, and the final sample was agreed in preparation for the analysis to begin.
- The Code Manager teams worked together to determine how the changes should be allocated between both parties based on evidence, data and resource available.

- The Code Manager summarised the findings, ensuring all parties agreed with conclusions as well as any future actions including open Management Actions.

2 OVERALL FINDINGS AND AREAS OF IMPROVEMENT

A sample of 7 changes were selected jointly by the REC Performance Assurance and Change teams, and our review established that:

- The benefits of 4 could be clearly identified.
- For 3 of the changes, the benefits were defined in a way which made measuring and evidencing them challenging at times, resulting in issues with gathering sufficient evidence.
- In the follow up on Management Actions from previous deep dives, whilst 2 out of 5 Management Actions previously agreed are now completed, there remain 3 Management Actions yet to be completed.

Across the sample of 7 changes, the proposals often highlighted benefits that, while valuable, were primarily intangible thus not allowing us to confirm benefit realisation through change delivery. This presents an opportunity to explore ways in which more tangible benefits can be identified as part of benefit analysis, along with proposals for measuring those both pre and post implementation to determine the effectiveness of the change. We note that while cost benefit analysis was included in some proposals, this was not universally the case.

2.1 SUMMARY OF CHANGES AND CORRESPONDING BENEFITS EVIDENCED

2.1.1 BENEFITS EVIDENCED

The Code Manager analysed the Change Reports to extract the benefits proposed and compared these with the actual benefits delivered and measured. A detailed breakdown of each of the changes and the benefits delivered is provided in the Annex.

Change	Benefits documented within the Change Report	Benefits delivered
R0118 Review of Schedule 12 and processes to manage access to data	• A controlled and adaptable process for data access to allow Market Participants to perform their required functions without restriction. • An adaptable new process to accommodate ongoing changes within the energy industry and the journey to net zero to ultimately benefit consumers.	• Realignment of responsibilities and a clearer process have improved the speed of decisions able to be made relating to data access. • 20 requests have been taken to PAB since implementation which have addressed 74 enquiry service applications. • Overall improved timeframe in resolving blockages where data requests previously took an extended period of time.

Change	Benefits documented within the Change Report	Benefits delivered
R0167 Change Process Improvements following Code Manager review	• Encouragement of further engagement with the change process. • Enabling additional touchpoints for stakeholders, the Code Manager and Service Providers to shape and develop solutions. • Flexibility and clarity in the way change issues and proposals are developed. • Introduction of Change Issues Group will introduce a platform for stakeholders to share their expertise and contribute into the progression of issues and changes.	• Increased engagement through a higher number of changes raised by month. • Increased efficiency in the process has been demonstrated through the reduced number of days taken for changes to be implemented.
R0025 Service Provider Performance Charges (DCC)	• Introduction of an economic incentive scheme for DCC • Efficient and effective way to incentivise DCC to deliver good performance in its Switching roles in a way that is fair and reasonable to DCC and leads to good outcomes for consumers	• Within 6 months of implementation of R0025, the average rate of failures has decreased from 19% to 17% compared to the previous 6 months. • The Code Manager has reported an overall improved Service Provider Performance.
R0147 Prepayment Levelisation	• Overall consumer benefits in average costs incurred. • Introduction of the necessary governance and charging arrangements to facilitate Reconciliation between Suppliers. • Reconciliation of the impact of price differentials on domestic energy suppliers by levelling the cost of standing charges paid by PPM consumers, compared with those paid by DD Consumers.	The benefits captured by the change documentation are limited to those intended by Ofgem by introducing the scheme, while the REC change itself delivered the processes for the operational delivery of the scheme. • Quantifiable benefits overall in the average cost levels post-implementation. • Increase in cap level for customers paying by Direct Debit and decrease in the cap level for customers paying by Prepayment meters.

2.1.2 BENEFITS UNABLE TO BE EVIDENCED

The Code Manager found that 3 of the changes below were difficult to quantify and measure or could not be appropriately measured due to a lack of data availability.

Change	Benefits documented within the Change Report	Benefits delivered
R0094 Clarify obligations on gas meter exchanges that occur close to CoS.	• Improved Switch Meter Reading fidelity to greatly improve the Consumer experience. • Improved accuracy of data relating to Metering Assets across the market, reducing incidents of incorrect Metering Asset details being propagated across Switches. • Reduced operational burden for Suppliers.	• Unable to quantify benefit as there remains the issue with availability of data where Metering Asset details may not be updated.
R0030 Erroneous Transfer Cancellations	• The introduction of a formal process for cancelling an Erroneous Switch to improve the Consumer experience by detailing a clear, defined process. • Defined process for managing ESs as part of SoLRs and CoOs will give certainty to Parties on what is permitted and in what circumstances.	• When analysing the data available to the Code Manager, we noted that the data was categorised into 'accepted' and 'rejected' – indicating that 'cancelled' items and therefore, transfer cancellations, were not included in the data set. • The Code Manager is therefore following up with ElectraLink to investigate further.
R0139 Alignment of Market Message D0225 'consent to share flag' to support PSR data sharing.	• Enabling of two-way data sharing between DNOs and Water companies. • Will enable industry to better identify customers that should be on the PSR so Suppliers can offer tailored support to a wider range of customers. • Removes ambiguity and misconception around legal basis for sharing data.	• First phase of change is now complete, and data is now shared two-ways although this is not automated. • Further benefits on hold until ElectraLink data flow is in place as part of the second phase.

2.2 PROPOSED ACTIONS FOLLOWING REVIEW

The Change team has been working on improving this part of the change process further and have proposed the following:

- Upskilling team members so there is sufficient knowledge around the appropriate levels of backing and justification required around benefits and measurables when submitting changes.
- Providing cost benefit training for key Change team members.
- Ensuring all changes are reviewed by senior Change team members before being submitted to the Change Panel.
- Strengthening governance by ensuring the Change Panel play a more active role in scrutinising the changes in more detail.

- The overall view of the Change process to shift from the implementation date being a perceived ‘cut-off’ date to the change being an ongoing piece where there is the inherent expectation for a review of benefits at a later date.
- The shift will require an additional mandatory section to be included in proposals around the anticipated benefits and how the change is expected to be measured for success, along with suitable milestones for such measurement before and after implementation to quantify the improvement.
- Change Proposals also to detail scoping such that there is clarity around the scope under review to deliver benefits listed, as well as listing elements determined as out of scope (but may be related to the benefits that this change is seeking to deliver).
- Where there are issues outside of the scope, these should be clearly acknowledged with next steps also proposed.

The above would aid in resolving the issues faced in this review process as detailed above. A further streamlined process to include the above suggestions of a mandatory scoping section in relation to benefits, as well as ensuring that the expectation of a review has been considered, would enable any future reviews to be conducted in an efficient manner. This would also provide clarity to the parties assessing the suitability and transparency of both changes and benefits proposed.

A shift in the overall perception of the timeline on which Change Proposals are based would also ensure that changes submitted are done so with the expectation that tracking will continue until benefit realisation.

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3 MANAGEMENT ACTIONS

The Code Manager has also summarised the status of a set of previously agreed Management Actions with the PAB. Of the 5 Management Actions, 3 are now complete whilst 2 Actions remain open.

Actions	Status	Ownership	Observation
1. In assessing a change which does not have quantified benefits, the Change Panel should actively consider and approve whether the change should progress, or the Code Manager should analyse the benefits further.	Open	RECCo as Change Panel Chair	• This action was not part of the initial triage process. • Most changes continue to progress even where quantified benefits have not been included although we note that some changes cannot reasonably have quantifiable benefits and suggestions of measures.
2. The Code Manager should track the proportion of implemented changes in the new change process that have quantified benefits identified before the change is approved, and a mechanism to track them at a relevant point. This information should be reported to the Change Panel quarterly.	Open	REC Code Manager Change team	• Although there are quantifiable benefits that can be identified in Change reports, the introduction of a mechanism to track these remains outstanding as the review was only implemented in July. • Given the short timeframe since implementation of the new Change Process, only 1 change has been implemented so far. • Going forward, benefits will be tracked and reported to the Change Panel quarterly as the benefits of this change continue to materialise.
3. The Code Manager should track the rate of active engagement (e.g. responses to consultations) received as a key performance indicator. This rate should be reported to the Change Panel quarterly	Open	REC Code Manager Change team	• This is tracked although is not currently reported to Change Panel.

Actions	Status	Ownership	Observation
4. After 6 months of the new Change Process the Change Team should review the effectiveness of industry engagement and identify adjustments required.	Closed	REC Code Manager Change team	• Stakeholder engagement has increased through attendance at workgroups and seminars. • The Code Manager continuously monitors levels of engagement since the new process was implemented to identify if any action or improvements are needed, both with Parties and Service Providers, and will continue to do this. • The Change Issues Group has consistently high turnout, averaging 56 attendees since October 2024. • Stakeholder attendance at the Theft Issues and REC issues group has also increased. • Webinars are well attended with the highest number of attendees at the webinar for R0155. • The Code Manager has used the flexibility of the new process to increase the pace of change proposals that come with a solution already defined and has an agreed progress ready for the MHHS project that will move urgent changes at a greater pace.
5. A key success factor to change improvement for all types of organisations is to have changes considered and addressed, either by rejection or an implemented change. The Change Team should complete an analysis of the changes made 6 months after new processes have been implemented to identify if REC Service Users in particular, have had their changes addressed promptly.	Closed	REC Code Manager Change team	• Engagement with the change process has increased with the average change duration times decreasing as outlined below. Across Service Users: • Average number of days taken to implement changes prior to R0167: **265** • Average number of days taken to implement changes post R0167: **248** • Improvement of **7%** Other Users

Actions	Status	Ownership	Observation
			• Average number prior to R0167: **161** • Average number post R0167: **159** • Improvement of **1%**

4 APPENDIX

4.1.1 ANALYSIS OF CHANGES

Change	Assurance Observations
R0094 Clarify obligations on gas meter exchanges that occur close to CoS.	• Issue with the availability of data where Metering Asset details may not be updated and therefore data is not available. • To measure the benefits, the Code Manager would require data around the rate of errors occurring prior to the implementation of R0094 compared to the rate of errors post-implementation. • However, given that the Code Manager cannot verify whether there is missing data, there remains difficulty in measuring the benefits here.
R0118 Review of Schedule 12 and processes to manage access to data	• This change sought to improve the speed of decisions relating to data access. • R0118 has effectively resolved a blockage where data requests were taken through a change proposal, which led to them being considered low priority as they were not taken through to PAB. Post implementation of R0118, 27 requests have now been taken to PAB which have addressed 74 enquiry service applications. • No cost was incurred as R0118 was a case of realigning responsibilities between RECCo, the Code Manager and the PAB, and simplifying the change route required. • Overall improved timeframe in the number of applications being received and approved demonstrating an overall more effective process.
R0167 Change Process Improvements following Code Manager review	• In the 9 months prior to implementation, the average number of change issues raised per month was 4.4, compared to post implementation where the average rate was 7.2. • In the 9 months prior to R0167, the average number of days taken for changes to be implemented from submission to implementation was 338. • In the 9 months post R0167, the average number of days taken for changes to be implemented was 316. • The Code Manager notes an overall improvement here

Change	Assurance Observations
R0025 Service Provider Performance Charges (DCC)	• The average rate of failures in the 6 months prior to implementation of R0025 was 19% whilst the average rate of failure post implementation was 17%. • The economic incentive scheme has proven to incentivise DCC to deliver improved performance although there remains scope for further improvement.
R0030 Erroneous Transfer Cancellations	• When analysing the data available to the Code Manager, we noted that the data was categorised into 'accepted' and 'rejected' – indicating that cancelled items were not included. • The Code Manager is therefore following up with ElectraLink to investigate further.
R0139 Alignment of Market Message D0225 'consent to share flag' to support PSR data sharing	• Post implementation of R0139, data is now able to be shared between DNOs and Water Companies although this is not yet automated. • The automated system is currently in the build and delivery phase and will operate via ElectraLink. • The benefits of this can therefore only be analysed once this flow is in place. • Additionally, Water companies should start to see an increase in PSR numbers as the sharing picks up.
R0147 Prepayment Levelisation	• Comparing pre-levelisation to post-levelisation, consumer benefit can be seen through the overall average costs incurred post-implementation. • There is an increase in the cap level for customers paying by direct debit and a decrease in the cap level for customers paying by Prepayment meters. • This was the intended goal of Ofgem in this change. • We recognise these benefits are those intended by policy change, and the REC change could have targeted benefits around optimising scheme operation.