RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination and publication.

REFERENCE	**RECPAB_26_0428_FORINFO01**
STATUS	**FOR INFORMATION**
PAGES	**5**

PAB ANNUAL REPORT STRUCTURE

WRITTEN BY:
ANTON MODEN, PERFORMANCE ASSURANCE LEAD, CODE MANAGER

REVIEWED BY:
WALTER CARLTON, LEAD PARTNER, CODE MANAGER

FOR INFORMATION 	The Code Manager sets out the proposed structure for the annual report, which is based on the interactive session held at the March PAB meeting.
APPENDICES 	• RECPAB_26_0324_07 - PAB Annual Report

1 SUMMARY

This paper captures the output of the interactive session held at PAB on 24 March, whereby members discussed risks identified within the REC Risk Register as well as a PAB self assessment. This self assessment discussed key strengths of the PAB; areas to enhance and where less involvement by PAB is required, and how these should play into the structure of the PAB Annual Report.

The retail risks to be included in the annual report are detailed in Appendix A, and the PAB self assessment is detailed in Appenidx B.

2 TIMING OF THE ANNUAL REPORT

The timing of the annual report is structured to be completed to cover the period ending 31 March. This enables time for the report to be presented to the Board, and any feedback incorporated prior to its publication in the early summer. The draft report will be prepared in time for it to be presented for decision at PAB on 02 June 2026 (the date change is due to the late May bank holiday).

RETAIL ENERGY CODE

APPENDIX A - RETAIL RISK AREAS FOR CONSIDERATION

The additions added by PAB Members to the previously shared proposed agenda (RECPAB_26_0324_07 - PAB Annual Report) are highlighted in red, whereas the key focus areas noted by PAB are in **bold**.

Risk I *Retail market systems are not effective or efficient.*

Based on feedback from PAB this will analyse :

1. The overall trends of SLA performance, which in the main have been positive (with a focus on Party performance).
2. The causes of failures, including those that were caused by changes, those relate to the underlying cloud infrastructure or other reasons.

Other information on underlying service performance including:

3. Sandbox or derogation requests.
4. Changes relevant to the service levels or resolving known performance issues.
5. The resolution of data issues, including two critical data issues, CSS and EES alignment as well as issues caused following non-payment of DCUSA charges by Tomato Energy.

There will also be comment on progress of improvements to data resolution processes presented to the PAB in year, as these involve critical activities by REC Services.

Risk II Retail market processes are not effective or efficient, including the incomplete or inaccurate updating of REC data.

This will include the following:

- Progress resolving the appointments of unqualified MEMs.
- Issues identified in relation to the lack of clarity of the annulments process, that were resolved, with key inputs from Ofgem.
- Regular requests for transfers of Sealing Pliers, that indicate a need for reform in this area.
- The implementation of meter technical details reconciliation into electricity, acknowledging progress has been delayed due to issues with the Portal.
- Effective management of MEM issues, including suspension of a MEM who were not ready to operate, and investigation into allegations of MEM misconduct, where following investigation the MEM was shown to be meeting the requirements of the Code.
- Progress on the data cleanse process, noting that this continues to be successful but highlighting the ongoing issues relating to gas metering data quality.
- Energy theft scheme improvements, which include incentivisation for investigations, as well as piloting the establishment of an Energy Theft Detection police unit.
- The administration of TDIS during the year, including the plans in place to transition this to a new technology platform.
- Ongoing improvements in the address management process, with improved analysis by DCC.
- An analysis of the Risk Driver data, including the split of compliance and consumer outcome measures.

Risk III: Customer interests and data are not protected in the operation of the REC.

In this section we will cover:

- Progress and the withdrawal of the voice of the consumer, which was previously reported to the Board by the PAB to better measure the consumer outcomes, as this has been superseded by the development of a Performance Assurance Strategy.
- Forward looking work, to establish assurance coverage over tariff interoperability.
- Work by the PAB to manage the impacts of two Supplier of Last Resort events.
- **Work to tackle the underperformance of Tomato Energy.**
- Future opportunities to further act to prioritise customer interests, particularly around switching objectives and the debt assignment protocol and further, how this could feed into the proposed outcome measurement framework.

Risk IV: The REC does not evolve to drive continuous improvements and efficiencies.

This will describe:

- The sandbox and derogation applications during the year, and what they indicate about the continuous innovation.
- **Work to assess the impacts of continuous improvements in the form of R0155 (Change of Occupier: Evidentiary Standards and Timescales).**
- The implementation of improved metering accreditation, following the effective implementation of R0152 (Revision to the Consolidated Metering Code of Practice (CoMCoP)).
- Improvements made to improve CoMCoP performance, as well as further suggested improvements to be made going forwards.
- The CRS improvement plan, and possible benefits we can associate with it.

Risk V Process Change through MHHS directly impacts REC systems and processes.

This will reflect upon:

- **The progress of the MHHS qualification approach jointly with the BSC. This should acknowledge the significant amount of work delivered by Parties to get ready, as well as the successful qualification of DNOs and early participants to enable MHHS go live.**
- The status of the qualification waves, at the time of the report.
- **The significance of the end of MHHS migration in early September, which is likely to be the most critical time for assurance activity since the Faster and More Reliable Switching go live in July 2022.**
- **The status of any key issues that are known at the time of the report relating to MHHS arrangements.**
- We will detail the MHHS readiness work completed, as well as issues that have arisen across the year (e.g. MTD challenges; data cleanse; outcome of the migration; data set changes).

RETAIL ENERGY CODE

APPENDIX B - PAB SELF ASSESMENT

During the meeting the PAB identified the following, which we will present as a section of the Annual Report.

Key Strengths of the PAB:

- Focuses on the most important areas at the time.
- Correct level of discussion (not too trivial, or too in depth).
- Has the appropriate balance between being constructive and firm.
- Breadth of expertise amongst Members.
- Quick to act and decisive when making decisions.
- Transparency has improved in recent years.

Areas to be enhanced:

- Members to be reviewed following the RECCo transition, including the role of DCC following the CRS Transfer decision.
- A clearer process for delegation and decisions (what gets decided and by whom).
- Providing more opportunities for PAB Members to contribute their views during meetings, to provide a more holistic view across discussions.
- More perspective on the state of the market on a day-to-day basis rather than only focusing on key events (e.g. insight/trends).

Effectiveness of coordination:

- Increase communication out to the industry.

Areas where PAB views the level of involvement is too great, and the Code Manager should take a greater role:

- Decisions related to EES/GES, which should be Code Manager decisions that PAB are notified of.
- Topics such as decisions for Sealing Pliers should be Code Manager decisions.

The PAB did not identify any areas where the PAB needed more granular involvement.