RETAIL ENERGY CODE

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ANNUAL RATING CRITERIA AND ENGAGEMENT

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FOR INFORMATION 	This paper provides information on Annual Rating Criteria.

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1 ANNUAL RATING CRITERIA

We have considered feedback from April PAB and RIG forum to develop our approach for the annual rating 2023-2024 with the aim of REC Parties viewing the annual rating as robust, appropriate and something in which they have inputted into.

The approved criteria are recommended to be applied to performance data from 01 April 2023 until 31 March 2024 to evaluate Energy Supplier's annual rating. In line with previous years, we agreed to assess over multiple categories, with the most significant performance category driving the overall rating. We agreed an updated set of criteria as follows:

Category	Criteria	No Material Weakness	Minor Weakness	Moderate Weakness	Severe Weakness
Performance Data	**Action Plan PAT issued**	-	□	Multiple action plans	-
	Management Assertion PAT Issued (except those relating to data cleanse)	-	-	□	-
	Specific Condition PAT Issued	-	-	-	□
	Referral to Ofgem	-	-	-	□
	Event of Default	-	-	-	□
Data Cleanse	**Management Assertion PAT relating to data cleanse**	-	□	-	-
Market Entry and Qualification	**Maintenance of Qualification (MoQ) for Calendar Year 2023 (Delay of 1 month or more)**	-	-	Late by more than 1 month but completed within 3 months of deadline	3 months or more late or not submitted
	CME Condition Breach	-	-	By up to 10% of CME cap	By more than 10% of CME cap
Energy Theft	**Energy Theft Detection Incentive Scheme target met**	60% +	40 – 60%	0 – 40%	0% and no engagement

Next Steps

1. Based on PAB approval, we will engage with the Contract Managers of Energy Suppliers and DNOs via the REC Weekly bulletin to highlight that their Annual Rating score will be available for them to view via their PA Dashboard.
2. We will allow Parties to provide feedback or ask queries around their Annual Rating score for a month.
3. The Code Manager will publish the Annual Rating unanonymised based on the communication plan previously approved by PAB.