



RECCo Strategy and Forward Work Plan 2022-2025

WWW.RETAILENERGYCODE.CO.UK

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This Strategy and Forward Work Plan can be read in conjunction with the RECCo budget document which can be found on our website.

www.retailenergycode.co.uk/financial-budget-2022-23/

It has been developed with stakeholders who provided comment on our draft Strategy and Forward Work Plan. A summary of the comments provided and how they have been incorporated into this document, can be found on our website.

www.retailenergycode.co.uk/recco-strategy-and-forward-workplan-2022-2025-consultation-response-summary/

RECCo is an independent, proactive, and forward-looking non-profit company, set up to enable the implementation of the REC in an effective and efficient way.



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CEO foreword

The retail energy market has undergone significant change over the last year. It has become clear that a strong consumer focus, balanced with sustainable and efficient market and business practices are integral to the success of a robust retail energy market. As we move into the new year, challenges remain particularly around affordability for customers and the viability of energy suppliers given the energy supply cap. There are some short-term actions which could help the market, and others which will lay foundations for efficiency in years to come which in part are dependent upon decisions made by Ofgem.

In this context, we need to strike the right balance between what is needed to address today's challenges, while preparing for what is needed in the future. Having observed the challenges, it is also important to keep a holistic focus on future opportunities in the market and the role it can play in helping consumers and the industry alike to achieve net zero. To this end, we need to ensure that decisions made now are future-proofed to the extent possible and support the effective functioning of the longer-term market. Many parts of the retail energy market are evolving including the introduction of new business models, supplier exits, and the implementation of the Central Switching Service (CSS) to support faster and more reliable switching. There are other wider energy market changes, like the Market-wide Half Hourly Settlement programme that will have an impact on the retail energy market and consumers, and for which we need to be prepared.

We understand this balance between current challenges versus the potential, and have concluded that our core values, and strategic aims required an update to better reflect this balance. As such, RECCo Board have amended these and intend to keep the Mission Statement under review. In particular, given the challenges of climate change that have long been known about but recently given fresh impetus by COP26 and the UK government's commitment to achieve emissions target reductions as soon as 2030, we consider that facilitating this transition should explicitly form part of our mission and strategic aims. We plan to update the status of this strategy and Forward Work Plan to a REC Category 3 document.

Since we were established in 2019, there have been many material changes to the Retail Energy Code, our own organisation, and the services we oversee. While significant progress has been made against the committed deliverables, we acknowledge there is still some way to go to deliver our mission and achieve our aims.

We are determined to learn from experience and stakeholder feedback, and use this to guide us. Part of this includes publishing consultations for stakeholder feedback, but also, an enduring collaborative approach with stakeholders. In the coming years, stakeholders can expect thought provoking workshops, thought piece-publications, direct engagements, and surveys to gauge and develop ideas.

We will build on the success of the establishment of the operational go-live of the REC and the Code Manager service on 1st September 2021. Here, we set out the actions we plan to take over the one to three years. We will prioritise the enduring workstreams for which we have existing obligations and/or are central to fulfilling our core purpose and aims. Whilst we acknowledge that mobilisation has thrown up some issues to be addressed, we aspire to service excellence both in what we do and in the REC services we manage on behalf of REC Parties.

As part of the Forward Work Plan, we have proposed several workstreams in addition to those being carried forward as enduring. It should be noted that each of these additional workstreams is either an intended improvement to existing

activities, or has been signalled by BEIS or Ofgem as an anticipated regulatory requirement that we can assist REC Parties in discharging. None are speculative.

We tested our assumptions around these workstreams with our stakeholders at an event on 15th December 2021, with feedback confirming that there were no obvious gaps in the **Forward Work Plan**¹. However, some Parties were unsure of the necessity for some of the proposed projects. We hope that this document provides further clarity of our rationale.

Although currently in their infancy, we intend to develop these proposals with stakeholders over the coming year, to understand each area in more detail with a view to assessing the impacts and identifying any potential role for RECCo.

Every action undertaken is underpinned by who we are: our Mission Statement, strategic aims, and values. Hence, any potential new workstream must support our mission and strategic aims, and we will undertake to produce and seek feedback on robust project initiation documents, where practical and relevant, to provide that transparency.

We will continue to serve all our stakeholder community, including consumers and their advocates, REC Parties, policy makers and regulators, and work in partnership with other code bodies and organisations to pursue robust whole of system solutions that deliver a better retail energy market.

A strong consumer focus, balanced with sustainability are integral to the success of a robust retail energy market.



Sid Cox
CEO

"We will continue to serve all our stakeholder community to pursue robust whole of system solutions that deliver a better retail energy market"

"Striking the right balance between current challenges and the potential for positive change"

¹ The slides and a recording of the strategy event are available on the RECCo website here:
<https://www.retailenergycode.co.uk/newsroom-and-events/reccos-stakeholder-strategy-workshop/>

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About RECCo

The Retail Energy Code Company (RECCo) was established to be the corporate vehicle for ensuring the proper, effective, and efficient implementation and ongoing management of the Retail Energy Code (the REC).

The REC simplifies and consolidates the retail governance that prior to 1 September 2021 were set out in various industry codes and agreements. All licensed energy suppliers, gas transporters, electricity distribution network operators, Metering Equipment Managers and the Data Communication Company (DCC) are required to accede to the REC.

While the REC currently contains the separate gas and electricity switching arrangements carried over from legacy codes, these will be replaced with the implementation of new switching arrangements in summer 2022. Those switching arrangements will include the Central Switching Service (CSS), which will be an addition to the 17 existing Service Providers that RECCo is now responsible for managing on behalf of industry, as summarised below:



RECCo is an independent, proactive, and forward-looking non-profit company. We competitively procured and now oversee the Code Management services to deliver the day-to-day operational elements of the REC. In addition, we will develop and implement strategies which deliver benefits to Parties, consumers and other stakeholders. Those benefits will include continuous service improvement as we strive to towards service excellence.

RECCo has been considering the part we play in the overall transition to net zero and sustainability. We consider that role to be consistent with our mission statement, but should be more explicitly integrated into our core values and strategic aims, and have therefore revised them accordingly. We will also keep the mission statement itself under review, ensuring it remains relevant and accurately expresses our vision and purpose, not least in light of the changing needs of the energy market and the anticipated government response to the Ofgem and BEIS consultation on Energy Code Reform.

In 2022/23 RECCo intends to remain focused on achieving the mission and strategic aims of:

- Consolidate, simplify and maintain retail governance arrangements;
- Develop and/or maintain effective, innovative and positive consumer-facing solutions;
- Ensure that all the services provided and/or funded by RECCo are cost-efficient and effective;
- Support the transition to a decarbonised energy industry;
- Be independent thought leaders on retail energy issues.

The workstreams and deliverables RECCo commit to achieve, flow from and will make a direct contribution to our strategic aims. How these are delivered is determined by our values and principles which underpin our ways of working and guide decision-making to allow RECCo to achieve its mission and strategic aims. Throughout 2022/23 and beyond, we intend to ensure that we are suitably resourced and have the right skill set needed to meet our future deliverables. This is vital to achieve our core service and ultimately our mission. This is discussed further under the RECCo Development section of this document.

RECCo is an independent, proactive and forward-looking non-profit company.

Excellence in core delivery is vital to all other actions RECCo commit to delivering.

About RECCo

Who we are



Mission Statement

“We will facilitate the efficient and effective running of the retail energy market, including its systems and processes. We’ll do this through promoting innovation, competition and delivering positive customer outcomes”.



Strategic aims

- Consolidate, simplify and maintain retail governance arrangements;
- Develop and/or maintain effective, innovative and positive consumer-facing solutions;
- Ensure that all the services provided and/or funded by RECCo are cost-efficient and effective;
- Support the transition to a decarbonised energy industry;
- Be independent thought leaders on retail energy issues.



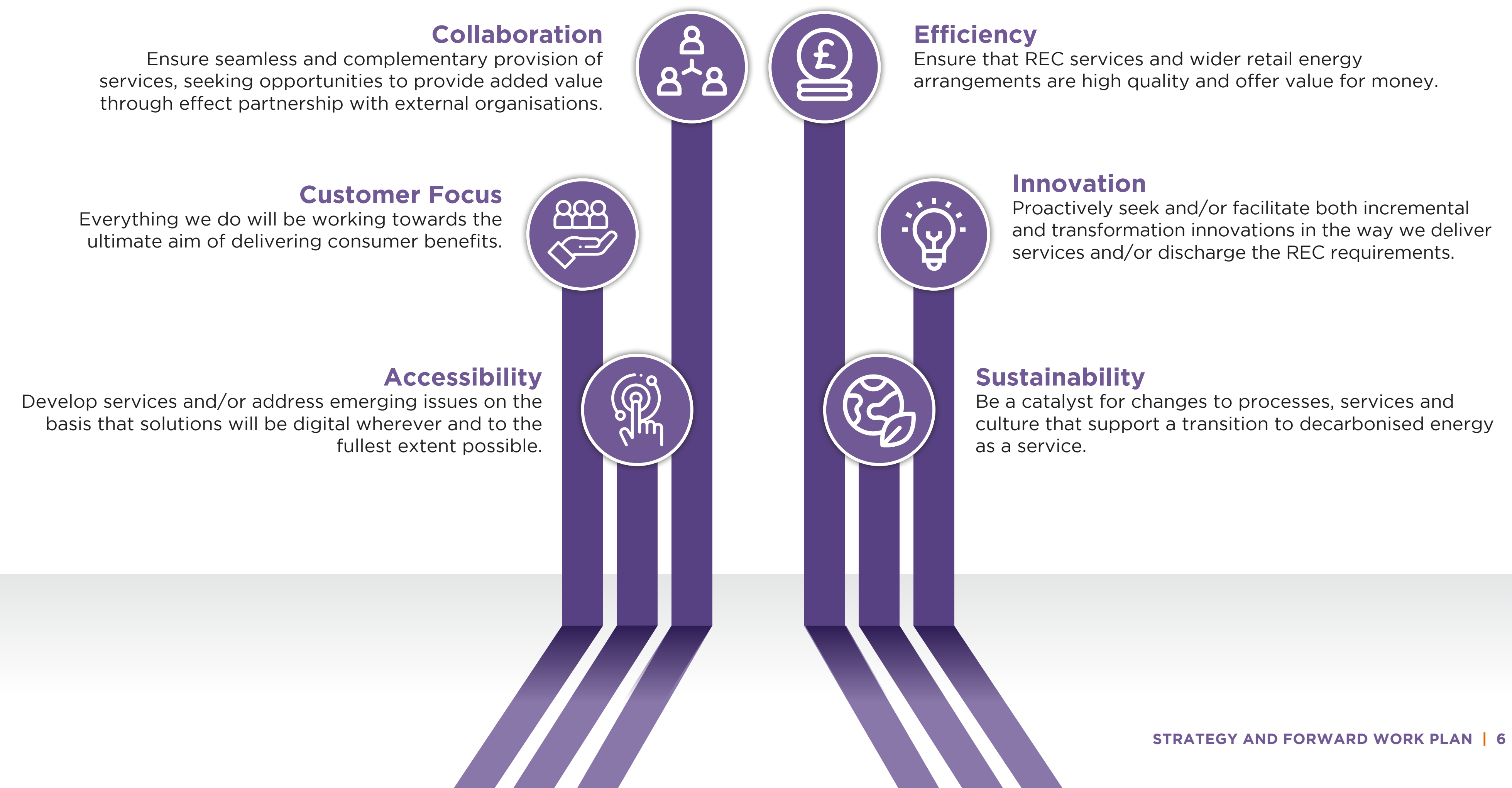
Our values and principles

- | | | |
|-----------------|------------------|------------------|
| • Efficiency | • Innovation | • Collaboration |
| • Accessibility | • Customer Focus | • Sustainability |

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About RECCo

Like the rest of industry, we have been considering the part we play in the overall transition to net zero and sustainability. As such, we have renamed the Digitalisation value to Accessibility, which encompasses the open data principle and digitisation.



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Looking back

Assessment against deliverables

In our 2021/22 budget we set out six workstreams which between them contained 11 key strategic deliverables for this year. While we still have around one quarter of the current year to go, the table below summarises the extent to which we have met those deliverables and/or its projected status by the financial year end.

Workstream	Deliverable	Assessment
Retail Code Consolidation	1. Complete mobilisation of code manager services to deliver ‘One Code Manager’	<div><div>✓</div>Mobilisation completed on time with core services and functions in place to support Retail Code Consolidation go-live on 1st September 2021.</div> <div><div>✓</div>We recognise that not all requirements were delivered on time. These have been captured in remediation plans which close out in February 2022. RECCo has managed its service providers to ensure that any additional costs associated with the project delays will not be borne by industry parties.</div> <div><div>✓</div>RECCo’s primary operational focus continues to be on ensuring high quality delivery of the Code Manager services.</div>
	2. Complete transition of existing industry services	<div><div>✓</div>RECCo successfully transitioned the SPAA, MRA, SMICoP, GDAA and MOCOPA services into the REC for RCC go-live on 1st September 2021.</div> <div><div>✓</div>There was no material impact on industry parties as a result of this activity.</div> <div><div>✓</div>We put in place arrangements with service providers, such as Crimestoppers and C&C Group to provide the services required under RECV2.</div> <div><div>✓</div>We are continuing to work to establish positive relationships with our new service providers whilst also applying a robust service and contract management framework.</div>
	3. Complete REC Development and RECCo Strategies	<div><div>✓</div>We successfully redrafted REC v2.</div> <div><div>✓</div>We established the two digital foundations of the REC service: the Portal and the EMAR.</div>
RECCo operations	4. Create a RECCo infrastructure to act as “intelligent customer” on behalf of industry	<div><div>✓</div>We established the RECCo organisation and staffed it with skilled experts capable of managing our service and service providers.</div> <div><div>✓</div>We established a resource model such that each service provider or function has a service manager lead to provide expertise.</div> <div><div>✓</div>We assigned resource to reflect scope and quantum for each service such that smaller functions like metering are grouped together under a single service lead, and larger functions like Switching Operator are managed by a service lead and support analysts.</div>
	5. Establish an enduring and independent RECCo Board	<div><div>✓</div>We have currently appointed four independent Non-Executive Directors to the RECCo Board and expect to transition to an enduring independent Board by the start of the next Financial Year.</div>
Theft Reduction	6. Develop vision, strategy and robust business case for theft reduction services	<div><div>✓</div>In 2021, we commissioned a report which identified several options for the potential replacement of the former TRAS service. That report, which is available on the RECCo website, suggested that some of the options could cost circa £4m p.a. to operate. However we currently have no robust estimate of energy theft on which to base a business case proportionate to that sort of expenditure. We therefore brought forward a separate piece of work to develop a Theft Estimation Methodology. That work is currently being undertaken by Capgemini and should be delivered before the end of the FY, subject to us gaining access to necessary data.</div>

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Looking back

Assessment against deliverables

Workstream	Deliverable	Assessment
Metering consolidation and assurance	7. Consolidate metering codes	✓ Subsequent to the publication of the 2021/22 budget, Ofgem confirmed its decision to migrate certain metering functions from the BSC to the REC. However there remained an outstanding issue over the long-term home of the BSC metering codes of practice. Both RECCo and Elexon have recently canvassed stakeholder views on this and we should be able to confirm the position shortly. Together with other metering related work such as Performance Assurance, we will then be in a better position to identify the revisions and future-proofing that may be required for the metering Code(s) of Practice (CoPs), beyond simply consolidating the prevailing versions of those documents. We will shortly commission a report on appropriate revisions to the CoPs by a Subject Matter Expert, which will in turn inform the requirements of a future Metering Equipment Manager audit scheme.
	8. Commence procurement of a single metering code auditor	✓ Deprioritised for 2021/22. A short-term MOCOP contract will be developed in early 2022 in order to align the electricity and gas contract durations in readiness for a new dual-fuel service to commence early 2023. The service commencement date is therefore consistent with the original timetable we set out last year.
Stakeholder Engagement	9. Develop and implement a stakeholder engagement plan	✓ The REC stakeholder engagement plan was delivered and is available on the REC Portal here . ✓ We have engaged directly with stakeholders through one to one meetings as well as industry events such as the Strategy and Theft Reduction Workshops, regular surveys and newsletters, and other publication. We will work with the Code Manager to further evolve the stakeholder engagement plan so that there is a clear and holistic approach to our and communication activities, based on a commitment to understand the needs, wants, priorities and issues of all stakeholders.
Switching Arrangement	10. Enhance RECCo’s Switching Programme engagement and deliver RECCo Party Under Integration activities	✓ We are continuing to engage at a strategic and operational level with the Switching Programme so that it can deliver its requirements and plan for the successful transition of governance to enduring operation. ✓ We are drafting REC V3 in line with a plan agreed with Ofgem. ✓ We are working with the REC Code Manager to ensure that its processes and procedures are in place for REC V3/CSS go-live. ✓ As the Party Under Integration (PUI), for the EES we (working together with our service provider, C&C Group) are on track to meet the Switching Programme requirements for this service. We will contract with Xoserve to deliver the equivalent gas service, the GES. The GES will be delivered as a REC service from CSS go-live.
	11. Support Ofgem delivery of Programme Coordination and Licensed Party Assurance activities	✓ We provided and will continue to provide support to the Switching Programme, through both the direct provision of Subject Matter Expertise, and by funding the Programme Coordinator and Licensed Party Assurance activities.

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Looking forward

RECCo's strategy and approach

RECCo's strategy in approaching the coming three years and beyond is based on RECCo's mission statement of facilitating the efficient and effective running of the retail energy market, including its systems and processes. To achieve our mission, our strategy is to come from a position of knowledge and understanding and take a holistic approach. We must have a deep understanding of the retail energy market landscape, and be prepared for the future, anticipating, and supporting market change in a holistic manner.

We will gain insight on the retail energy market and wider energy market by proactively gaining insight from all perspectives and stakeholders, including consumers and their advocates, suppliers, network operators, policy makers, regulators and other code bodies. We will allow the insight gained from our stakeholder community to support RECCo decision-making and prioritisation.

We note that the retail energy market could be affected by a variety of possible factors in the coming years, which may affect both supply and demand ranging from network evolution, the introduction of hydrogen in gas networks to new business models and the integration of electric vehicles and the proliferation of consumer storage. Some may not reach impact within three years, but their effects should be anticipated. RECCo should be prepared for the integration of such changes by keeping up to date and monitoring the retail energy market impacts. Other factors may create consequential or indirect effects. These too should be prepared for. Our approach to developing the proposed workstreams and therefore budget, has been based on these factors, acknowledging that the list of potential impacts is not exhaustive, yet prioritisation is needed.

Plans and priorities

RECCo have identified key areas which are likely to require some consideration. These are split into:



Enduring workstreams



New workstreams

Enduring workstreams detail those non-discretionary areas which RECCo is obliged to undertake to fulfil its core purpose and aims, with RECCo service excellence including core service delivery, being the main priority. The new workstreams are those likely to require consideration either due to time to impact or their consequential effects.

RECCo aims to drive simplicity, better service and innovation in the retail energy market to drive positive consumer outcomes and make the market work more effectively.

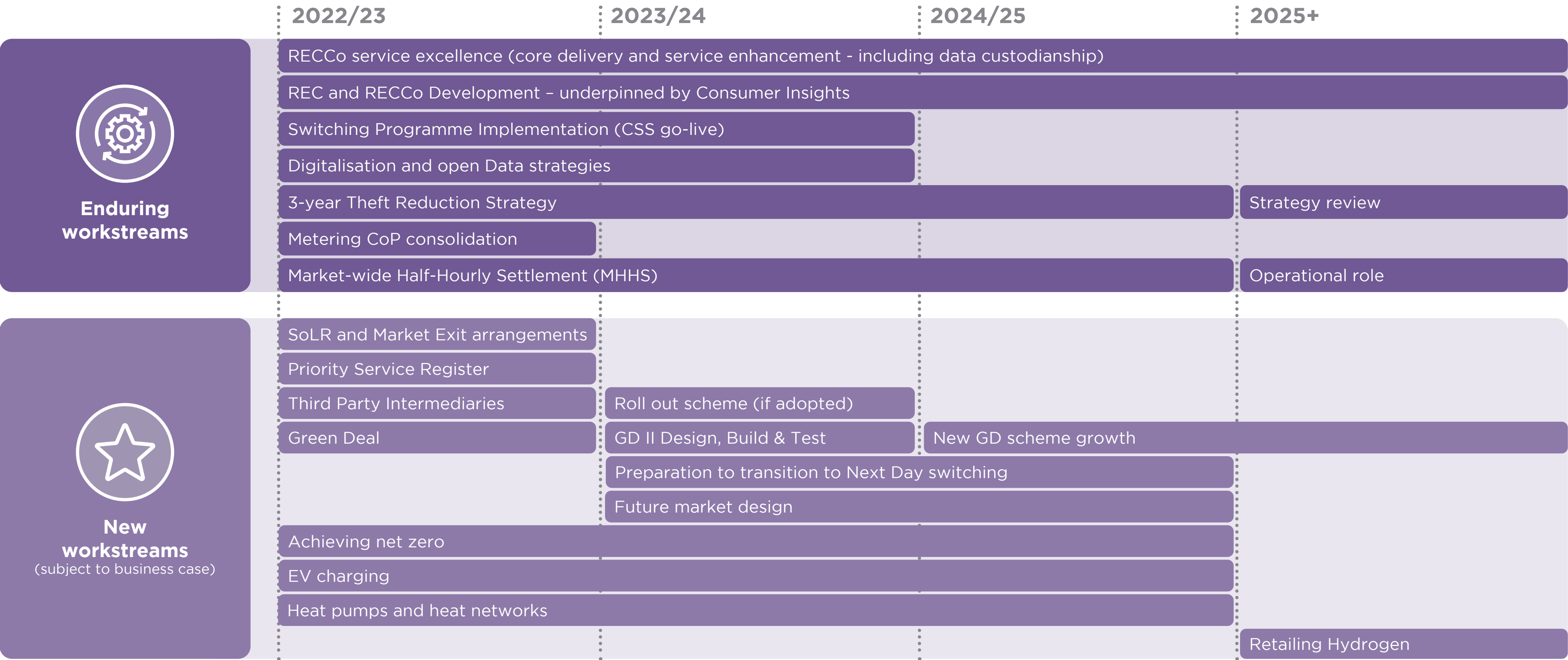
Our strategy is to come from a position of knowledge and understanding and take a holistic approach.

Looking forward

Plans and priorities

The timeline below provides an overview of the workstreams which either:

- Are a continuation of 2020’s Strategic Forward Work Plan and are budgeted for in this document - ‘**enduring workstreams**’; or
- Have not yet commenced and budget is proposed in this document for project initiation - ‘**new workstreams**’.



Note: ‘workstream’ terminology is used for the strategy and FWP sections, but can be read as ‘project’ for the purposes of budgeting

Looking forward

Key priorities over 2022/23

There are six priority workstreams for RECCo over 2022/23. These enduring workstreams are vital to the core delivery of RECCo’s current and intended Mission Statement and values. Each workstream has discrete aims and deliverables and is aligned to the budget section. The following section describes each of these enduring workstreams, alongside RECCo’s role and key deliverables, against the strategic aim.



RECCo service excellence (core delivery and service enhancement – including data custodianship)

Many of the REC’s existing arrangements are new, and with the introduction of CSS, many more will be new for the retail energy market. It is important that these arrangements and delivery of the core service is maintained at a high quality to support the effective and efficient operation of the retail energy market.

Continuous improvement should ensure that the services remain fit for purpose, meeting future needs and demands.

RECCo strives to maintain an agile approach to continuous improvement and therefore identification and progression of change.

Stakeholder feedback will be used to inform and shape decision making and prioritisation of core service area improvements which require enhancement.

Data will also be used to critically assess the core service delivery, using the underpinning approach that data should be leveraged to better meet strategic aims, including the aim of REC service excellence.

This agile approach will be deployed to deliver REC service excellence, whether in-house or outsourced, when identifying service enhancements and progressing change whether working with service providers to make incremental improvements or in making the business case and launching transformational change through specific project through the annual forward work planning process.

General stakeholder feedback suggests that REC service excellence (core service delivery and service enhancement) should be a key workstream for 2022/23 as it is in the best interests of the retail energy market, consumers, REC Parties and other market participants.

The key outcomes we want to achieve:

- Provide a best-in-class governance model, that is flexible, dynamic, and innovative;
- Provide market participants with an accessible set of rules that are easy to understand and comply with; and
- Ensure value-for-money services are provided to Parties and other REC Users and stakeholders.



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Looking forward

Key priorities over 2022/23



REC and RECCo Development

In order to achieve the strategic aims and the content of the forward work plan, it is important that the REC and RECCo is further developed.

From building the REC and RECCo to facilitate the robust approach to digitalisation and data, to ensuring RECCo is sufficiently resourced with the right skill set to meet deliverables, RECCo must continue to evolve to meet requirements.

Guided by our core values, we will strive to ensure that our decision-making and prioritisation as RECCo develops, is ultimately aimed at delivering our strategic aims and mission.

This will include focusing on areas such as REC service value for money through the lens of efficiency and innovation, and developing a way of focusing on positive consumer outcomes by employing a consistent approach.

There are other topic areas which are yet to be fully integrated into the REC such as the switching arrangements which shall feature in REC V3. RECCo must develop in line with these changes and ensure that it is capable of successfully leading and coordinating REC V3 implementation on behalf of industry.

Whilst the commercial and contractual arrangements underpinning some services have been, and may continue to be, novated to RECCo as part of the service itself being migrated to the governance of the REC, we will where possible seek to ensure that our services are procure through competition tender, with RECCo acting as an intelligent customer on behalf of REC parties, and subsequently managing those service deliver partners with appropriate rigour.

We are and will continue to be assisted with this through a robust performance assurance framework, which we are also subject to, as appropriate.

While we will look to consolidate commercial arrangements where efficient to do so, it is likely that in the long term, our current range of seventeen different service providers may expand and the number of services governed by the REC expands.

It will be important to retain and build upon our existing skilled and knowledgeable team to ensure we continue to safeguard REC Parties’ and wider stakeholders’ interests, and through training and/or recruitment address any competency or knowledge gaps as they arise.

The key outcomes we want to achieve:

- Adopt a best-in-class approach to all Service Providers;
- Maintain close working relationships with all Service Providers to deliver the REC vision;
- Review Service Providers performance at regular intervals; and
- Ensure RECCo is recognised as having a great working environment, with expert and highly motivated employees.



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Looking forward

Key priorities over 2022/23



REC and RECCo Development

Consumer Insights

The REC was developed with a clear consumer focus. As such, this is one of our core values: integral to all that we do. It is for this reason that we have appointed onto the RECCo Board an independent non-executive director with specialist knowledge and experience of consumer needs.

The development of the REC was intended to directly address the adverse effects on competition arising from the industry code arrangements, as identified by Ofgem and the Competition Markets Authority. For instance, it was difficult for new entrants and third parties to engage in the code processes and progress change to the prevailing arrangements. In addressing those issues, there was a clear benefit to consumers delivered by the REC. As those structural issues previously identified by regulatory bodies are addressed, we must develop our own understanding of consumer needs in order to ensure that there remains a clear consumer-focused cause and effect relationship to what we do.

Many REC Parties undertake their own work on customer insights, and this will remain an important source of information for us. However, we also need to be mindful that third party research may have a degree of segmentation and/or be focused on a particular service or product, while RECCo must aim to understand the needs of consumers as a whole, and facilitate improvement in any and all areas of the retail sector.

We will therefore establish a framework to develop and continually revise consumer insights. This may include the commissioning of targeted original research where necessary. While this will primarily be to inform the delivery of our own strategic aims, we will also periodically publish and update these consumer insights to help inform our stakeholders’ actions. Some of the building blocks for this framework are already in place.

For instance, we will continue to work with the Code Manager consumer advocate, consumer representative organisations and other stakeholders to establish and publish a comprehensive consumer-focused retail energy issues log. We will take ownership and progress the resolution of those issues where it is appropriate for RECCo and the REC arrangements to do so, or work collaboratively to identify and assign alternative ownership where other organisations may be better placed.

Those issues for which RECCo retains ownership will inform the development of tangible and evidence-based ‘user stories’, highlighting where the REC and REC Services need to improve. We will again work with consumer representatives, REC Parties and other stakeholders to ensure that the initial backlog of such user stories is impact assessed and prioritised appropriately, facilitating a more agile approach to REC development.

The key outcomes we want to achieve:

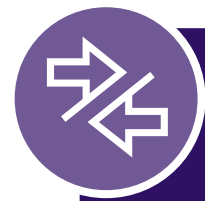
- Establish a comprehensive consumer insights framework, around which we hope to build an evidence-based consensus on a REC development roadmap.
- Ensure the systems and processes governed by the REC serve and support retail energy customers and consumers new and in future;
- Facilitate improvements to enhance consumer experience of the retail energy market;
- Ensure RECCo interventions have beneficial impacts on consumers.



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Looking forward

Key priorities over 2022/23



Switching Programme Implementation (Central Switching Service go-live)

The Central Switching Service (CSS) will have the capability to reduce the time it takes consumers to switch energy supplier from around 21 days to 5 working days, though it is expected that this will in due course be reduced further, to the next working day.

By using better data and streamlined processes, the service will also have the capability of reducing the number of switching failures.

Overall, this programme of work aims to build trust in the industry and support a robust competitive retail energy market.

Further benefits through competitive pressures should then come about, like savings on energy bills and improvements in customer service standards.

CSS go-live is planned for summer 2022, by which point, the relevant switching schedules, infrastructure and processes must be fully integrated into the REC, where they will subsequently be governed.

RECCo is providing the version 3.0 legal text to deliver these changes, though they will be given effect via the Ofgem Significant Code Review process rather than as part of a REC Change Proposal.

The key deliverable for the Switching Programme Implementation workstream, is the successful implementation of CSS go-live. Other deliverables may include any future Change Proposals that may be identified and progressed as part of the work to drive best practice.



The key outcomes we want to achieve:

We will ensure that any activities required to be undertaken by RECCo or its Service Providers that are on the critical path towards CSS go-live are delivered on time and to required standards in accordance with the Switching Programme plan.



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Looking forward

Key priorities over 2022/23



Digitalisation and open Data strategies

All of the services currently, or anticipated to be, provided under the REC have some element of data processing requirements, whether commercially sensitive data or personal data. In order to ensure that RECCo is able to fully discharge its obligations in respect of these services and maintain compliance with prevailing data protection legislation, we propose to separate the operation and transformation functions, with the latter team broadening its focus on all digitalisation, information and technology issues including a dedicated data protection officer. That team will also lead on the further development of our approach to digitalisation. We have already strengthened our capacity in this area at the board level, having appointed an independent non-executive director with a strong track-record of digital transformation in finance, a field from which we consider there are a lot of lessons for the energy sector.

Digitalisation Strategy

Although we developed a digitalisation strategy as part of the mobilisation of the Code Manager services, this focused primarily on the development of the REC Portal and the Energy Market Architecture Repository (EMAR) as a digital twin of the REC.

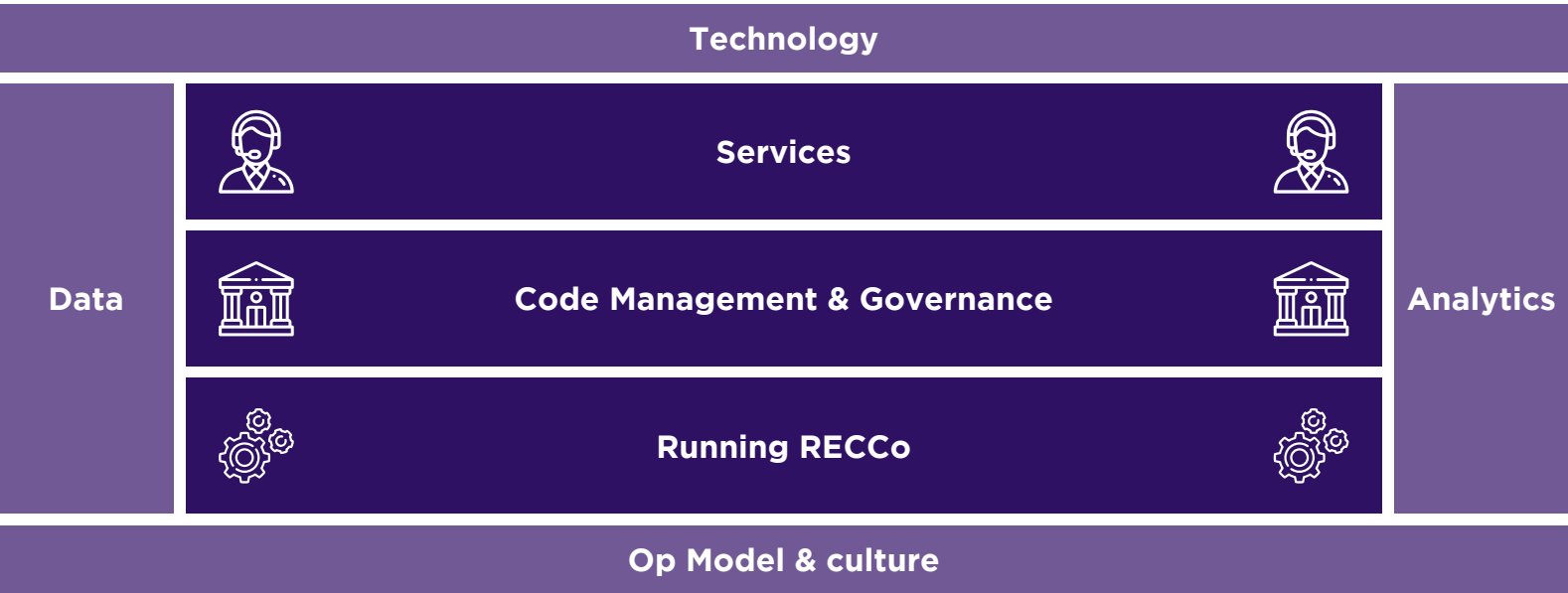
There are remedial actions required to address issues with both of these tools, as highlighted in early user feedback, we aim to further develop the digitalisation strategy as part of our wider push to continuously improve upon and future-proof service delivery.

The illustration below seeks to capture the component parts of such a strategy. However, as touched upon below, our approach to data may extend beyond the scope of the REC in the context of: it may be intended to proactively drive transformational change, rather than simply incremental improvements to existing arrangements.

However, we recognise that running RECCo and code management generally has a relatively limited significance for parties. We consider that there may be much greater opportunity to add value and address some of the issues in the market arrangements by for instance, identifying the

pinch points which require parties to employ exceptions processes, which are often manually intensive and therefore expensive.

By working with REC Parties and wider stakeholders to articulate user stories as referenced in the consumer insights section above, we will develop a clear and agile framework for the development of the REC and associated REC Services.



RECCo outcomes for digitalisation are:

- ▶ Delivering our services in a digital manner, that simplifies interactions for users and enables us to efficiently respond to requests and change.
- ▶ Providing digital platforms and processes that lead to frictionless user journeys of navigating, analysing and oversighting the code.
- ▶ “Digital by Design” in building the RECCo organisation from online collaboration, through to contract and expense management.

Looking forward

Key priorities over 2022/23



Digitalisation and Data Strategies

Open data

The development of our services will have regard to general industry principles. Although we are not directly captured by the obligations placed upon network licensees to comply with Ofgem’s recently revised **Data Best Practice Guidance**², we will do so where relevant.

For instance, whereas applicants for access to the data held on the enquiry services have traditionally been limited to the data items for which it has express permission, we will pursue a change that embraces the principles of the data being presumed to be open for all people to use, unless there is specific evidence to show that it should be withheld or its availability reduced. All such changes will be informed by data protection subject matter experts and subject to a data protection impact assessments, as appropriate.

However, access is not the only issue that can limit the usefulness and value of data.

As noted in the Energy Data Task Force report, issues may also arise owing to gaps or inconsistencies in the data, or simply poor discoverability.

As part of our service improvement facilitated by the data strategy, we will take steps to improve upon the cataloguing of data so that all interested parties have a clearer understanding of what industry data is held, and in what format.

This will start with improvements to the visibility and useability of the data controlled by RECCo, but by working in collaboration with partners across the industry we will aim to produce a holistic catalogue and supporting set of data standards.

We therefore consider that the data strategy might suitably be considered related but separate to and broader in scope than our REC focused digitalisation strategy.

Data Quality

The REC performance assurance framework will have a key role in maintaining standards of data quality. However, in some cases the quality of data may be so poor that it cannot simply be maintained or incrementally improved through normal performance assurance techniques. We recognise that in some cases no individual party may be able to take the necessary actions to improve the data, with the assistance or peers or other third parties being required. In such cases we consider that RECCo will be able to play a facilitating role.

For instance, we have asked the Code Manager to provide support to the Data Working Group of the Switching Programme, which has focused on improving the quality of specific data items such as related Meter Point Administration Numbers (MPANs) and converting plots to postal addresses. Such initiatives have occurred previously, though these tend to be one-off events or in facilitation of a particular industry

programme, with standards again degrading once the spotlight moves on. While these are expected to fall within scope of performance assurance post-CSS implementation, there may be a requirement for additional targeted support. Through combining the ability to undertake one-off exercises with the ongoing monitoring and assurance enabled by the REC performance assurance regime, we will be well placed to initially drive and then maintain improved data standards.

Another example is that the PAB will in due course review the effectiveness of Prepayment Meter Infrastructure Provider (PPMIP) data sets being reconciled against those of the Central Data Service Provider (CDSP), as required by the Unbilled Energy Schedule. Should such reconciliations be proven to be effective we will explore the potential benefits and cost-efficiency of this and other such exercises being repeated periodically.



The key outcomes we want to achieve:

Develop a digitalisation and data strategy that will be implemented over the three years of this Forward Work Plan to deliver data and service improvements consistent with the insights and user stories developed collaboratively with REC parties and other stakeholders.

² See: https://www.ofgem.gov.uk/sites/default/files/2021-11/Data_Best_Practice_Guidance_v1.pdf

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Key priorities over 2022/23



3-year Theft Reduction Strategy

We are required by the REC to produce a Theft Reduction Strategy, aimed at tackling a problem that is thought to cost consumers in excess of £400m per annum. However, that figure is itself based on estimates and assumptions made by Ofgem several years ago.

The 2021 Allocation of Unidentified Gas (AUG) statement estimates the volume of gas theft to now be around **7,730 Gwh per annum**.³ That is the equivalent to medium consumption for over 600,000 households. While those estimates do not directly feed into consumers' bills, they do form the basis on which the AUG determines how much of daily unidentified gas use should be allocated to the various consumer categories, with non-daily metered smaller consumers typically picking up a greater share than larger consumers. The currently formulaic rather than data-driven approach to determining estimated volumes of theft and other forms of unidentified consumption such as shrinkage (which includes leaks of gas from the network) may mean that these costs are not being allocated as accurately they could be. Providing a more robust estimate of energy theft will not only help target efforts to reduce the problem, but facilitate better cost-allocation.

While there is no direct equivalent of the AUG in electricity, the original Ofgem Impact Assessments considered theft in electricity to be as great if not a greater problem as it is in gas, and it is similarly hard to distinguish theft from other technical and non-technical losses. A key part of our strategy will therefore be to develop a robust methodology for a revised and reproducible estimate of the scale of theft. This will ensure that any initiatives we undertake to mitigate it are proportionate, and that we are able to measure whether we are having any success. We have appointed Capgemini to produce this theft estimation methodology for us.



The key outcomes we want to achieve:

We will develop and publish a robust Theft Estimation Methodology (TEM) in order to better inform all related policy decisions, including the development of theft mitigation initiatives and services, then measure our success in delivering them.

Much of the focus of the previous forward work plan was on the replacement of the Theft Risk Assessment Service (TRAS), which remains a requirement of the REC, subject to a robust business plan. The TEM will be an important element of any such plan. In Spring 2021 we commissioned an independent 'discovery phase' report, looking at the options that might be available to us.

The report set out a spectrum of five options (which could each be further sub-divided) that may be available to RECCo based on the desired degree of service and technology transformation. The anticipated cost of the options ranged from <£1m to >£4m per annum, the latter of which was comparable with the cost of the former TRAS service.

Our initial plan had been to further progress the requirements gathering and business case for a narrower set of options for a service to replace the former TRAS, while in parallel developing the TEM in order to inform decisions later in the process. However, given the persisting doubt about the ability of any of the proposed solutions to offer demonstrable value for money without a clearer understanding of the current scale and nature of the problem, we decided to develop the TEM ahead of any further commitment to replace the TRAS.

We will also focus more heavily on the efficacy of existing theft related services, such as the energy theft tip-off service (ETTOS) and considering the relationship between theft activities and the performance assurance framework.

We would expect to apply the TEM periodically, in order to assess whether our interventions have had an impact. This will be an important feedback loop allowing the services to further develop and evolve, but ultimately demonstrate whether they are providing value for money or otherwise meeting the established criteria for success. This would address some of the lessons to be learnt from the form TRAS.

³ See: <https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2021-03/Final%20AUG%20Statement%20v1.4.pdf>

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Key priorities over 2022/23



3-year Theft Reduction Strategy

We will work with Crimestoppers and other stakeholders to increase consumer awareness of the risks associated with energy theft, and of the support that is available to those who may be struggling to pay their bills.

RECCo now manages the contract with Crimestoppers for provision of the Energy Theft Tip-off Service (ETTOS).

The service allows members of the public to make anonymous reports of suspected energy theft which are then assessed by Crimestoppers before being passed to industry parties for investigation. Since contract award in 2016, the ETTOS has played a significant and cost-effective role in helping industry to achieve its theft detection targets. To date, Crimestoppers has sent almost 27,000 reports to Energy Suppliers, Distribution Network Operators, and Gas Transporters.

Public awareness of the tip-off line is promoted through the Stay Energy Safe brand, which highlights the inherent safety risks of tampering with gas or electricity meters or supplies, as well as the fact that it is a crime. Alongside the tip-off line itself there is a public website with general information as well as details on how to report a suspected theft: **www.stayenergysafe.co.uk**.

As part of the contract, RECCo may approve a marketing budget to further promote awareness of the Stay Energy Safe brand and tip-off line. Although the success of these campaigns can be measured by the number of additional calls that are made, we consider that there is a greater, albeit currently intangible benefit, in terms of greater awareness of the risks increasing the deterrent.

As we are developing a three-year Theft Reduction Strategy we consider that there will be benefit to considering the approach to marketing over a similar period, potentially trialling different forms of messaging in different regions and assessing the results, etc. We also want to address those consumers who may be tempted to steal energy because of financial difficulties, and in addition to highlighting the risks, accompany the messages with details of support that may be available to them through debt advisory services, or direct financial support.

We will improve incentives to prevent, detect, investigate and accurately report energy theft.

The Energy Theft Detection Incentive Schemes are now administrated under the REC, having migrated from the SPAA and DCUSA with effect 1 April 2021.

The first reports to the Code Manager via the REC portal were submitted November 2021. While it was appropriate for the schemes to be migrated on an 'as is' basis, we consider that they can be further developed in order to sharpen the incentives on suppliers to tackle theft in all consumer segments. Some refinement may be possible ahead of the 2022/23 scheme year, subject to the progression of a suitable REC Change Proposal, but we will also consider the incentives around theft activities and reporting more holistically.

For instance, we are aware that there is currently a perverse incentive upon suppliers to report estimated volumes of stolen energy into settlements processes as they will then be liable for the wholesale cost of that energy, even if there is little or no prospect of them recovering those costs from the consumer.

We consider that these and other perverse or misaligned incentives should be identified and we will work with REC Parties and partners in other codes to complete a thorough review, which may lead to code modifications as appropriate.

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Metering Code of Practice consolidation

Prior to Retail Code Consolidation, metering agents were subject to several different Codes of Practice (CoPs) and associated accreditation and audit regimes.

The governance associated with these CoPs was simplified and consolidated under the REC, with a new term of Metering Equipment Manager applying to accredited organisations. However, this is not a one-size-fits all approach, as organisations may still opt to specialise in particular aspects of meter installation and/or work in partnership with those who are additionally Qualified under the Market Entry processes which replaced qualification under the BSC.

Metering Equipment Managers are now integral to the operation of the REC, with a Metering Expert Panel being established for Subject Matter Experts to discuss, advise on or determine relevant metering issues, and a dedicated seat for a Metering Equipment Manager on the Performance Assurance Board.

It is expected that by taking a more holistic view of the supply chain, and in particular the custodianship of data through the life cycle of the supply point, the Performance Assurance Board will be able to better mitigate risk to the effective operation of retail processes and address the root cause of issues that may arise.

We recognise that metering activity is an important source of data for a range of processes governed under other codes, i.e. it drives settlement accuracy under both the BSC and UNC, and at least in terms of smart metering is core to the operation of the SEC.

Consistent with our values, we will continue to seek ways to collaborate with the administrators of those codes to deliver a joined-up cross-code approach to metering governance, which will provide more effective whole-of-system assurance and also reduce cost and administrative burden upon parties.

The current schemes are delivered through different contracts with differing expiry dates.

We will shortly procure a scheme auditor to deliver the electricity Code of Practice (MOCOP) requirements during 2022.

This short term arrangement will be on an as is basis, consistent with the technical requirements which migrated to the REC unaltered from the former MOCOPA.

We will also engage with the Metering Equipment Managers, other metering stakeholders and the wider market to identify any opportunities to further consolidate and simplify the accreditation regime commencing early 2023.

This review should also, as far as practicable, take into account any relevant technical developments or new requirements that may emerge from industry programmes or government policy.

It is expected that by taking a more holistic view of the supply chain, and in particular the custodianship of data through the life cycle of the supply point, the Performance Assurance Board will be able to better mitigate risk to the effective operation of retail processes and address the root cause of issue that may arise.



The key outcomes we want to achieve:

We will simplify and consolidate the Metering Codes of Practice to ensure that the burden of compliance is proportionate and relevant to the needs of the market and energy consumers.

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Market-wide Half-Hourly Settlement (MHHS)

Market-wide Half Hourly Settlement (MHHS) is designed as an enabler of the move to a smarter, more flexible energy system. MHHS settles site-specific energy consumption using half hourly meter readings across the industry.

This brings various benefits including:

- MHHS will make settlement more accurate and timely.
- Opportunities for new products and services which make use of the half hourly data. For example, using MHHS data to offer energy management solutions or Time-of-Use tariffs (which charge cheaper rates at certain low-peak times, and higher rates at popular times).
- Through the new products and services, consumers could be encouraged to change their energy consumption behaviour, reducing the peaks in demand that may otherwise require further investment in generation and system capacity and avoiding the cost of that investment flowing through into consumers bills.
- Greater flexibility, supported by appropriate incentives through innovative products and service offers linked to dynamic price-signals, will better enable response from both the supply-side and the demand-side. This will mitigate some of the issues of intermittent renewable generation such as wind or solar, and together with the greater participation of small-scale generation and/or storage such as EVs and domestic battery storage, will further reduce the dependency on traditional carbon-based generation for either baseload or peak generation capacity.

Market-wide Half Hourly Settlement will make settlement more accurate and timely.



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Key priorities over 2022/23



Market-wide Half-Hourly Settlement (MHHS)

Ofgem published its Final Business Case and accompanying decision on **MHHS in April 2021⁴**, which showed change to central settlement systems as being completed September 2024, ahead of migration of MPANs to be completed around a year later.

While the changes to central settlement systems are appropriately a matter for the Balancing and Settlement Code (BSC), the migration of MPANs will have implication for registration and other retail systems and processes. As such, it is important that we can anticipate and properly prepare for those consequential impacts in facilitation of the timely delivery of the MHHS programme, and an appropriate degree of influence in order to ensure that any risks and issues for the retail sector are appropriately dealt with.

Indeed, further to REC Change Proposal R00003 raised by Ofgem, RECCo has an obligation to identify, plan and deliver all necessary MHHS changes to the REC, on a timescale that is consistent with the baselined MHHS implementation plan in line with section C12 of the BSC.

To do this, we will dedicate the necessary resource to support the various industry groups that have been set up to govern the **MHHS programme⁵**, and to progress our complementary own work on developing the retail arrangements, including any necessary integration of systems and processes, as appropriate.



The key outcomes we want to achieve:

We will work closely with the MHHS Programme, Ofgem, REC Parties and our own service providers to ensure that the retail arrangements governed under the REC are properly prepared to facilitate the timely delivery of MHHS and that our Parties and consumer are able to benefit from them.

⁴ See: <https://www.ofgem.gov.uk/publications/electricity-retail-market-wide-half-hourly-settlement-decision-and-full-business-case>

⁵ See: <https://www.mhhsprogramme.co.uk/governance/>

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New Workstreams over the coming 2 to 3 years

In line with the strategy of coming from a position of knowledge and understanding and taking a holistic approach, in developing the plan for 2022/23 and beyond, RECCo identified a range of factors which could impact the retail energy market and therefore require consideration. We observe change across the energy landscape from:



New business models



Supplier entry and exit and market resilience



Integration of electric vehicles



Energy storage development



Flexibility capacity and more

RECCo acknowledges these areas are currently in their infancy so we intend to develop these with stakeholders over the coming year. We will seek to understand each area in more detail, with a view to assessing the impacts and change, identifying any potential role for RECCo, noting that any outcomes must support the RECCo mission and purpose.

The areas described in this section form our view of new workstreams and potential deliverables in our strategy for 2023-2025.

We note that some areas, like EV charging and heat pumps, have been included in this forward work plan even in the absence of a clearly defined role for the REC.

We acknowledge that there are many potential operating models to deliver these solutions, and different options for the extent and means of future governance. However, we consider that there are already many, and varied, touchpoints. In order to better serve our parties and other stakeholders, we will take a proactive approach to ensure the efficacy and overall compatibility of those new arrangements. Having expended the cost and effort to deliver Retail Code Consolidation, we should seek to avoid a re-emergence of fragmented retail governance with all the problems that entails.

Our approach is to work to create a balance between proactively supporting innovation and change, versus reacting to external developments and feeding that through the REC change process for example. The provision for these areas is based on helping to create this balance, and committing to:

The budgetary provision for the ‘new’ workstreams is therefore designed to be a cap, rather than committing RECCo to that expenditure. If we consider that a particular project should not proceed at any point, we will set out our rationale as part of a project closure report.

Sharing knowledge and progress: we will publish any relevant thought pieces, research and analysis or simply relevant news for the REC community to use;

Gaining insight and opinions from stakeholders: we will hold workshops on the topic areas as part of the business case development; we will welcome feedback on the content of think pieces and research; and we will seek views as we monitor and develop thinking;

Evidence based decision making: all RECCo expenditure is subject to scrutiny, whether through formal consultation and publication of documents such as the 2022-23 Budget published on 4th February 2022, or through the oversight by the RECCo Board. All expenditure is subject to a proportionate but robust business case. In the case of new project, we would expect to publish relevant project initiation documentation and seek relevant input from stakeholders, with clear objectives, success criteria, timelines and checkpoints to ensure that there is a clear case to proceed to the next phase of the project.

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New Workstreams over the coming 2 to 3 years



Supplier of Last Resort and Market Exit arrangements

The number of suppliers exiting the market in the past several months is unprecedented.

This has brought into sharp focus the Supplier of Last Resort (SoLR) processes, as well as the resilience of some supplier's business models and the risk they can pose to the wider the community and ultimately to consumers through the mutualisation of debt.

Ofgem has issued a number a consultations recently on steps that it proposes to take in order to achieve greater market stability in the short term, and greater resilience going forward. These include proposals to pause the acquisition on domestic consumers as a supplier reaches certain milestones of growth, pending a further review by Ofgem of the supplier's financial resilience.

Whilst these arrangements are, and may remain, separate to the market entry arrangements overseen by the REC Code

Manager as part of performance assurance, it will be important to ensure that these arrangements are complementary.

We consider that there may also be a role for the REC, both in giving effect to the temporary cessation of registrations through notice to the CSS, and in ensuring that this does not adversely impact upon consumers whose attempt to switch to that supplier may otherwise be thwarted.

We will consider the lessons to be learnt from the **REC facilitated Consumer Journey Forum**⁶, and seek to ensure that Price Comparison Websites amongst others are appropriately informed of the pause in the suppliers customer onboarding and can disseminate this as necessary.

In the nearer term we are reviewing the availability of reports from the Energy Enquiry Services (EES) and potentially elsewhere that may better facilitate the SoLR process, and whether there is

anything further that can be done under the REC to ensure the suppliers are able to undertake an orderly exit from the market without adverse impacts upon their customer or competitors.

Whilst the immediate focus will appropriately be on increasing the resilience and sustainability of market participants, a balance will need to be struck to ensure that this does not create undue barriers to entry.

Barriers to exit may also have an adverse effect on competition. We will consider whether there is more that could be done under the Market Exit Schedule of the REC or elsewhere to better facilitate orderly exits, or possibly to allow suppliers greater scope to manage their pace of growth.

We will work with suppliers and Ofgem to restore confidence to the retail energy market.



The key outcomes we want to achieve:

We will continue to work with Ofgem and REC Parties to ensure that the REC plays its part in strengthening market arrangement that will further facilitate retail competition and restore consumer confidence in the market.

⁶ Details of the Customer Journey Forum are available on the RECCo website here: <https://www.retailenergycode.co.uk/stakeholders/consumer-journey-forum/>

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New Workstreams over the coming 2 to 3 years



Priority Services Register

The Priority Services Register (PSR) is central to the management of vulnerable consumers. It is a free registration service that is operated by each supplier and network operator, in both energy and water. Maintaining a PSR is a licence requirement, though the lower level requirements of energy parties are now set out in the Transfer of Consumer Data Schedule of the REC.

Consumers who qualify for the PSR can be added or removed at their own request, though each industry party they contact retains discretion on whether the criteria have been met and the request fulfilled.

This can lead to inconsistencies and frustration for the consumer. Simply, the need to ask for the same thing from several parties can exacerbate problems. The aspiration should therefore be for industry or wider utilities as a whole to adopt and effectively deliver something similar to the 'tell me once' principle.

As the REC provides a common legal binding instrument for all relevant parties in the energy industry, we consider that it offers a great opportunity to achieve greater consistency of access to the register and subsequent sharing of data amongst those relevant parties.

We are also aware that some network operators have developed initiatives to share data across sectors with colleagues from the water industry. We hope to learn from parties and their initiatives, and seek to embed those lessons uniformly.



The key outcomes we want to achieve:

Whether as part of our Data Strategy or a standalone project, we will work with REC Parties and wider stakeholders to identify and overcome the barriers to more effective and efficient sharing on PSR data to better meet the needs of vulnerable and priority consumers.

Our aim is to
improve the sharing
of data for a better
PSR service
for vulnerable
and priority
consumers.

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New Workstreams over the coming 2 to 3 years



Third Party Intermediaries

When Ofgem established the REC, it signalled its intention that the code be sufficiently agile to respond to challenges facing the retail energy market, and to accommodate innovations and non-traditional business models that may emerge to address those challenges.

Whilst it remains to be seen whether the crisis that is currently facing the retail energy market will hasten the departure from the traditional 'supplier-hub' mode, there are now several well-established roles that are performed by non-licensed parties, many of whom have direct engagement with the end consumer.

These include traditional energy brokers, but also Price Comparison Websites (PCWs) and other third-party (TPIs) intermediaries. Whilst there is no doubt that TPIs play an essential role in the market, there are some that raise concerns resulting in both suppliers and customers being subject to increased costs and sharp practices that go unchecked.

This concern was reflected in the **Government Energy White Paper**⁷, which set out their intention to look at both TPIs and price comparison websites. Following this, **BEIS published a call for evidence**⁸ to inform its consideration of legislation to regulate the activities of TPIs.

While it remains uncertain whether and when legislation may be progressed to regulate TPIs, and what the eventual scope and effect of that regulation may be, we consider it likely that modification will be required to industry documentation such as the REC in order to make it effective.

As we have previously indicated to Ofgem in response to its Microbusiness Strategic Review, we consider that it would be appropriate for any rules of TPI conduct to be set out in an industry wide code that can be enforced impartially and effectively.

Attempts by individual suppliers to enforce higher standards may simply drive unscrupulous brokers elsewhere and skew

competition in a manner that is detrimental to consumers.

We also consider that the appropriate tools will be available under the REC to ensure that any standards are complied with.

This could be both in the form of a stick, insofar as any party that is subject to a code of practice could fall under the scope of the performance assurance regime, but also a carrot insofar as we will ensure that TPIs are able to access on equitable terms and for their legitimate use any data that the REC may govern.

Such third-party and innovative use cases for data will therefore form part of our data strategy, which will embrace the 'presumed open' principle, but also contain safeguards against misuse, such as removal of access.

**Any rules
of TPI conduct
should be enforced
impartially and
effectively.**



The key outcomes we want to achieve:

We will seek to develop the REC in a manner that reflects the structure of the retail energy market and ensure that consumer interests are protected regardless of which market participant they may deal with.

⁷ Energy white paper: Powering our net zero future (accessible HTML version) - GOV.UK (www.gov.uk)

⁸ Third-party intermediaries in the retail energy market: call for evidence - GOV.UK (www.gov.uk)

Looking forward

New Workstreams over the coming 2 to 3 years



Green Deal

Heating accounts for 30% of a typical household’s carbon emissions. Consistent with the government and industry’s aims to decarbonise heat, we consider that this will be an important area for industry to help support the transition to net zero.

Whilst, in many cases, our focus may be on facilitating the retail energy sectors’ preparation for external change, RECCo will also seek to identify contributions that can be made more directly. For instance, in addition to RECCo itself committing to being a net zero company by the end of this three year forward work plan, we will also review the services over which are governed within the REC. One of those is the Green Deal.

The Green Deal scheme was intended to finance the installation of energy efficiency measures, with the costs being recovered through electricity bills which would be held constant, while the cost-savings that would have been realised going towards repaying the finance provider.

The scheme was originally expected to achieve a large take up. However, the scheme proved to be expensive, with interest rates significantly higher than may have been available through personal loans or a mortgage extension.

There were also issues arising from any debt from the scheme being associated with the property rather than the customer who entered into the arrangement, complicating sale of the property.

The scheme was also made less attractive to participants when the government withdrew the funding that had previously been available. There are currently around 10,500 plans that are still active, which will reduce to around 7,000 by 2027.

These volumes are far lower than those which were specified when the Green Deal Central Charge Database was specified and built. The costs of operating that database are in excess of £400,000 p.a.

It is therefore an expensive and quickly depreciating asset. Whilst there may be opportunities to further reduce the operating cost of the database in future years, the issues which led to the original creation of the scheme continue to exist.

Indeed the problem of energy inefficient housing stock is even worse for the private rented sector, with many of the circa 4.5m privately rented properties falling below the required Energy Performance Certificate rating of C, which all such properties will be expected to meet by 2028.

However, neither the landlord nor the tenant currently have the right incentives to make the necessary investment.

We therefore consider that there is benefit in taking a step back to review the entirety of the operation of the Green Deal Central Charge Database and associated regulations governed within the REC.

There are a number of options which could be progressed, including the re-purposing of the infrastructure which has already been invested in, and being paid for.

To develop this thinking, we intend to hold workshops and stakeholder sessions to understand the problems and potential solutions in more detail.

Taking a proactive role in this workstream could ensure that energy efficiency standards are improved sooner, and to a potentially greater extent, than might otherwise be the case, while also ultimately supporting the transition to net zero.



The key outcomes we want to achieve:

We will review the governance and infrastructure of the Green Deal scheme to identify opportunities to improve cost-efficiencies and/or to re-purpose the scheme in order to deliver better value to REC parties and possibly make a greater contribution to emissions reductions.

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Looking forward

New Workstreams over the coming 2 to 3 years



Preparation to transition to Next Day switching

We will monitor the performance of the new switching arrangements and working with the CSS, the Code Manager and the Performance Assurance Board, will seek to identify and resolve any issues that may prevent a further move to next day switching as standard.



The key outcomes we want to achieve:

Working with the Code Manager and Performance Assurance Board, we will monitor the performance of the new switching arrangements and seek to identify and resolve any issues that may prevent a further move to next day switching as standard.



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New Workstreams over the coming 2 to 3 years



Future market design

As part of the wider energy code reform which BEIS and Ofgem proposes, it is anticipated that the delivery of codes consolidation could be implemented from 2024, following legislation being passed in 2023.

The detail of the energy code reform proposals is not yet formalised, and we note that consolidation will be consulted on at a later date, with current proposals about future-proofing the legislation for a range of potential consolidation outcomes.

As such, there will likely be significant impacts to RECCo, the REC and service providers.

RECCo intends to engage with this work in the most appropriate manner, such as undertaking impact assessments and identifying consequential changes and risks to RECCo, the REC, and service providers.



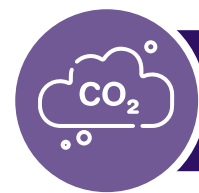
The key outcomes we want to achieve:

We will actively engage with and seek to influence BEIS and Ofgem on energy code reform and wider future market design work, such that any future proposals are consistent with RECCo’s mission and strategic aims.

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Achieving net zero

We recognise that the retail energy sector and therefore REC and RECCo will face a numbers of challenges over the coming years as the traditional energy supply chain embraces new technologies and business models adapt accordingly.

In particular, we recognise the trend towards the provision of energy as a service, at least to domestic consumers, rather than as a commodity product with largely price-based competition.

We recognise that as the industry transitions to net zero, there may be implications for the REC and the retail energy market that require us to proactively support developments. We anticipate that this area is likely to have an impact upon the REC arrangements and the role RECCo fulfils, though these are longer term developments and at this stage, it is too early to propose clearly specified and fully costed net zero project(s). We will work to ensure that we review our operations to make improvements and adjustments accordingly.

We will instead maintain an active watching brief on the topic of net zero, raising our stakeholders' awareness of, and in turn, their ability to influence the developments. Where a discrete activity for RECCo and/or appropriate REC Change Proposal is identified, we may seek to consult on these changes individually, or as a future revision to our Forward Work Plan.

In addition to the general industry transition to net zero and the associated REC impacts, RECCo itself commits to becoming a net zero organisation. It is also in this capacity that we will review our operations to make improvements and adjustments accordingly.

The key outcomes we want to achieve:

- Contribute to efficient and sustainable operation of the retail energy market and good consumer outcomes;
- Help shape wider energy policy, regulation and operating environment for the benefit of the retail energy industry and its consumers, through thought leadership and becoming a respected and trusted partner to our stakeholders;
- Facilitate an effective transition to Net Zero through REC changes and new services which help unlock consumer-facing decarbonisation opportunities.



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New Workstreams over the coming 2 to 3 years



Electric Vehicle charging

The adoption of electric vehicles (EV) is accelerating, and it is anticipated that there will be some 11 million plug in EVs on our roads by 2030.

The impact of this growth has huge implications across the energy industry and not least in managing the grid so that supply remains robust and able to cope with changes in patterns of demand.

It is well understood that the charging infrastructure required for EV needs to reflect our housing stock, where on street and public charging availability will be key.

Consumers will want to ensure that where they are using public or on street charging they are paying competitive prices, perhaps in line with the costs they would pay if they could charge their vehicle at home.

However, how consumers will be charged is not centrally governed and there is an emergence of different business models and options.

The impact of this growth has huge implications across the energy industry.



The key outcomes we want to achieve:

Maintain an active watching brief on the development of EV charging infrastructure, where necessary commissioning targeted research or other material in order to better inform RECCo and REC Parties of the current and potential impacts on the REC arrangements.

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Looking forward

New Workstreams over the coming 2 to 3 years



Heat pumps and heat networks

It is recognised that heating our buildings is a large contributor to carbon emissions and heat in virtually all our buildings will need to be decarbonised. Low carbon technologies, such as hydronic (air and ground source) heat pumps, heat networks and potentially hydrogen will play a large part in meeting this ambition. The government's **Heat and Buildings Strategy**⁹ set out an ambition to introduce 600,000 hydronic heat pumps per annum to 2028 and for the industry to reduce the costs of installing heat pumps by at least 25-50% by 2025. Ultimately, industry will be required to ensure that heat pumps are not more expensive to buy and run than gas boilers by 2030.

There is little, if any, mention of how these utilities will be paid for in future, the impact of these changes on consumer bills or how they will interact with current energy supplies. This is particularly important as the strategy also sets out ambitions for the heat pumps to be smart enabled so that they may for example, be able to learn consumer preferences or enable consumers to take advantage of time of use energy tariffs.

The recent confirmation that Ofgem's remit will be expanded to included heat networks should facilitate greater consistency between energy and heat provision, and mitigate the risk that consumer outcomes will be diminished, in particular as heating is decarbonised. We have held preliminary discussion with Heat Trust and look forward to collaborating with it on areas of mutual interest.



The key outcomes we want to achieve:

We will maintain an active watching brief on the development of heat pumps and heat networks, where necessary commissioning targeted research or other material in order to better inform RECCo and REC Parties of the current and potential impacts on the REC arrangements.

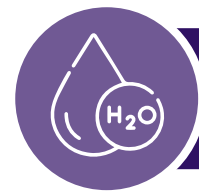
Industry will be required to ensure that heat pumps are affordable and available, in order to meet government's ambitions.

⁹ Heat and buildings strategy - GOV.UK (www.gov.uk)

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Looking forward

New Workstreams over the coming 2 to 3 years



Retailing hydrogen

The conversion to hydrogen has the potential to make a significant contribution to emissions reductions, either as a direct replacement for natural (methane) gas or as a means to efficiency store energy that may be intermittently generated through wind, tidal or solar technologies.

The UK government's Hydrogen Strategy is focused primarily on developments that may come on stream later in this decade, though also reference the several local trials that are, or will shortly be, underway.

The outcome of these trials may be of particular relevant to the REC insofar as they look at the feasibility of hydrogen being used as a domestic fuel source.

This could either be through networks specifically built to accommodate hydrogen which operate separately to the rest of the grid, or through increased blending of hydrogen with natural gas, up the limits determined for safe operation of gas appliances (currently 20% hydrogen by volume).



The key outcomes we want to achieve:

We will maintain an active watching brief on the development of hydrogen, where necessary commissioning targeted research or other material in order to better inform RECCo and REC Parties of the current and potential impacts on the REC arrangements.



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This Strategy and Forward Work Plan can be read in conjunction with the RECCo budget document which can be found on our website.

www.retailenergycode.co.uk/financial-budget-2022-23/

It has been developed with stakeholders who provided comment on our draft Strategy and Forward Work Plan. A summary of the comments provided and how they have been incorporated into this document, can be found on our website.

www.retailenergycode.co.uk/recco-strategy-and-forward-workplan-2022-2025-consultation-response-summary/

