



# Introducing Our Draft *Strategy &* Forward Work Plan

2024-27



# Welcome & *Housekeeping*



***Rachael Anderson***

Director of Corporate  
Affairs

- Please keep your camera and microphone switched off during the event.
- Please use the Microsoft Q&A function to ask questions during the meeting, as the chat will not be available.
- Please keep questions relevant and avoid mentioning other organisations. Please note that questions may be visible to others after the event.
- This meeting will be recorded and shared on our YouTube channel and website.

# Your *Speakers*



***Sid Cox***  
CEO



***Elizabeth Lawlor***  
Director of Operations



***Tracy Hardy***  
Interim Director of Data  
& Digitalisation



***Jon Dixon***  
Director of Development and  
Strategy



***Jonathan Hawkins***  
Interim Director of Operations  
Programmes



***Brian O'Shea***  
Director of Finance &  
Commercial

# Agenda

**1.**

**Our Progress &  
Plans**

**2.**

**Delivering Service  
Excellence**

**3.**

**Data &  
Digitalisation**

**4.**

**Energy Theft  
Reduction**

**5.**

**Regulatory  
Programme &  
Policy Delivery**

**6.**

**Indicative  
Budget**

**7.**

**Next Steps**

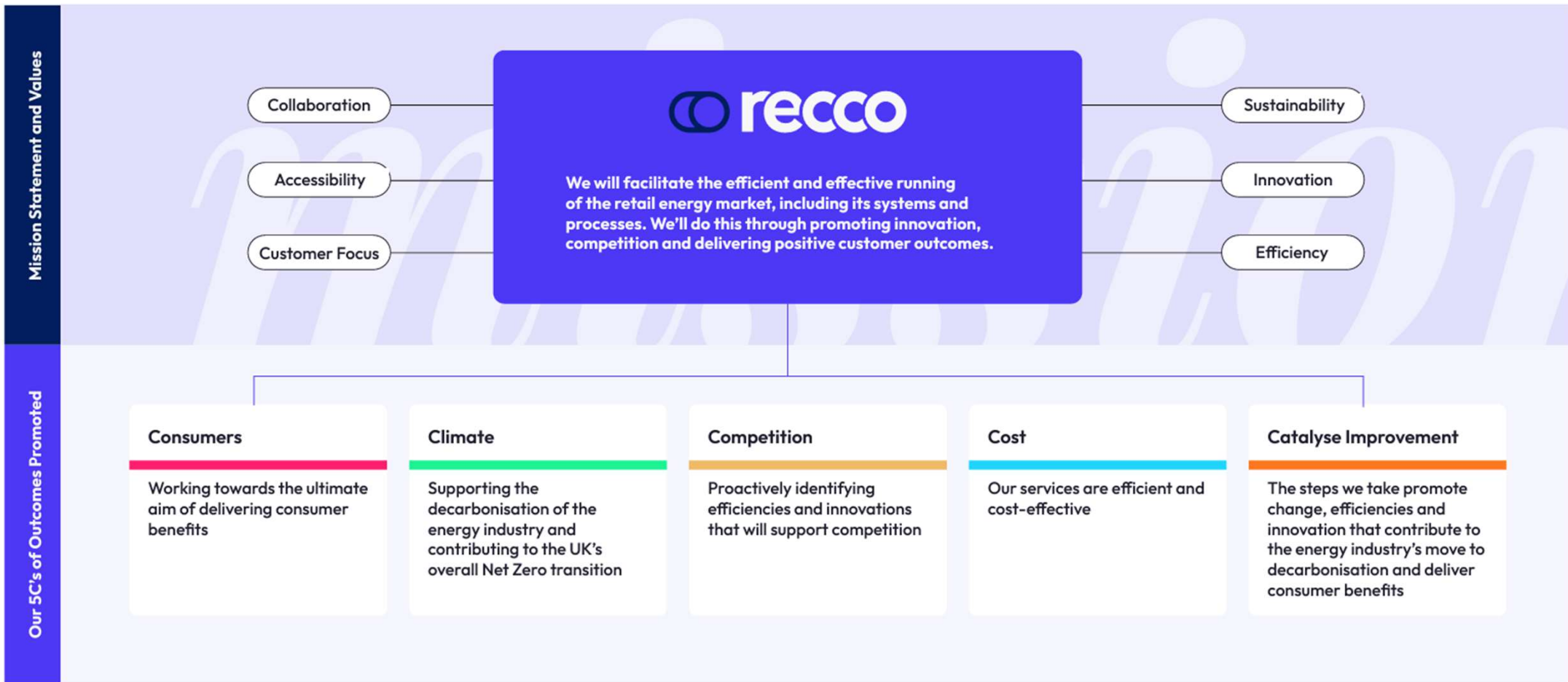
**8.**

**Q&A**



# 1. Our Progress & Plans

# Our *mission* and *values*



# About *RECCo*

## Service Excellence

Providing a best-in-class governance model, adapting to meet evolving industry needs

## Stakeholder Engagement

Earn and sustain stakeholder trust through openness, honesty and transparency



## Our People

A dedicated team of motivated experts realising the RECCo vision

## Data and Digitalisation

Championing a 'digital by design' ethos, leveraging technology to help innovation

## Procurement and Financial Management

Delivering value for money and driving efficiencies

REC Parties and Non-party Service Users

Regulator and Government

Other Key Stakeholders

# Our key strategic *priorities*

**1**

**Delivering Service  
Excellence**

**2**

**Data &  
Digitalisation**

**3**

**Energy Theft  
Reduction Strategy**

**4**

**Regulatory  
Programme and  
Policy Delivery**





## 2. Delivering Service Excellence

# Our *Services*



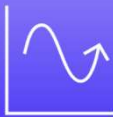
**REC  
Code Manager**



**The Energy  
Enquiry Services**



**Central Switching  
Service**



**Market Scheme  
Administration**



**Green Deal Charging  
Database**



**Energy Theft  
Reduction Services**

# Delivering Service Excellence

## i. Code Management

### 1. Code Manager Evolution

- 2023 stakeholder event insights.
- Robust improvement programme planned covering service quality, ways of working and increasing industry knowledge within delivery teams.
- Re-procurement strategy.

### 2. REC Change Process

- Work with the REC Code Manager to enhance the change process.
- Develop ‘proof of concept’ for a new digital change hub.

### 3. User Experience (UX)

- Improve user experience across our digital platforms, using the insights from the discovery phase of our UX project.
- We can improve the customer journey in the near term, recognising that further improvement may be dependent on Code Manager re-procurement.

### 4. Performance Assurance

- Work with the REC Code Manager to enhance performance assurance and to better support REC Parties.
- Refocus on reporting requirements – target areas of material risk.



# Delivering Service *Excellence*

## ii. Energy Enquiry Services

- Aim to maximise service performance by focusing on increased risk management, improved user experience and improved data management.
- Enhance RECCo's data management practices.
- Improve the capacity and performance of electricity and gas enquiry services.
- Work to deliver an Open Data approach to enquiry services.
- Advanced security incident management practices are scheduled for 2025.
- Opportunity for contract renewal in 2025 – we will be encouraging current providers to develop future-proof technology and service roadmaps.

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In the coming year, we will seek to *maximise service performance* while improving the *user experience* and *security*.

# Delivering Service *Excellence*

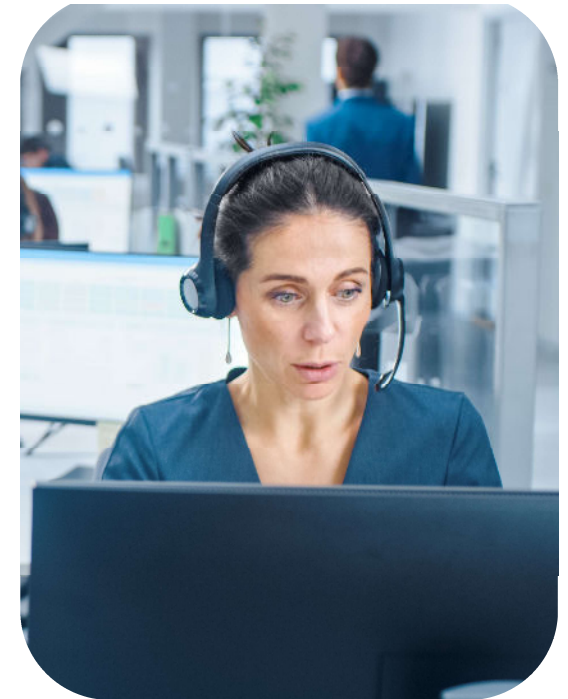
## iii. Switching Arrangements & Central Registration Services (CRS) Governance

### 1. Improve the performance and incident management of the DCC.

- More robust governance framework.
- Improved delivery of service level agreements.
- Speedier resolution of issues.
- Implement recommendations from P1 major incident in 2023.

### 2. Drive change by reviewing the governance model and implementing improvements.

- Improve impact assessment quality.
- Support change via the REC.
- Recommending Code changes to support better decision-making by Switching Operator.
- Reviewing the governance and funding arrangements for the CRS.



# Delivering Service Excellence

## iv. Transfer of responsibility for CRS to RECCo



### *For Consumers*

- ✓ Improved cost transparency.
- ✓ Eliminate profit margin.
- ✓ Customer-focused decisions.
- ✓ Future-focused strategic investments.
- ✓ Improved control of service delivery and performance.
- ✓ Aligns to Switching Business Case goal.



### *For Industry*

- ✓ Improved cost transparency.
- ✓ Eliminate profit margin.
- ✓ Address governance, authority and control issues.
- ✓ Address BAU service delivery and performance issues.
- ✓ Increased authority.
- ✓ Utilise synergies across REC obligations.
- ✓ Simplification of the REC.



### *Regulatory*

- ✓ Enable Ofgem to achieve key elements of DCC model early.
- ✓ Simplification of the REC.
- ✓ Aligns to Switching Business Case goal.
- ✓ Increased competition.
- ✓ Improved cost transparency.
- ✓ Increased control over REC obligations.



# 3. Data and Digitalisation

# Data & *Digitalisation*

## i. User Experience

### 2023/24:

- Responding to user feedback.
- Introduction of ERIN.
- Initiated a user experience (UX) discovery project.

### 2024/25:

- Deliver the UX project.
- “How can AI make the REC and digital services more user-friendly?”

## ii. Data Access

### 2023/24:

- Creation and validation of the REC metadata catalogue.
- Published our Open Data Review paper.
- Implemented R0118, improving & expanding REC data access.

### 2024/25:

- Introduce classification-based access (Change Proposal R0148).
- Remove restrictions to ‘Always Open’ data items.



Access to data will facilitate greater market efficiencies and innovation, delivering *better outcomes for consumers.*



# Data & *Digitalisation*

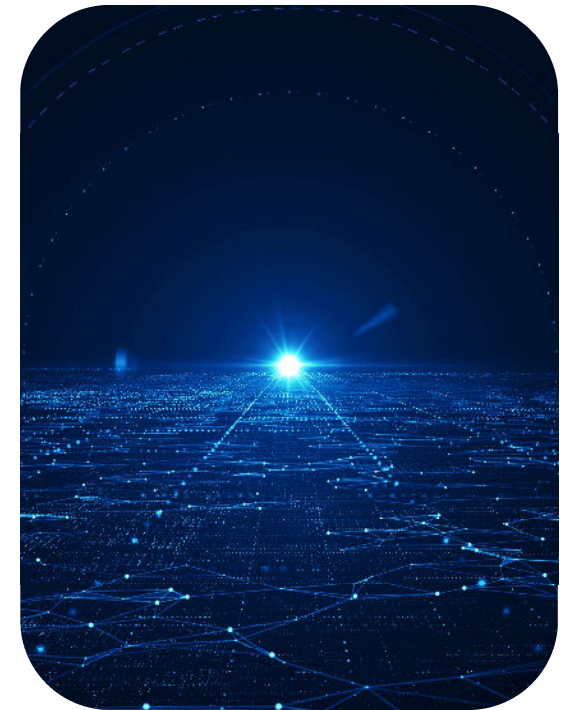
## iii. API Gateway

### 2024/25:

- We will introduce an Application Programming Interface (API) Gateway.
- Step 1 to building a microservices architecture.
- Introduction of an API management strategy.
- Phased introduction of a single point of access & single API protocol to use to interact with services.

### Benefits:

- Improved security
- Improved visibility
- Traffic management
- Simplified onboarding
- Central rollout and service management
- Continuous improvement
- Improved trust by using a secure technology



# Data & *Digitalisation*

## iv. Consumer Consent

- Will give consumers greater control, deliver Net Zero and reduce energy costs.
- We will continue to support Ofgem & DESNZ consultation.
- Prepared to deliver consumer consent mechanism if tasked.

We have identified five key principles:

### Tell me once

Enable consumers to exercise a “**tell me once, in one place**” principle, so that consent is carried between suppliers when consumers change or utilise multiple suppliers in a future distributed and flexible energy system.

### Trust

Provide **multiple channels** and routes to update consents so that the entire population can engage appropriately and have **increased trust**.

### Understanding

Utilise consistent, clear, and **simple language**, so that consumers have the best opportunity to understand what they are consenting to and for.

### Clarity

Clarify policy to **formalise existing industry practices**, with the role the bill payer has, so that the individual vs. household paradigm can be managed.

### Verification

Provide **varying identification and verification** methods to enable individual and household identification, utilising existing proven methods used in other industries.



# 4. Energy Theft Reduction

# Energy Theft Reduction *Strategy*

Our Theft Reduction Strategy aims to deliver the insights, tools and services that will enable REC Parties to more effectively *Prevent, Detect and Respond* to energy theft.



# Energy Theft Reduction *Strategy*

## i. Engagement

### 2023/24:

- Established the Energy Theft Reduction Expert Group and the Theft Stakeholder Forum.

### 2024/25:

- Change Proposal will recognise ETREG as a responsible committee within REC governance.
- Forum will continue to provide external updates on the progress of our Theft Reduction Strategy.
- Respond to requests for more face-to-face meetings, to include training and guidance.

## ii. Awareness

### 2023/24:

- Ongoing Stay Energy Safe campaign, run by Crimestoppers.
- Marketing procurement.
- REC Code Manager social media monitoring.

### 2024/25:

- Implement findings of Theft Awareness review.



The combined volume of gas and electricity theft in Great Britain is worth around **£0.9bn** – **£1.4bn** per year.

(Based on December 2022 prices)

# Energy Theft Reduction *Strategy*

## iii. Data & Insights

### 2023/24:

- Identifying necessary data sets, sources and pursuing access/data sharing agreements.

### 2024/25:

- Develop theft data hub and analytics in partnership with Detertech UK.
- Continue efforts to obtain access to smart data reads and tamper alerts.
- Retrospective analysis of data sets to generate new theft leads.

## iv. Incentives

### 2023/24:

- Changes to the Theft Detection Incentive Scheme in April 2023.
- Improve the efficacy of scheme from April 2024.
- Commissioned independent ‘whole of system’ report, identified gaps in responsibilities and commercial incentives.

### 2024/25:

- Build upon report recommendations.
- Engaged Ofgem on the ability to raise an objection where there is a live investigation.

## v. Enforcement

### 2023/24:

- Research into legal position, early development of guidance and ongoing work with police and other agencies.
- Feasibility study and development of a target operating model for a dedicated, but operationally-independent unit to tackle energy theft.

### 2024/25:

- Consult on business case and proposed governance of energy theft police unit.
- Plan for mobilisation.



# 5. Regulatory Programme & Policy Delivery

# Regulatory Programme & Policy Delivery

## i. Market-wide Half-Hourly Settlement

### Design

Continue to participate in remaining MHHS design changes, including those arising from Systems Integration Testing (SIT) issues or defects.

### Testing

Participate in all relevant SIT phases for the Electricity Enquiry Service (EES).

### Code Drafting

Complete final code drafting activity in line with MHHS programme milestones and implement following Authority approval.

### Qualification

Work with Elexon to prepare for and deliver MHHS Qualification, allowing new and existing REC Parties to qualify in equivalent MHHS roles.

### Operational Readiness

Prepare to operate all REC Services under the MHHS Target Operating Model.

### Engagement

Continue to engage with REC Parties to provide support in the transition to MHHS.

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Market-wide Half-hourly settlement will bring net benefits of *between £1.6bn and £4.5bn* for GB consumers.



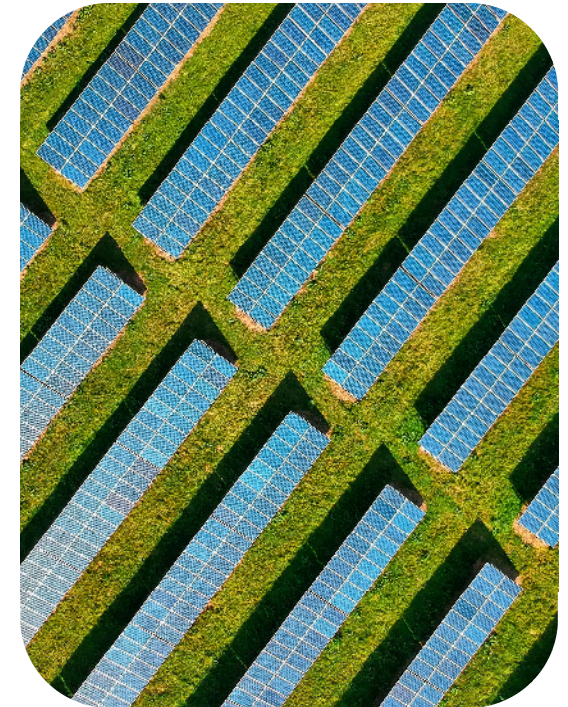
# Regulatory Programme & *Policy Delivery*

## ii. Code Reform & Licensing

- Key change introduced by Energy Act 2023 - Code Managers to be licensed.
- Expect Ofgem and DES NZ consultations shortly - timetable dependent upon progress of secondary legislation.
- REC is already well aligned to direction of travel.
- No further material consolidation expected to impact REC.

## iii. Tariff Levelisation

- We are on track to deliver and operate reconciliation processes to facilitate levelisation of **PPM and Direct Debit standing charges** from 1<sup>st</sup> April 2024.
- REC Changes progressed through R0147 – now complete and with Ofgem for decision.
- Ofgem’s statutory consultation sets out potential further phases – likely that the scheme will evolve during 2024/25.



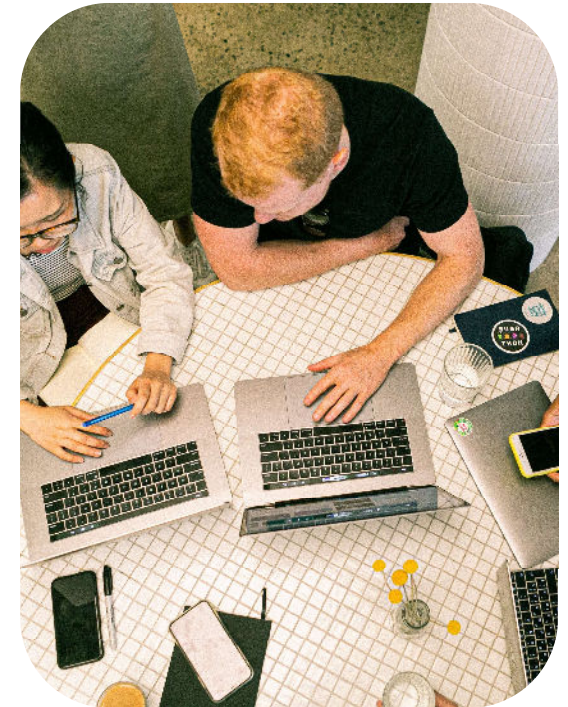
# Regulatory Programme & *Policy Delivery*

## iv. Third-Party Intermediaries

- Initial voluntary agreement published in 2023.
- We will submit a change proposals to introduce a mandatory accreditation framework by end of 2023/24 – if accepted implement during 2024/25.
- Assurance framework to include publicly available accredited TPI register.
- Stakeholder engagement is crucial.

## v. Watching Briefs

- Priority Services Register
- Demand-Side Response
- Heat Networks
- Hydrogen



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[@Jon Dixon] Update wording

Jenny Stephenson, 2024-01-17T10:54:36.034



# 6. Indicative Budget

# 3-year financial *projections*

- We are cognisant that we are spending industry and consumers' money.
  - Obligation to deliver secure, scalable, adaptable services which are economical, efficient and meet REC Service users' needs.
  - 3-year financial projections enable REC Parties to plan for the longer term and provide financial context to the strategic plan.
  - Resources to deliver the strategy and the REC Services and discharge our obligations and commitments to the industry.
  - 2024/25 Budget will be published for consultation in February.
- Reductions secured through:
    - Focus on core services.
    - Securing cost reductions in service provision.
    - Focus on delivering key projects.
  - Balance financial impact on REC funding parties while ensuring we deliver the REC Objectives and meet our financial liabilities.

“

The draft Budget for 2024-25 is £52.9m, a ***reduction of £2.6m*** (5%) from the expected cost for next year.

# 3-year financial *projections*

## REC Services

- Just completed the first year of delivering all REC Services.
- Commendable level of service, but areas of improvement needed.
- 2024/25 focus is improvement while building for the future.
- Mostly fixed-price contracts.
- In the short term, this mitigates the current high inflation impacts, but indexation will apply in later years.
- Cost uplift in year 2 reflects Code Manager procurement activity.

RECCo 3-year projections summary	2024/25 Indicative £'000	2024/25 Budget £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
REC Services	38,040	34,045	37,472	40,780
RECCo Operations	5,315	6,102	6,513	6,789
Projects	6,122	6,760	10,510	3,200
Change Allowance	4,000	4,000	4,000	4,000
Contingency	2,000	2,000	2,000	2,000
<b>Total</b>	<b>55,477</b>	<b>52,907</b>	<b>60,495</b>	<b>56,769</b>

## RECCo Operations

Our resource capacity for 2024/25 is expected to grow moderately due to:

- Economic drivers.
- Increased delivery obligations.
- Resources needed to drive value from our service providers.

# 3-year financial *projections*

## Projects

- Expenditure grows by c10%.
- Prioritized using MoSCoW methodology.
- >80% of spend is “must haves.”
- Balance is supporting enabling projects.
- No speculative spend.
- MHHS is >50% of the total project allowance.

## Change Allowance

- Maintained at expected level.
- Full financial liability for all CSS change costs from April 2023.
- Used to fund any REC Service enhancements.
- All change costs are scrutinized.

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## Contingency

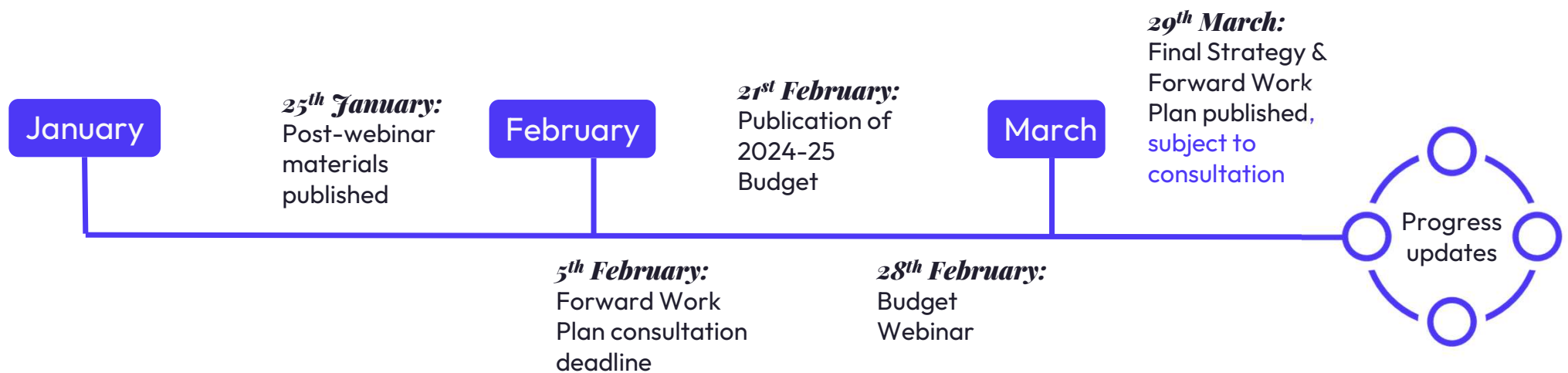
- Less than 4%.
- Mitigate inherent uncertainty in the market and hedge against any future regulatory requirements.
- No project-specific contingencies are included in the Budget.



# 7. Next Steps



# Next Steps



# Q&A Panel


- ✓ Please use the Microsoft Teams Q&A function to ask your questions.
- ✓ Questions are not anonymous – your name will be visible once you click ‘post.’
- ✓ Keep questions relevant.
- ✓ Avoid mentioning other organisations.
- ✓ Questions may be public after the event.
- ✓ This meeting is recorded and will be shared on our digital channels.




# Thank you for *attending*

## Budget webinar

28<sup>th</sup> February 2024

 The sign-up link will be sent to your email.

## Comments

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