

Highlights, RECCo Board Meeting, 2nd October 2019

1. Engagement Programme in September/October

RECCo hosted a Code Manager Services Market Engagement event in September 2019. The purpose of the event was to explain the commercial opportunity, the proposed approach including the principles, process, timescales and scope of services, and to seek feedback from potential bidders on the proposed approach and to generate market interest in the opportunities offered. 17 organisations attended the event with a further 12 unable to attend but expressed an interest. Following on from the market engagement event, RECCo has so far conducted structured bilateral meetings with 9 parties who declared an interest in having follow-up discussions, with a further 8 scheduled for October.

The market engagement event has been used to validate the emergent requirements to ensure that the scope of the Code Manager Services is correct. The feedback from the market has indicated that, subject to seeing detailed specifications, the high-level requirements are sufficiently clear, are consistent with what REC is trying to achieve, and do not have any significant omissions. Based on the feedback provided by the market, there is an indication of strong interest in the services packages being offered. Further information relating to the procurement project is available here: <https://www.retailenergycode.co.uk/code-manager/>

RECCo also issued invitations to all REC Contract Managers to attend REC Party Engagement meetings on 8th and 9th October, in London and Birmingham respectively. The aim of the roundtable events was to provide an update on current RECCo activities, including the procurement of Code Manager Services, and to share the forward workplan. The agenda included presentations from the RECCo Chair, the RECCo Board lead on Procurement and Ofgem, and was followed by a Q&A session. Further information, including the meeting agendas, is available here: <https://www.retailenergycode.co.uk/information-for-recco-parties/>

2. The Procurement Strategy for Code Manager Services

The RECCo Board discussed the draft *Procurement Strategy of Code Manager Services* document which outlined the approach to harness 'best of breed' expertise within the supply market and recognising the distinct, specialist capabilities required to deliver the full suite of RECCo services. Three services are proposed: a REC Performance Assurance function, a REC Professional Services function, and a REC Technical Services function.

The draft document further assessed the best way to acquire these packages, the commercial mechanisms that need to be taken into account, and an overall plan for the procurement processes. The RECCo Board also discussed the proposed timetable for the procurements which can deliver contract award in Q2 2020. The Board acknowledged that the draft Procurement Strategy had been tested and validated through market engagement including a well-attended event held in September and a series of subsequent bilateral meetings with potential bidders (due to continue throughout October).

The Board agreed with the contents of the draft Procurement Strategy subject to being validated against the final detailed service requirements which are still being agreed with Ofgem to ensure the packages, sourcing routes, and plan remain fit-for-purpose.

3. Creation of a Procurement Evaluation Panel

The Board confirmed a Procurement Evaluation Panel (PEP) will be created to evaluate submissions from potential providers of Code Manager Services. PEP members will involve people with the requisite skills, knowledge and understanding of the procurement activity to ensure that all the technical and commercial subject areas are covered when evaluating proposals from bidders.

The RECCo Chair and Directors are explicitly excluded from being members of the PEP. Membership of the PEP will include an Independent Chair, and 5 Core Panel Members comprising suitably qualified persons, including REC Party experts. Subject Matter Experts will support the Panel as needed. The Board will take steps to populate the PEP over the next couple of months.

4. RECCO Budget

The Board is pleased to announce that it has awarded a contract to HaysMacintyre to provide billing, debt recovery, payments and financial reporting services to RECCo. The first set of monthly management accounts were successfully delivered to the October Board meeting and they will commence invoicing RECCo parties for the October quarters budget contributions shortly. This will mean RECCo will have invoiced 75% of the agreed annual budget to Parties.

The Board has also appointed a Finance and Audit Committee which will be starting initial work on putting together the proposed budget for the 2020 financial year. The formal consultation and voting request on the budget will be issued to RECCo parties in February 2020.

5. REC Development

Noting the need for clarity of requirements in the forthcoming procurement of Code Manger Services, Ofgem undertook to provide further detail of its thinking on matters such as performance assurance, energy theft arrangements and change management, ahead of its Autumn document publication(s). It was noted that change management would likely involve tiered governance applicable to different categories of document, including some that may be changed at the discretion of service provider(s).

Cross-code arrangements are also being developed to address matters which impact upon more than one code, which will require close collaboration between the appointed REC service provider(s) and those of other codes.

6. Transition arrangements

In April 2021, switching and certain other industry arrangements currently governed through the Supply Point Administration Agreement (SPAA) and the Master Registration Agreement (MRA) are expected to transition into the Retail Energy Code (REC). This will be a significant industry project and is currently being facilitated by Ofgem as part of its Significant Code Review programme.

The RECCo Board discussed the transition and has initiated a fact-finding project to better understand different elements of the transition. The Board felt it was important to engage formally with the respective Boards of SPAA Ltd and MRASCo Ltd, and with their respective Code Administrators ElectraLink and Gemserv, during the transition and to facilitate this through Non-Disclosure Agreements (NDAs) to make possible the exchange of information. The first of these NDAs, with SPAA Ltd has already been signed and the second of these is currently with MRASCo Ltd.

RECCo Board, 10 October 2019