

No.	Question	Response
RECCo Activities		
	How will the transition of the SPAA and the MRA be managed? Can any lessons from the ‘winding up’ of SESL ¹ be applied?	<p>There are two elements to the transition: The first relates to the migration of SPAA and MRA code obligations into the REC. This will be led by Ofgem under the Retail Code Consolidation (RCC) and Switching Significant Code Reviews (SCRs).</p> <p>The second relates to the sunset of SPAA Ltd and the MRA Service Company Ltd (‘MRASCo’). This activity will include the assessment of which service contracts, if any, may need to migrate to RECCo Ltd. The Boards of RECCo Ltd, MRASCo and SPAA Ltd are working together, supported by Ofgem and legal resource, to determine the best way to manage this activity. Where lessons can be learned from similar activities they will be considered.</p>
	RECCo has a budgetary allowance to support the Ofgem Midata project. Why is this a REC activity and what is the status of the project?	<p>The key aims of the REC are to promote innovation, competition and positive customer outcomes. Drawing on the experiences of open banking, Midata in energy aims to put domestic energy customers in control of their data – so they can quickly, securely and easily share their energy data with trusted third parties. This is also consistent with the recommendations of the Energy Data Taskforce. Given Ofgem’s aspiration to consolidate retail codes, and potential for further consolidation as part of the joint Ofgem-BEIS review, it is probable that the governance of MiData, including the setting of terms and conditions for access to and use of data, will in future be contained within the REC.</p> <p>The 2019/20 REC budget contains funding to support Ofgem in the development of the MiData project, for instance facilitating the procurement of specialist expertise it does not possess in-house. This aim is to better inform the emerging policy such that it provides a better outcome for both consumers and REC Parties. The provision of this support is contingent upon Ofgem’s presentation of, and the RECCo Board’s acceptance of, a business case with clear deliverables associated with each tranche of funding. That support is currently helping to inform a Target Operating Model and Use Cases which Ofgem will publish in due course.</p>
	When will the 2020/21 RECCo Budget be published?	The REC sets out that the draft budget must be published “not earlier than 60 Working Days, nor later than 40 Working Days, before the commencement of each Financial Year” for Party

¹ Scottish Electricity Settlements Ltd, dissolved following the implementation of the British Electricity Trading and Transmission Arrangements (BETTA) in 2005.

		approval. The 2020/21 draft budget will therefore be published no sooner than 08 January 2020 and no later than 05 February 2020.
	How will RECCo ensure that it continues to engage with its stakeholders?	<p>RECCo is committed to engaging with its broad community of stakeholders.</p> <p>The RECCo website, www.retailenergycode.co.uk, is the primary conduit for communications, with specific pages for REC Party and Stakeholder information, such as headline reports from the RECCo Board meetings. There is also a dedicated page providing information on the Code Manager Services procurement.</p> <p>Following the success of the October REC Party Engagement Sessions, RECCo will look to schedule similar a similar session in Q1, 2020 following the publication of the 2020/21 Budget.</p> <p>Stakeholders are encouraged to provide feedback on any matters directly to RECCo via info@retailenergycode.co.uk</p>
	How will RECCo ensure that the voice of Consumers is considered throughout its activities?	A primary objective of the REC is to promote positive consumer outcomes. RECCo aims to ensure that consumer representatives are appointed to each of the key governance bodies that are constituted under the REC. This will include the Procurement Evaluation Panel, enduring RECCo Board and Performance Assurance Board.
Governance and Regulation		
	How will the BEIS review impact the development of the REC and REC Code Manager Services?	The BEIS review is a long-term project looking at a wide scope of code governance activities. Ofgem’s development of the REC precedes the review but is consistent with it. Indeed the review consultation refers to the REC as being a potential exemplar in respect of the code manager role, given that the REC provides an opportunity to ‘test’ some of the proposed models (e.g. moving from Code Administrator to Code Manager, easier access to Code information through digitalisation), before the review concludes. It is expected that recommendations will need to be delivered through legislative changes, which are not currently subject to a parliamentary timetable. It is therefore likely that the timetable for complying with any statutory requirements can be accommodated within the contract terms of the REC Code Manager service provider’s initial contracts. This would, if required, give scope for any substantive changes that may be required to be managed through future procurements.

	<p>What safeguards will be in place to assess the ability of new REC parties to meet their code obligations, and how can RECCo manage the commercial risk of events such as SOLR to other REC Parties and Consumers?</p>	<p>It is the role of Ofgem and the Authority to determine whether the licence regime is sufficiently robust (e.g. considering the financial capability of an organisation, assessment of its business plans etc) to determine whether applicants should enter the market. REC processes must be consistent with the Ofgem regime, but the role of the REC Entry Assessment Process is to assess an applicant’s ability to comply with the rules of the Code.</p> <p>The REC Performance Assurance function will over the see the Entry Assessment Process which will comprise self-assessment and independent assurance activities reflective of the nature of the applicant’s business and with regard to the retail risk register.</p> <p>Ofgem is currently considering the credit cover arrangements that could apply in the REC, and measures such of suspension of registration, to ensure an appropriate balance between reducing barriers to the market vs protection of other market participants and consumers.</p>
	<p>How can non licensed party compliance be managed and what processes can be used to ensure code compliance and / or their actions aren’t detrimental to consumer outcomes?</p>	<p>It is Ofgem’s intention that the REC Performance Assurance Framework (PAF) should apply beyond licenced parties and cover any organisation that offers services in the retail energy market, where its activities have an impact on consumers. Potential mechanisms will be further detailed in Ofgem’s Autumn Consultation.</p>
	<p>What will the REC arrangements for metering agents look like?</p>	<p>It is expected that all the Metering Codes of Practice will transition to the REC and that the existing governance processes will broadly endure. Further information will be provided in the Ofgem Autumn Consultation.</p>
	<p>How will the REC Change Process work and who can raise changes to the Code?</p>	<p>Ofgem is currently drafting the next level of detail for the REC Change Management schedule and it will be published in its Autumn consultation. The expectation is that any interested party will be able to raise Change Proposals, including REC Parties, REC Service Providers, third parties and consumers. This reflects the REC objective to facilitate innovation and recognises that ‘good ideas’ may come from a wider community than just Code signatories.</p> <p>The Code Manager will be empowered to prioritise changes in line with the REC Strategy and Objectives (for example, changes that have a material positive outcome for consumers or address an issue identified by the PAB,) and also to reject those that are incomplete or do not better facilitate the REC Objectives or REC Strategy.</p>

	<p>What is the process for approving and implementing the output of the Retail Code Consolidation (RCC) and Switching Significant Code Reviews (SCRs)?</p>	<p>We anticipate that both the Switching and Retail Code Consolidation SCRs will be progressed through modifications which Ofgem will draft (or as the case may be, invite relevant experts to draft on its behalf) rather than, as has been the case in the past, directing licensees to raise modifications which give effect to a higher level set of SCR conclusions. This approach has been adopted in part due to the number of codes involved, which do not all share a common licensed signatory. This will also enable a holistic approach to the drafting of the modifications, ensuring that they not only give effect to the necessary change to each code, but are fully consistent and complementary with each other. To further facilitate this coordinated approach, we are considering whether it would be practicable to consult upon and subsequently given effect to each of the modifications through a joint process. However, each of the impacted code panel's or equivalent bodies will be required to assess the proposals and make a recommendation/both upon whether they should be accepted or rejected, as normal. Once it has received the final modification report(s) and recommendation of the Panel(s), they will be submitted to the Authority or a decision. This is expected to take place early 2021 in facilitation of a 1 April 2021 implementation date. Further details on the SCR process will be set out in Ofgem's Autumn consultation document(s).</p>
	<p>When are the planned engagement points with industry in Ofgem's extended timeline (to Summer 2021)?</p>	<p>Working level engagement is currently undertaken through several switching programme workgroups such as the Regulatory Design User Group. The next scheduled meeting of that group is 30 Oct 2019. Ofgem also issues a regular switching programme newsletter, which includes information on the Retail Code Consolidation. Anyone wishing to be added to the distribution list for that newsletter is invited to email Ofgem at SwitchingPMO@ofgem.gov.uk.</p> <p>However, Ofgem also recognises that it needs a more comprehensive strategy towards stakeholder engagement on REC and the RCC, and is looking to revise this in the coming weeks.</p>
<p>Code Manager Services Procurement</p>		
	<p>How does the planned procurement approach align with the vision of Code consolidation?</p>	<p>It is important that the consolidation of Codes is not confused with, or seeks to dictate, how code manager services are delivered. Reducing the number of Codes should not necessarily drive a similar reduction in potential service providers.</p> <p>Two key objectives of the REC are to promote competition and innovation. RECCo considers that these objectives should apply not just to REC Parties but to the way it conducts its own business.</p>

		<p>The procurement approach adopted by RECCo is designed to ensure flexibility in the enduring service model and encourage new ways of working. This is especially important considering the continually evolving regulatory and governance environment.</p> <p>The procurement approach adopted by RECCo focuses on a ‘best in breed’ approach. The requirements needed to deliver the Code Manager services have been identified, in consultation with Ofgem and REC Parties, and packaged according to the core competencies and skillsets required to deliver them.</p> <p>The Performance Assurance function will play a critical role in assuring the end to end REC processes of which both REC Party and REC Service Providers are core components. Therefore, the Performance Assurance provider will be delivered separately from the other two packages. This level of assurance is not currently provided under any of the existing code governance processes and will provide a level of transparency and focus to drive positive consumer outcomes across the retail market.</p> <p>There is precedent for this model in the water market where the market operator role is delivered by a separate service provider to an assurance role which assures the market operator and water companies.</p> <p>RECCo will oversee the first example of Code consolidation with the transition of the SPAA and MRA with an expectation of further consolidation to follow in future years. It is important to ensure that its service providers are best placed to support and facilitate this through a flexible commercial model. Recognising that there are currently several different service provider contracts sitting beneath the SPAA and the MRA, RECCo will continue to ensure that best practice is applied to future procurement exercises.</p> <p>An additional benefit of procuring potentially a small number of best in breed service providers alleviates the risk of over reliance on a single service provider and eliminates a “single point of failure” in overall service delivery.</p>
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	Will the packaging approach be outlined in the ITT?	Yes. The ITT will provide bidders with all the necessary information including the detailed service requirements, procurement route, and evaluation criteria.
	How will RECCo manage any conflicts of interest between existing industry parties and potential bidders?	RECCo is taking legal advice regarding potential Conflicts of Interest in relation to the procurement and any necessary clarifications will be published in the tender documentation.
	Code Manager Service(s) requirements are being developed alongside Ofgem consultations on the development of the REC. How will the two elements be aligned?	RECCo is working closely with Ofgem to ensure that the service requirements set out in the tender documentation fully reflect the Ofgem policy and the procedures and obligations being developed for the REC.
	What is the proposed contract term for the REC Code Manager services?	Contracts will be awarded in Q2, 2020. There will be a mobilisation period of approximately 9 months before the enduring service commences on 01 April 2021. It is expected that the contracts will be let to cover the first three years of operation to 31 March 2024 with an option for RECCo to extend for up to a further 2 years subject to the level of service provided by each contracted Service Provider.
	What is the rationale for procuring all three functions at the same time – would there be merit in staggering the process?	<p>Mobilisation will be a critical stage for all the service providers, which is why RECCo intends to award the contracts in Q2, 2020 to give approximately 9 months for the service providers to develop processes, procedures, and systems to ensure readiness for the enduring service.</p> <p>Running the procurements concurrently allows each provider to start at around the same time and build relationships with one another. Staggering the processes such that certain providers are appointed before the start of the procurement process for other packages is unlikely to yield much benefit and would greatly reduce the time available for mobilisation.</p>
	How will under performance by Code Manager service providers be managed?	The providers of the Professional Services and Technical Services functions will be subject to the Performance Assurance Framework in the same way REC Parties and end to end REC processes will be. This is because RECCo considers that retail risk should be considered holistically, and that assurance should apply to all elements of the REC ‘eco system’.

		<p>Code Manager service providers will also be subject to performance measures (such as service level agreements and key performance indicators) through their contracts. It is expected that, reflecting the REC assurance provisions, these measures will be outcome-based and focus on the quality of service delivery rather than solely quantitative measures. The contracts will include a performance regime reflecting and escalation level of damages to reflect the “harm” of the breach, ranging from service credits through the liquidated damages for more serious KPI failures through to damages and indemnities for the more serious levels of breach i.e. confidentiality, IPR, GDPR. Ultimately the contract will include provisions for termination in the event of material breach or constant or recurrent minor breaches. The Contract Management function will be provided by RECCo.</p>
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