

## Highlights, RECCo Board Meeting, 04 March 2020

### 1. Code Manager Procurement Project

The procurement project remains on track with contracts due to be awarded in June 2020. February has seen the evaluation and moderation of the REC Professional Services and REC Technical Services Selection Questionnaire submissions (SQ) by the Procurement Evaluation Panel (PEP). Final bids for these packages are due to be submitted by 20 March. The closing date for bids for the REC Performance Assurance function was 21 February and the PEP is now evaluating the quality elements of the RPA submissions prior to moderation later this month.

### 2. RECCo 2019/20 Finances to end of February 2020

RECCo is now in the final quarter of its current financial year to 31 March 2020. The company is expecting to end the year with an underspend against budget. The underspend is currently estimated to be c.£1.2 million and this will be confirmed as part of the audit of the company financial statements. Key areas of underspend include resources needed to support the Switching Programme (Programme Coordinator and Licenced Party Assurance) and the Midata project. Through a combination of strict financial management and competitive procurement of services the budget contingency has not been utilised.

### 3. RECCo 2020/21 Budget

The Board discussed the votes and comments received from REC Parties on the 2020/21 Budget, noting that while the Budget had been approved on a majority of 69% votes cast in favour, a number of REC Parties had raised three primary concerns. Firstly, the rationale for the overall increase in costs for the budget year compared to the expectation set as part of the 2019/20 budget approval process for 202/21. Secondly, further detail is required to understand the allowances included in the budget for delivery of the REC Code Manager procurement project and finally, the role RECCo will play in ensure that costs associated with the transition of SPAA and MRA into REC are managed effectively across the budgets for all three codes. The Board is committed to addressing these matters and will communicate with REC Parties in due course.

### 4. Energy Theft Arrangements

Energy Theft Arrangements currently governed through SPAA and DCUSA and will come to a natural end in March 2021 and migrate into the REC; the contracts with existing service providers (Experian for TRAS and Crimestoppers for the 'Energy Theft Tip-off Line') will come to an end. The Board, building on the work carried out by the Theft Steering Group (TSG) is working with the Boards of SPAA and DCUSA to develop a strategy and plan to ensure that RECCo is able to deliver its obligations in support of Energy Theft from 1<sup>st</sup> April 2021. Ofgem is due to publish a consultation shortly which sets out its expectations as regards the

individual theft components and will ask for industry's views. In summary, it is Ofgem's expectation that REC will take responsibility for the TRAS procurement, establish a contract for the ETTOS, and sets out options for the 2020/21 ('Year 3') Incentive Scheme. The plan developed will reflect this aspiration.

## **5. Crystal Mark Project**

The Board noted that the Change Management Schedule has been submitted to the Plain English Campaign to attain its Crystal Mark accreditation. It, approved submission of further schedules and documents to attain this standard, particularly where they are intended to have a wide and non-technical audience. However, it was also recognised that some areas of the REC must remain suitable for a specialised audience if they are to be effective.

## **6. Appointment of new Board Director**

The Board ratified Ofgem's appointment of Alex Travell as an interim Board Director. Alex brings a wealth of relevant experience, being a current Director of SPAA Ltd and long-standing Chair of the MRASCo Board. He comes, from an independent Distribution Network and Gas Transportation business, and this will further strengthen the