

## Highlights, RECCo Board Meeting, 4<sup>th</sup> November 2020

### 1. 2021/22 Budget

The RECCo Board has begun the development of the Budget for the financial year 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022. In line with current REC governance, the proposed Budget will be shared with REC Parties for their consideration and approval in February 2021.

In the coming financial year, RECCo will undergo a step change in its operating environment, completing the the Code Manager mobilisation and the transition of services currently delivered under existing industry governance (e.g. SPAA, MRA and SMICoP), and moving into its enduring, operational status. Alongside this, RECCo will continue to support the switching programme including assumption of a greater responsibility as a Party Under Integration in that programme. RECCo will also initiate procurement projects for TRAS and consolidation of the metering codes auditor services.

RECCo will develop a budget which reflects its on-going commitment to managing resources prudently, competitively procuring services wherever possible, and driving innovation and efficiency from its service providers. There is also a need to develop the organisational capability to ensure there is expertise, robust processes, and the requisite levels of suitably skilled resource available to be an 'intelligent customer'; one that manages its service providers and ensures the necessary co-operation between providers to achieve the REC strategy and objectives.

From Retail Code Consolidation, a number of existing industry governance regimes (e.g. SPAA, MRA) will cease. RECCo will work closely with the executive committees of those bodies to ensure that there is no duplication of effort and that costs across all organisations are appropriate.

### 2. REC Development

The RECCo Board noted that the REC v1.1 consultation had been issued by Ofgem. The Board was informed that the draft legal text of REC v1.1 was consistent with:

- contracts that have been let with the Code Managers;
- the ongoing mobilisation of Code Manager services; and,
- the planned transition of certain theft related services from April 2021.

The Board agreed to submit a response to the Ofgem consultation confirming that RECCo was in agreement with its proposals and that it was aware of no substantive reason why v1.1 could not be designated in December 2020 and come immediately into effect as proposed. However, it was noted that subject to REC v1.1 being designated in its current form, there may be a consequential change to the process for agreeing the 2021/22 RECCo budget.

The Board also noted that the REC Switching Schedules were ready to be baselined on 12 November in accordance with the Switching programme re-plan, and all REC v2.0 Schedule were on track to be ready for Ofgem's 10 December consultation. The only notable exception was in relation to the

scope of metering provisions, and the extent to which any governance of them may suitably migrate from the BSC to the REC. The Board noted that this was largely a policy matter for Ofgem to determine, but that RECCo and its Subject Matter Experts were working with Elexon to help inform the Ofgem preferred model, for inclusion in the December consultation.

### **3. Transition Programme**

The latest Retail Transition Working Group (RTWG) meeting, chaired by Ofgem, met on the 3<sup>rd</sup> November 2020 and was attended by representatives from most of the codes impacted by Retail Code Consolidation. The meeting was constructive and an important step in building the consensus towards an effective transfer of arrangements to the REC.

The RECCo Transition Plan is progressing well. There had been strong involvement and cooperation from other code bodies. All requested LWIs and Service Specifications had been sent to RECCo and made available to the REC Code Manager to support mobilisation. Progress was being made on gaining access to any relevant existing code documents. The next area of focus was on identifying inflight process areas and agreeing plans for the handover of responsibilities to RECCo.

In the majority of cases, RECCo will be entering into new agreements for the services required to meet the REC requirements. In some instances, existing contracts will be novated and an agreement will be signed between RECCo, the service provider and the outgoing party. The Board discussed and agreed its approach for novating existing contracts to RECCo.

The Board discussed a paper on its responsibilities to ensure that the Electricity Enquiry Service (also referred to as ECOES) is implemented in line with the Switching Programme requirements. RECCo will be responsible for this service from Retail Code Consolidation. A proposal will be developed for consideration at a future meeting.

### **4. Code Manager Mobilisation Programme**

The Code Manager Mobilisation Programme is progressing towards the first key programme milestone M1 with a target date of the 18th December. Work is now underway on some critical path deliverables that will form the foundation for the One Code Manager Service. Highlights include:

#### *a) The REC Portal*

Requirements are being documented for the brand-new REC Portal which will be the interface for the Retail Energy Market to engage with the digital REC Service. Gemserv, the REC Professional Services partner, is working to develop the functional and technical requirements with their One Code Manager colleagues.

#### *b) The Energy Market Architecture Repository – EMAR*

The technical designs are being developed for the new EMAR service that will allow the Retail Energy Market to engage with a digitalised REC. Capgemini, the REC Technical Service partner, is working to develop the technical requirements with their One Code Manager Colleagues.

*c) Performance Assurance*

The REC Performance Assurance partners Deloitte are building the required processes and procedures for the Performance Assurance Board and the Performance Assurance Framework in line with the REC Performance Assurance Schedule. They are working with their One Code Manager colleagues to feed their service requirements into the Portal and EMAR.

This is an exciting time at the start of the mobilisation delivery with all parties working collaboratively with RECCo to build the foundations for the new REC service for 1st Sept 2021.

**5. Financial Management**

RECCo continues to manage its finances actively and in a prudent manner to ensure that the cashflow burden on funding parties is mitigated during the Covid crisis while still ensuring it has the resources to deliver its key objectives. The Board considers the full year outturn on a quarterly basis and current forecasts indicate a small underspend against the budget for the current year.

RECCo adopts an active approach to credit control and at the end of November overdue debts represented less than 1% of the full year budget income.

**6. Stakeholder Engagement**

The Board is pleased to confirm that it will be hosting a virtual stakeholder engagement event in on 09 December 2020. The event will provide an update on RECCo's current activities, outline its future work programme, and introduce the REC Code Manager. Registration details will be made available on the RECCo website shortly. For more information contact [info@retailenergycode.co.uk](mailto:info@retailenergycode.co.uk).

*RECCo Board, November 2020*