



# Retail Energy Code Company *Annual Report*

2023-24



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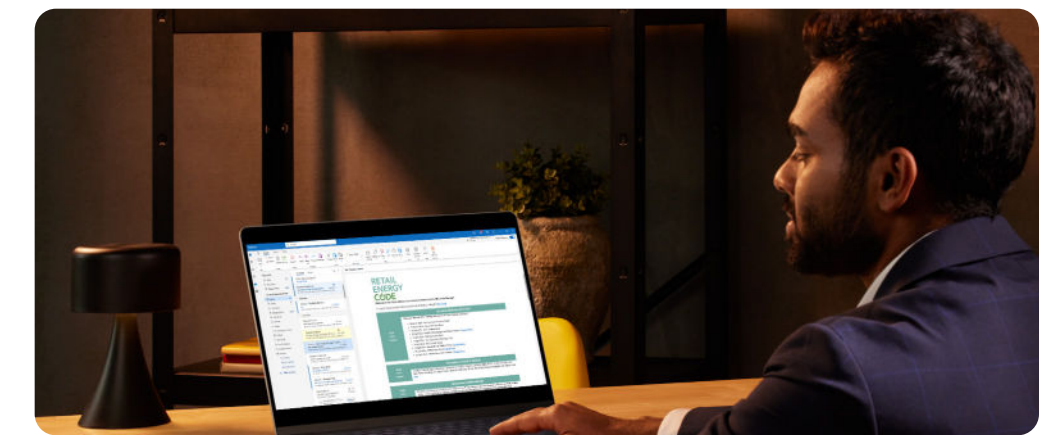
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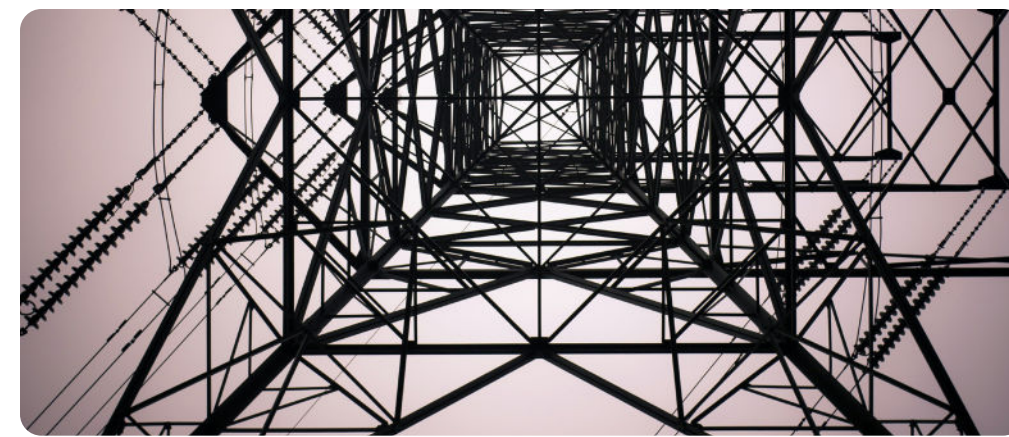
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# Introduction



**Chris Anastasi**  
REC Board Chairman

It has been an extremely busy and productive year for RECCo. The organisation has focused its attention on maintaining and improving existing services while working on a range of innovative initiatives. We've collaborated with colleagues at Elexon on the Market-Wide Half-Hourly Settlement programme, explored potential theft initiatives, and advanced digitalisation efforts, including providing wider access to data and deploying the first AI tool in code governance. Additionally, the team effectively responded to a significant Data Communications Company (DCC) data incident that impacted domestic and I&C customers, learning important lessons in the process.

At RECCo, we are committed to a well-functioning retail energy market. Such a market prioritises consumer needs but also encourages the Parties that have the responsibility for delivering electricity, gas and related services to engage with the Retail Energy Code (REC) through the Change Process. The REC Change Process allows any interested person to propose a change to the REC that they believe will bring forward innovation and improve its functioning. This year, there has been excellent engagement with the Change Process by stakeholders, and the number of Change Proposals (CPs) implemented in 2023/24 increased by 71% compared to the previous year. I am grateful to our REC Parties for their continued engagement with us and their input on a range of issues as we seek to improve our services. They give their time, knowledge, and experience via the REC institutions and in other forums, and their companies deserve our thanks for allowing them to do so.

RECCo continues to mature as an organisation, supported by a team of talented and hard-working experts committed to delivering our mission as set out by Ofgem in 2019. This year, we [continued to evolve our leadership team](#), partially in response to the achievements made by the organisation, whilst our CEO, Sid Cox, took an extended leave of absence. This was possible because of the detailed contingency plan that was in place, and it is a compliment to all concerned that RECCo continued to operate effectively during this period.

We continue to work closely with Ofgem to deliver new initiatives that address emerging issues. This year, for example, the operations team worked closely with stakeholders to develop a new prepayment levelisation scheme, which went live on 1st April 2024. I'm pleased to report that the team successfully delivered a service that will positively impact some of our society's most vulnerable consumers within the set timeframe and budget. Overall, the levelisation scheme applied to 39.95 million electricity and gas meters in the UK.

The Board continues to play a fundamental role within RECCo, with [six committees](#) that ensure best governance practices. It is the decision-making body on key issues and provides support and advice to the operations team on a range of issues, from consumer needs to data and digitalisation. This year, the Board completed its evolution to a fully independent body with the appointment of Isabelle Haigh as a Non-Executive Director (NED), focusing on network issues. This appointment brings the Board to a full complement of NEDs, each bringing their knowledge and experience

on key issues important to the smooth running of the retail energy market. Isabelle's appointment meant that Tracey Pitcher left her role as Special Advisor on network issues. I am very grateful to Tracey, who had also previously been a designated Director on the Board, for helping to develop RECCo into the organisation it is today.

This promises to be another busy and important year for RECCo. The organisation is very well-placed in terms of knowledge and experience and has the appropriate capacity and budget to deliver the [Forward Work Plan](#) agreed with our stakeholders. We will also progress several important projects, including the evolution of our Code Manager services. I very much hope we all continue to work together to deliver a retail energy market that benefits our community.



**At RECCo, we are committed to a well-functioning retail energy market.**

Chris Anastasi, Chairman

# Operational Highlights from our CEO



**Sid Cox**  
CEO

I am pleased to introduce RECCo's operational highlights for 2023-24. Over the past three years, we have successfully established RECCo and integrated services that were launched or migrated during the Retail Code Consolidation. A significant milestone was the commencement of the Central Registration Services and the transition of the Gas Enquiry Service to REC governance, which went live in the summer of 2022 as part of the Ofgem Switching Programme. Last year marked our first full year operating the complete suite of REC Services, a pivotal step in our journey.

Our mission is to serve you and facilitate a better-functioning retail energy market for all consumers, driven by our commitment to continuous improvement. Throughout the past year, we have actively prioritised engaging with you and our stakeholders, valuing your input and expertise to help evaluate our performance and the services we deliver. The positive reception of our services, as highlighted in our [2023 Annual Satisfaction survey](#), is a testament to our dedication to operational excellence. Your invaluable feedback also highlighted areas for improvement, guiding us as we strive to consistently deliver the high level of service you rightfully expect from us. As outlined in our [Strategy and Forward Work Plan for 2024-2027](#), our focus for 2024/25 is enhancing REC operations, change management, performance assurance, and technology enablement.

This year, as in previous years, we were called upon to deliver industry-critical new governance, processes, systems, and charging arrangements at a pace that

aligns with government policy for the benefit of consumers and industry. As Chris Anastasi discussed in the introduction to this report, we're proud of the successful design, build, testing, and launch of the prepayment levelisation scheme. In March 2024, we also reached a significant milestone with the retirement of the Market Stabilisation Charge (MSC) arrangements under the REC. Ofgem established this scheme to manage the risks caused by wholesale market volatility, which could result in high consumer costs if Energy Suppliers failed in the market. In February 2022, we played a crucial role by quickly implementing the required governance and charging arrangements. We also developed an efficient invoicing and billing system, ensuring a cost-effective solution for REC Parties. Throughout the scheme's lifetime, RECCo successfully collected and paid out over £80 million.

In addition to our operational achievements, I am pleased to announce that REC Parties will receive an anticipated rebate of approximately £9.5 million later this year. This rebate results from meticulous credit control, strategic project phasing and effective service provider management.

I want to extend my appreciation to all our stakeholders for their continued support and collaboration throughout 2023-24. Recognising the importance of open engagement, we have made it a priority to increase the opportunities for stakeholders to interact with us in a meaningful way. Under RECCo's stakeholder engagement strategy, our primary objective was to enhance our interactions,

increase stakeholder understanding, facilitate greater input into our core initiatives and ensure greater transparency across our activities. I am pleased to report that we communicated constructively with nearly 800 stakeholders across 170 engagements, continually striving to improve consumer outcomes. Through this engagement, we learned the value you place on open forums. During 2023-24, we increased stakeholder participation in our Committees and Groups, which now include the REC Issue Group, Energy Theft Reduction Expert Group (ETREG), Energy Theft Forums, and RECCo project advisory and user groups.

I must also express my gratitude to our service partners, whose commitment to improving the efficiency and effectiveness of retail energy market arrangements is enabling us to make positive and impactful changes. I would like to extend my thanks to our colleagues at C&C, Capgemini, Crimestoppers, Deloitte, the Data Communications Company, Gemserv and Xoserve (supported by Corella), who have played a pivotal role in helping us achieve our objectives.

In closing, I hope you find this report helpful in understanding our progress and learnings over 2023-24 and how it informs our plans for the future. Your feedback is invaluable to us, and I encourage you to share your thoughts and suggestions with us by completing a [brief survey](#) or contacting us directly at [communications@retailenergycode.co.uk](mailto:communications@retailenergycode.co.uk).

# Table of Achievements

In our Strategy and Forward Work Plan for 2023-2026, we outlined project commitments designed to drive efficiency, innovation and value for our stakeholders. Reflecting on the past year, we are pleased to present an overview of our progress:

Project	Goal	Progress in 2023/24
Data and Digitalisation	Consult upon and implement the results of applying open data principles to REC-controlled data.	We completed the initial consultation on the metadata catalogue which culminated in Change Request R148 to the REC. As planned, the solution development, including impact assessment and final recommendations, will be presented to the Change Panel in Q3 2024.
	Facilitate the development of a consumer consent mechanism.	We supported Ofgem in preparing its consultation to implement Consumer Consent on an industry-wide basis. We continue to support a centralised governance framework and methodology to gaining consent in the energy industry and support Ofgem to make this a reality.
	Work with the Code Manager and stakeholders to produce a strategy for ensuring the completeness and quality of market data that impacts retail risks.	We released RECCo's <a href="#">Data and Digitalisation Strategy</a> in September 2023. These principles and vision will underpin upcoming changes and projects.
	Publish approach to the evolution of REC Digital services and integration into the Code Roadmap.	RECCo established a User Experience (UX) Project to investigate which incremental changes can be made to REC Digital services over 2024/25. We have also established a Stakeholder Advisory Group, to support RECCo's REC Code Manager evolution project team, looking at developing REC Digital Services in the medium to longer term.
	Consult upon proposal for API Gateway and Microservices Architecture.	We completed an <a href="#">industry consultation</a> in November 2023, supporting the implementation of an API gateway and its integration with appropriate services.
Theft reduction strategy	Re-establish a theft expert group and stakeholder forum.	In 2023/2, we established the <a href="#">Energy Theft Reduction Expert Group (ETREG)</a> and set up a wider Energy Theft Forum. The forum welcomes all interested stakeholders, including REC Parties, service providers, and the police. If you would like to join the next forum, you can get involved <a href="#">here</a> .
	Raise industry and stakeholder awareness of the theft issue.	We undertook a project in partnership with an external creative consultancy to review the material and methods used to educate industry parties and consumers on the presence and risks of Energy Theft. The output of that project is informing, amongst other things, changes to the marketing of the Stay Energy Safe campaign.
	Incentives: map relevant industry processes, identify issues contributing to losses, and options to resolve them.	We commissioned an independent <a href="#">end-to-end review</a> and mapping of theft-related processes and identified 22 recommendations for improving their performance. We have incorporated those recommendations into our Theft Reduction work plan.

# Table of Achievements

Project	Goal	Progress in 2023/24
	Data: identify existing sources of theft-related data and facilitate better data sharing.	We have collaborated with Energy Suppliers to overcome GDPR issues and share smart meter data. We will analyse this data alongside data from confirmed theft cases to identify relevant trends and potential red flags and report on findings over 2024/25.
	Engage with and identify better ways of working with non-industry agencies, e.g. police.	We continued collaborating with industry and non-industry parties, including the police, which led to the publication of our initial police partnership proposal in May 2024, which is accessible via the theft area of the <a href="#">REC Portal</a> .
Market-Wide Half-Hourly Settlement (MHHS) Programme	Entry into Systems Integration Testing.	We successfully delivered all aspects of our Market-Wide Half-Hourly Settlement (MHHS) project, including successfully entering Systems Integration Testing (SIT), and are actively participating as a SIT Participant.
	Complete consequential code drafting.	We completed all code drafting tranches, including consultation, on-time and in accordance with the industry programme plan. All code drafting remains on track to meet the MHHS's M6 and M7 milestone requirements.
Evolution of Enquiry and Database Services	Deliver efficiencies by integrating the Green Deal Database into the Enquiry Service platform.	In late 2022, we worked with our service provider to find ways to deliver the Green Deal Central Charging Database (GDCC) more efficiently and cost-effectively. We agreed to re-platform and integrate the service into the existing Electricity Enquiry Service environment. It was successfully deployed in the Summer of 2023, leading to a 50% reduction in annual service costs without compromising the quality or levels of service.
Priority Services Register (PSR)	Explore the scope for REC to improve PSR coverage and better facilitate the 'tell me once' principle.	We published a <a href="#">white paper in May 2023</a> on improving the handling of PSR. Since then, we have been working with REC Parties, Ofgem, and the government on implementing these principles, whether independently or as part of a universal PSR.
Third-Party Intermediaries	Explore the scope for REC to improve PSR coverage and better facilitate the 'tell me once' principle.	We published an - initially voluntary - <a href="#">TPI Code of Practice (CoP) in October 2023</a> , following workshops with Energy Suppliers and TPIs. Around 20 TPIs have voluntarily registered as complying with the CoP. We have proposed making it mandatory for Energy Suppliers to use only accredited TPIs adhering to the CoP, which could be achieved through RECCo or other recognised bodies.
Net-Zero RECCo	Publish our Carbon reduction plan.	In May 2023, we achieved carbon neutrality through offsetting after implementing a plan to measure, reduce the intensity, and offset RECCo's carbon footprint. Moving forward, RECCo will create a comprehensive Net Zero Strategy for inclusion in the RECCo Strategy and Forward Work Plan 2025/26.

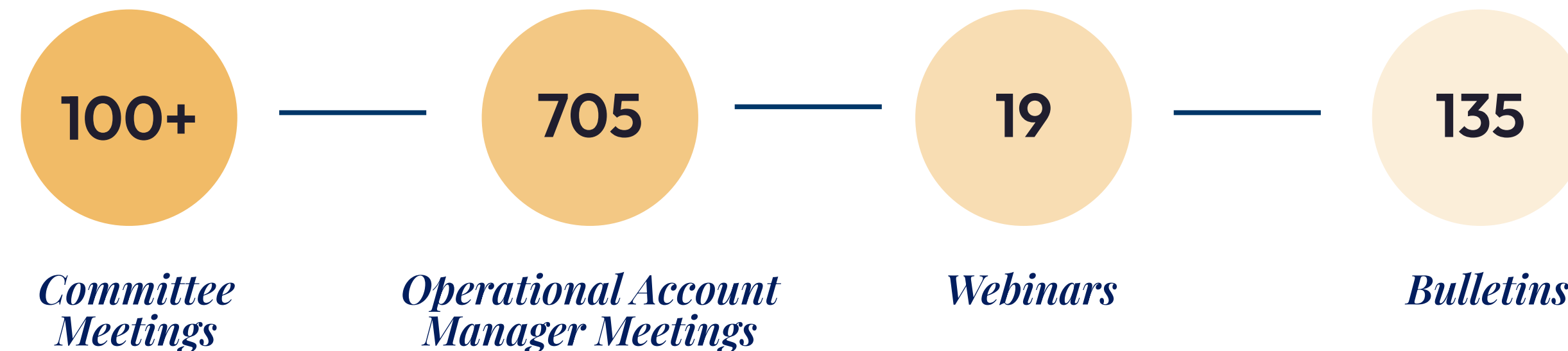
# Code Manager Performance Review

The REC Code Manager ensures the effective and efficient delivery of the REC’s daily functions and processes, including supporting the industry in fulfilling its code obligations. Key responsibilities include:

- Handling the REC Change Process and release activities;
- Supporting REC Parties through Operational Account Managers (OAMs), which act as the front-line information providers to REC Parties and work to ensure everyone has the relevant guidance and training to assist in meeting their REC obligations;
- Managing and maintaining the REC Portal and Digital REC;
- Providing an expert service desk;
- Developing and overseeing the Performance Assurance Framework;
- Assuring the performance of REC Parties, Service Users, and REC Service Providers;
- Providing training and events;
- Running REC Committees.

## Service highlights

The services provided by the REC Code Manager have evolved based on feedback from REC Parties. Throughout the year, the team held or published:



Key changes to the Code Manager Services during the 2023/24 year include:

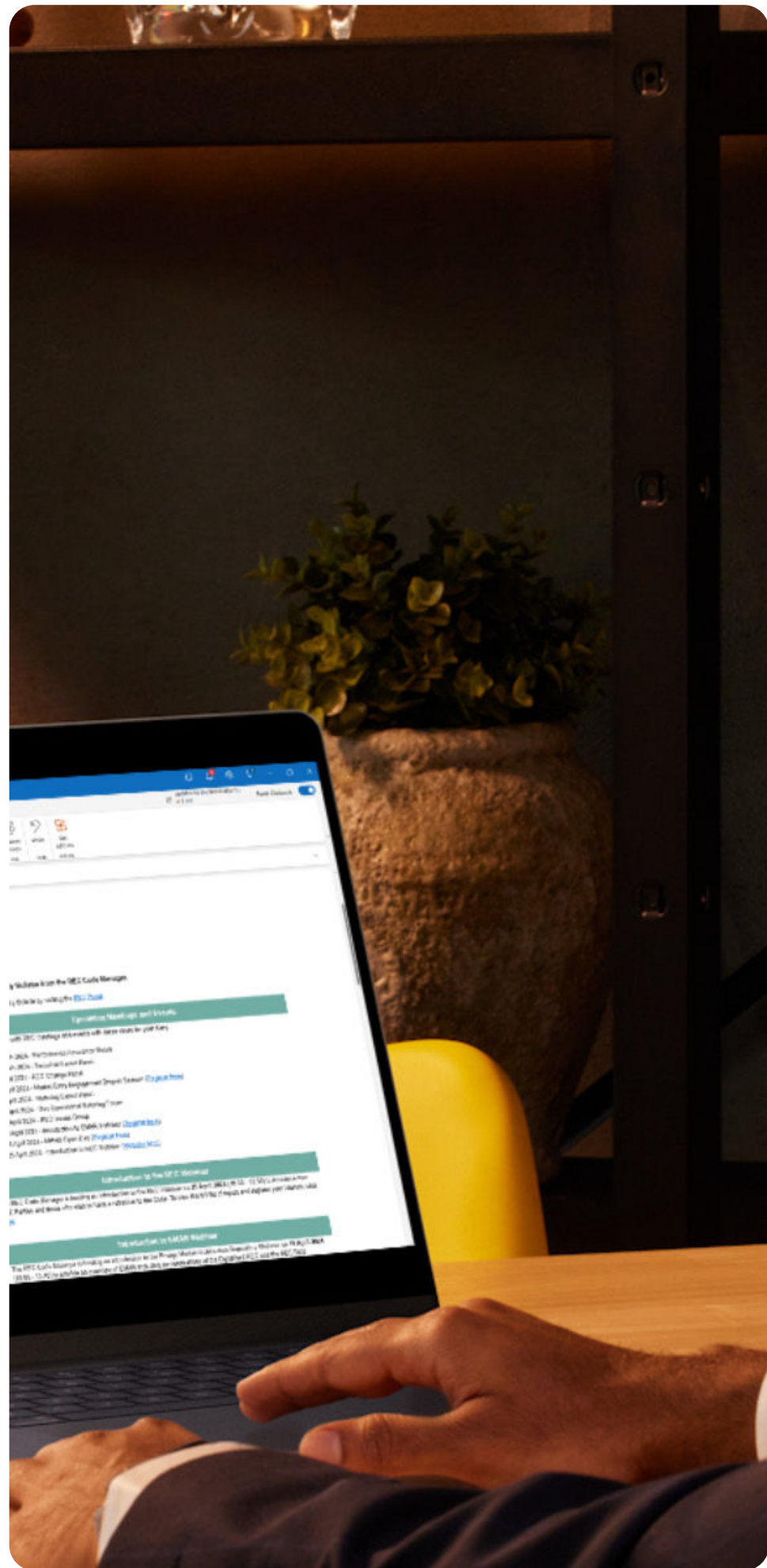
- Expansion of the REC Change Team;
- Expansion of the OAM service;
- Continued development of the REC Portal and Digital REC;
- Establishment of open forums where Stakeholders can engage on REC matters with the Code Managers;
- Expansion of webinars and introductory events;
- Revision and republication of the REC roadmap.

## Performance overview

RECCo has commercial contracts with three organisations that collectively provide the Code Manager Service. The contracts establish specific service levels for performance evaluation, which we closely monitor in collaboration with the three organisations. If service levels are not met, a service credit system is activated, returning funds to REC Parties during the annual budget reconciliation process. This performance evaluation regime also serves as a critical tool for identifying issues across the service, triggering investigations and resolutions as needed.

The Code Manager Service Providers met their monthly service levels throughout the 2023/24 financial year, each achieving an average score *between 97% and 100%*. Overall, five events triggered service credits totalling *over £31,000*. Our Annual Satisfaction Survey conducted at the end of 2023 provided further insights into their performance. Despite having a challenging target of an overall satisfaction score of *>8/10*, the Code Manager received a score of *7/10*. Missing this target means that between 1% and 4% of their annual contract value will be refundable to RECCo.

# Code Manager Performance Review



## Survey Insights

Our 2023 Annual Stakeholder Satisfaction Survey highlighted both areas of success and opportunities for improvement across the REC Code Manager. Stakeholders particularly praised the expert support provided by the OAMs, the delivery and administration of our REC Committees, and the overall professionalism of the Code Manager. As a result of this feedback, RECCo provided funding for two additional OAMs and a further OAM to assist TPIs, boosting the service further.

Overall, **49%** of respondents were able to highlight positive improvements that the REC Code Manager had made in the past 12 months, including communication, taking a proactive approach to engagement, and introducing account managers. However, navigation of the REC Portal and the Energy Market Architecture Repository (EMAR) were flagged as key areas for improvement. **78%** of respondents wanted further improvements to the Portal, and **86%** wanted EMAR to be simplified.

*“I still don’t find the portal particularly intuitive to use. It can be slow to load. The format, look and feel isn’t great.”*

Parties also noted a need for improvement in the overall delivery of the Performance Assurance Framework, noting that they would like to see:

*“Better, more useable data and more transparency on Parties’ performance metrics.”*

## Actions and Improvements

Building on what we learned in 2022/23, our Code Manager Service has taken important steps to enhance service delivery and stakeholder engagement. Feedback has shown that stakeholders value open engagement and appreciate the critical role of RECCo and the Code Manager in helping them keep up to date with industry changes. Effective communication across all forms, including our digital services, remains a key area of focus to meet the diverse needs of different stakeholder organisations.

Following our “On the Road” workshops, the 2023/24 Annual Stakeholder Satisfaction Survey, and various other engagement opportunities with REC Parties and wider market participants, RECCo has collaborated closely with the Code Manager to develop comprehensive improvement plans. This has included **120+ Identified Enhancements** organised into an effective delivery pipeline, focusing on key areas such as change management, digital innovation, and performance assurance.

We published our [Annual Satisfaction survey](#) report in April 2024, detailing our clear actions with our service providers to address this important feedback over the coming year. These steps include working with the Code Manager to:

- Expand our OAM and service desk resources to increase efficiency;
- Continue with the UX/UI Project to implement

- incremental improvements to the REC Portal and EMAR in the short-term to improve the intuitiveness for users;
- Consider the future of REC Digital Services in conjunction with the Stakeholder Advisory Group, which we established in March 2024;
- Improve the standard, frequency and quality of the Code Manager’s communications and engagements;
- Introduce an enhanced REC Change Process following an end-to-end review.

A review of the REC change management arrangements and REC performance assurance regime for 2023-24 are covered in more detail in the following sections.



**Get more of them [OAMs]; they are a real asset! I have a really good relationship with my OAM. They are very approachable and always there to help me when I need some support.**

Annual Survey Respondent

# REC Change Management Review

## Overview

The REC Change Process was purposefully designed to enable any interested individual, stakeholder, REC Party, or the Code Manager to suggest changes and improvements to the REC. We have seen a diverse range of Change Proposals raised from various entities as a result, including by the Code Manager, Ofgem, other industry bodies, and consumers. Such openness is vital in allowing the Code to evolve and meet the changing needs of consumers and the wider energy industry.

Representing a significant advancement in the industry, the REC Change Process draws on best practices from Ofgem’s Code Governance Reviews and the Competition Market Authorities’ [Energy Market Investigation](#) in 2016. The Code Manager replaces many functions traditionally carried out by industry panels or working groups. This allows for a comprehensive cost-benefit analysis, solution design, requirement specification, planning, and independent prioritisation, focusing on resolving significant issues and delivering high-impact changes.

The Code Manager works closely with stakeholders, including the REC Change Panel, and recommends whether a Change Proposal should be implemented. Industry members support the Code Manager’s change analysis by responding to impact assessments and consultations, joining working groups, and attending webinars. The Code Manager retains the ability to appeal decisions to Ofgem if the responsible change committee rejects its recommendations.

This model enables the Code Manager to independently progress changes, leveraging industry expertise while reducing the demand on industry resources.

## Performance Overview

This year, the REC Change Process saw more Change Proposals implemented than in any other year since its launch. 36 Change Proposals were implemented to drive positive change, such as:

- R0147, which introduced the necessary governance and charging arrangements into the REC to make Prepayment Meter Levelisation possible;
- R0093, which ensured that the Switching Operator is prepared for the increase in message volumes that will be created during the Market-Wide Half-Hourly settlement programme migration, and;
- R0030, which introduced a defined process for Energy Suppliers to cancel Erroneous Transfers in specific allowable scenarios.

Stakeholders continue to value and engage with the service, raising 55 proposals on a range of issues over the past year.

Table 1: Change Proposals	2021/22	2022/23	2023/24
Implemented	27	21	36
Open	2	73	63
Withdrawn	10	6	25
Rejected	1	0	5
New Change Proposals Raised	40	70	55



# REC Change Management Review

An end-to-end review of the Change Process was conducted in 2023 after two and a half years of live operations, and revealed that some of the assumptions underpinning the initial design and resourcing should be revisited:

- The volume of changes exceeded the original resourcing estimations, causing delays in the progress of Change Proposals;
- The complexity and number of date-driven changes was also higher than anticipated;
- This means that changes were more resource-intensive, and delivery timescales had little flexibility, which consumed a large proportion of the team's resources;
- More coordination was needed between REC Service providers and the Code Manager than expected; this had to be factored into change plan planning, leading to longer implementation timescales;
- Valuable stakeholder engagement was occurring too late in the development process, causing solutions to be re-planned and re-baselined.

## Actions and improvements

To address identified pain points in the process and stakeholder feedback, several improvements have been implemented over the past 12 months:

### 1. A full review of the REC Change Management Schedule:

A comprehensive review of the REC Change Process, as documented in REC Schedule 5 – 'Change Management,' was conducted. A Change Proposal has been published to address inefficiencies in the existing process.

### 2. Establishment of a Task Force:

A dedicated team was formed to evaluate the change backlog and develop a plan to progress 'on hold' changes.

### 3. Introduction of the REC Issues Group:

This group provides a forum for discussing operational issues openly and reaching a consensus on the need for changes.

### 4. Introduction of the Change Issues Group:

This group focuses on change-specific issues, contributing to issue resolution and solution development.

### 5. Increased Resourcing for the Change Team:

This will ensure that Subject Matter Experts are available to support the development of solutions and that more analysts are available to progress raised change, working with impacted stakeholders.

## Case study: R0030 'Erroneous Transfer Cancellations'

An Erroneous Transfer is when an energy customer is switched to a new energy supplier by mistake. REC Schedule, 'Resolution of Consumer Facing Switching and Billing Issues' details the arrangements which Energy Suppliers must follow to resolve the issues.

### Problem

A Supplier raised a REC Change Request to introduce a defined process for Energy Suppliers to cancel Erroneous Transfers (ETs) in specific scenarios. They noted that cancelling ETs was currently not permitted under the REC in any instance, even when a Supplier of Last Resort or Change of Tenancy had taken place.

### Impact

Being unable to formally cancel an ET led to switching and billing delays for consumers, while Energy Suppliers attempted to resolve the situation without a defined process. In some instances, Energy Suppliers supplied consumers without a Valid Contract, resulting in additional Guaranteed Standards of Performance (GSOP) payments. The Performance Assurance Board also had no way to identify the difference between the ET process legitimately closing without resolution and an Energy Supplier not meeting their REC obligations, which meant they could not evaluate Energy Suppliers' performance accurately in this area.

### Solution

The Code Manager worked closely with industry stakeholders to ensure the solution resolved the identified issues. The solution included changes to data items and REC Schedule 30 and went live in June 2023. Analysis of ET volumes shows that they were volatile and erratic prior to the implementation of R0030 but after implementation the number of resolved ETs has plateaued and can now be monitored confidently.

# REC Performance Assurance



## Overview

With support from the Code Manager, the REC Performance Assurance Board (PAB) is primarily responsible for Performance Assurance and Qualification and Maintenance under the REC. The PAB helps develop Change Proposals, evaluates risks for REC Parties and service providers, manages the qualification process, and specifies security and data protection requirements for the REC. The Code Manager selects members of the PAB through a nomination and selection process, and representatives from all groups affected by the REC are included.

## Risk Management

The Code Manager has developed a comprehensive Risk Register, capturing and prioritising known risks to consumer outcomes and the retail market. The role of the PAB is to mitigate those risks, primarily by applying relevant, proportionate Performance Assurance Techniques (PATs). Collecting data is crucial for successful delivery, which necessitated establishing and continuously developing the Performance Assurance Reporting Catalogue (PARC).

We will continue to explore new and less intrusive means of identifying and obtaining the necessary data to meet the performance assurance framework's requirements, improving transparency and awareness of the value of such activities.

## Data Cleanse

A major advancement during the year has been the creation of a data cleansing sprint approach. This allows Energy Suppliers to tackle known data issues collaboratively without worrying that acquiring new customers will lead to an ongoing cleansing cycle.

Energy Suppliers have made significant progress in cleansing Meter Asset Provider IDs and items that will support the MHHS transition. This approach has enabled practical targets to be set for coordinated improvement across the industry and facilitated collaboration to improve processes.

## Direct Assurance

The Code Manager supports RECCo's management of service provider contracts by supporting the monitoring and assurance of the other REC Services, including Switching Services and the Enquiry Services. Each service is subject to a review with the PAB to identify and resolve issues.

Key activity this year included implementing Change Proposal R0025, which allows the PAB to determine service charges under the DCC Switching Incentive Regime. While the majority of REC Services are provided under contract to RECCo, those provided by the DCC are subject to terms and conditions set out in the REC itself under the DCC's licence obligations. It is, therefore, important that the REC contains some of the provisions that would more

usually be found in a bilateral contract.

The Service Level Agreements (SLAs) for the Switching Incentives Regime have been reviewed and developed throughout the year. DCC submitted REC Change Proposal R0092, and an alternative proposal, R0092A, has been put forward by the REC Code Manager. Ofgem is currently considering these Change Proposals. Under the rules, the PAB must determine the service charges based on the current SLAs set out in the REC. As these SLAs were not met, the total charge for 2023/24 is £300,000, which is deducted from the service cost and passed on to REC Parties as a reduction in RECCo charges.

The Code Manager has also identified and addressed issues related to the responsiveness of some REC Services in addition to system design issues that make it more challenging to resolve Switching Incidents promptly. Work is in progress to address and make improvements to some of the more complex design issues identified, involving DCC and RECCo.

The Code Manager has also completed direct assurance over access to REC Services, helping to keep REC Party and consumer data safe. Additionally, direct assurance was completed over REC Service performance reporting and the REC Change Process.

# REC Performance Assurance

## Market Entry, Qualification and Metering

Qualification and Maintenance are key tools for monitoring and ensuring that REC Parties, REC Service Providers, and Non-Party REC Service Users operating in the market meet certain standards. This is achieved by completing an entry assessment before qualifying for a specific market role or gaining access to REC Services. The assessment focuses on information security, testing, and the capability of the business solution.

During the year, the Code Manager has adapted requirements to enable competition for new types of metering arrangements, called Safe Isolator Providers. This has involved developing a risk-focused entry process that assesses that these organisations can fulfil this role safely before they are able to work isolating fuses without necessitating them to develop complex systems to fulfil broader metering roles.

The development of the MHHS Programme has required changes to the Qualification and Maintenance procedures for both the Balance and Settlement Code (BSC) and the REC. The Code Manager has collaborated closely with the MHHS programme and Elexon to create new qualification procedures, outlining the requirements for Parties during the transition and on a long-term basis. They have also aimed to ensure a practical and proportionate approach, such

as establishing a joint working group to develop exemption rules for market participants directly affected by the new MHHS requirements.

## Data Access

The PAB currently reviews and determines all requests for access to data controlled under the REC, traditionally considering recommendations based on each application and the Code Manager’s associated recommendation.

RECCo’s Open Data project, the results of which were published in an [Open Data Review](#) paper, has updated the process for classifying and approving access to data. The first of two REC Change Proposals - R0118 - simplified the data access request process, allowing data to be accessed by new user groups and for new valid purposes starting in December 2023. The second Change Proposal - R0148 - is currently in progress and, if accepted, will further simplify the process by implementing the classification-based approach outlined in the Open Data Review paper.

Specifically, RECCo collaborated with the Code Manager, REC data service providers, and other code bodies to create a metadata catalogue, identifying the levels of access to data based on four classifications as follows:

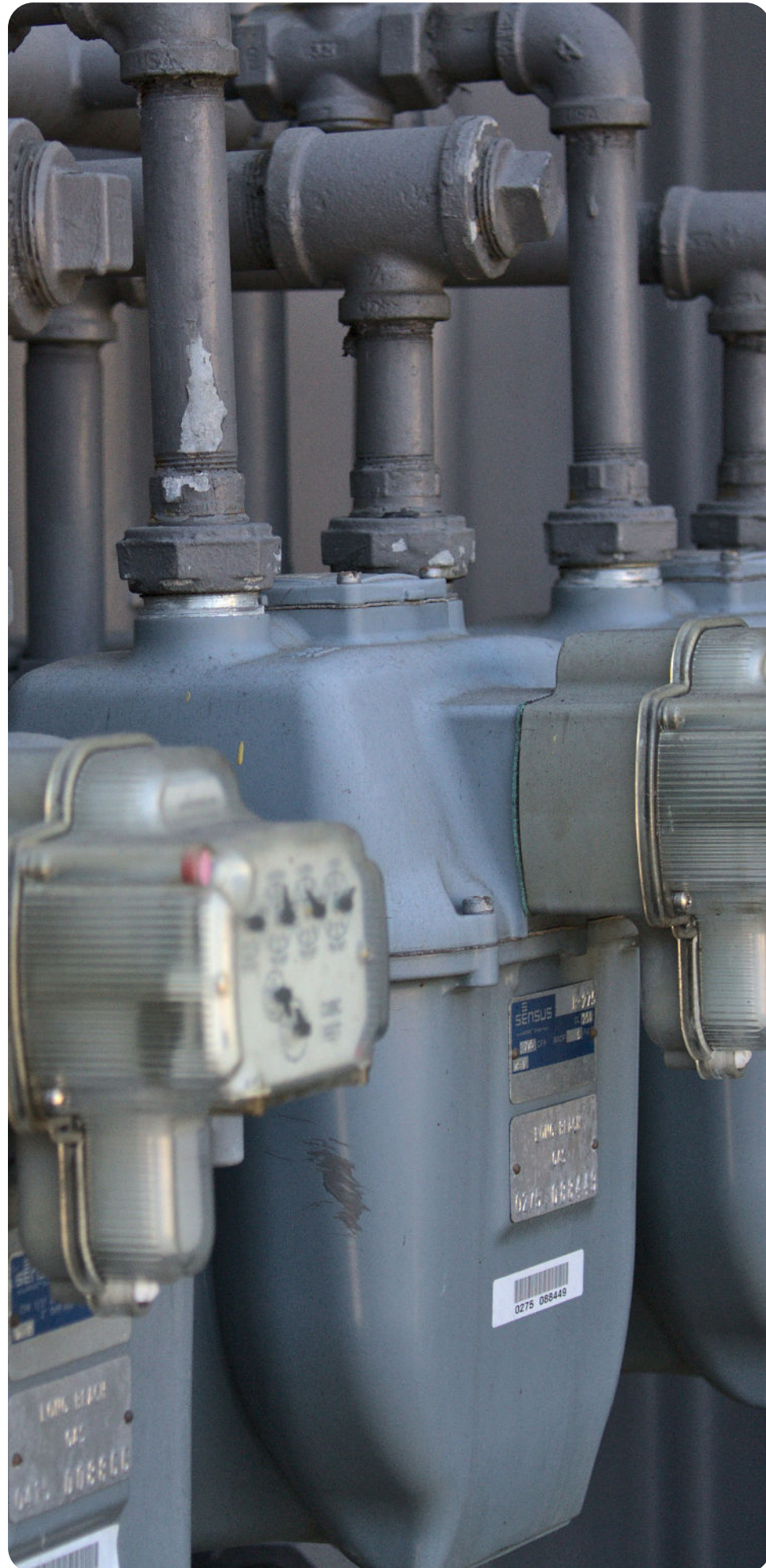
- ‘Always Open’ can be shared without restriction;
- ‘Conditionally Open’ can be shared with certain conditions applied;
- ‘Personal’ can be shared in line with data protection laws;
- ‘Restricted’ cannot be shared unless there are exceptional circumstances.

If R0148 is approved and system changes are implemented to enable access, parties will no longer need prior approval to access data classified as ‘Always Open’. The PAB will continue its current role of ensuring due diligence in assessing all Data Access Requests involving items not classified as ‘Always Open’ and the rigour of the data procedures as a whole. To support this role, all REC PAB Members have undergone GDPR training and will continue to receive guidance from the Code Manager and Data Protection Officers as needed.

We recently [published an article](#) which details the improvements we’ve been making to the Performance Assurance Service in response to stakeholder feedback.



# REC Services Continuous Improvement



## Energy Theft Services

The Energy Theft Tip-off Service (ETTOS) is a service operated by Crimestoppers that allows members of the public to report suspected theft of gas and electricity anonymously. Crimestoppers securely notifies the tip-off to the relevant gas or electricity supplier for investigation. If the supplier cannot be identified, Crimestoppers will inform the appropriate Gas Transporter or Electricity Distribution Network Operator for further analysis.

The Energy Theft Tip-Off Service performed well in our 2023 Annual Stakeholder Satisfaction Survey, with stakeholders scoring their overall satisfaction with the service as **7/10**. Most respondents felt that the service had either improved or stayed the same over the past 12 months.

Until 31st March 2024, Crimestoppers was responsible for overseeing the marketing agency that promoted the Energy-Theft Tip-Off Service under the public-facing Stay Energy Safe brand. In 2023/24, we decided to take a more active role in developing the service and its campaigns to ensure the delivery of effective campaigns and value to the industry. To achieve this, we initiated a competitive procurement process to directly appoint a marketing agency to manage the Stay Energy Safe brand. The agency has been managing the brand since 1st April 2024, and we are working closely with Crimestoppers and the marketing agency to

ensure that the service continues to provide value for money.

In addition, we have made several other key improvements this year to ensure stakeholder satisfaction and the success of our energy theft strategy. In November 2023, we published our [‘Review of Energy Theft Processes’](#) report and a comprehensive set of [Energy Theft process maps](#). This year, we started improving the Theft Detection Incentive Scheme to make it more relevant to the industry. We launched the Theft Issues Group and hosted two Energy Theft Forums. The groups bring together industry stakeholders to gain a deeper understanding of the problem to help inform what measures should be explored and implemented to prevent energy theft by providing the industry with the necessary and effective response tools.

## Metering Services

The Metering Service regularly audits metering parties to consistently monitor and uphold compliance with the Consolidated Metering Code of Practice (CoMCoP). This includes auditing Gas Meter Equipment Managers and Meter Installers (Gas MEMs and MIs), Electricity MEMs, Automated Meter Reading Service providers, and Smart Metering Service Providers to ensure adherence to regulatory standards.

Our Annual Satisfaction Survey for Metering

as a Service (MSAS) indicates the need for further refinement of the service as a new service introduced under the REC. The service scored **6.6/10** overall and is a key priority for our Operations team over the next 12 months. In particular, feedback has highlighted opportunities to enhance the CoMCoP audit process. One respondent noted they would like to see us;

*“Simplify and shorten the audit questionnaire.”*

The delivery of the audit process is a crucial area where we are working closely with the Code Manager to ensure alignment with the Code of Practice. The review of R0152 CoMCoP is currently in phase 2, and we have launched our post-audit survey to enable Parties to provide immediate feedback.



**Provide information on how the ETTOS service can help industry parties deal with suspected energy theft.**

Annual Survey Respondent

# REC Services Continuous Improvement

1 2 3

## Central Registration and Switching Services

Responsibility for the enduring delivery of the Central Switching Service (CSS) falls under REC governance and accounts for a large proportion of RECCo's budget. The REC Board has an obligation to scrutinise and, where appropriate, challenge costs. Over the past year, we have continued to work in close collaboration with DCC to develop an enhanced working relationship to deliver better consumer outcomes.

In particular, we have improved our governance of DCC by enhancing operational relationships between DCC, RECCo, and the Code Manager. We have introduced transparent deliverables and processes to reduce the risk to REC Parties and the end consumer. This improved governance, proactive engagement strategy, and explicit requirements supported the successful delivery of the annual switching certificate refreshes. Our improved operational relationship also enhanced our view of the REC Change Pipeline, leading to optimised solutions, mitigated risks and timely delivery.

In April 2023, we implemented a performance charge regime to incentivise the DCC's role as the Central Registration Service (CRS) provider. In conjunction with the Smart Meter Communication License, this regime aims to ensure that the

DCC operates within its price control while maintaining high performance. Our primary focus this year has been to carry out a comprehensive improvement plan covering all aspects of DCC's switching responsibilities and activities following the major switching incident in 2023 to prevent similar incidents in the future. In conjunction with our Code Manager, RECCo continues to monitor performance on behalf of the Board and REC Parties and, where poor performance is seen, we work with DCC to ensure timely action is taken to understand the cause and resolve the issue, to restore code-defined standards.

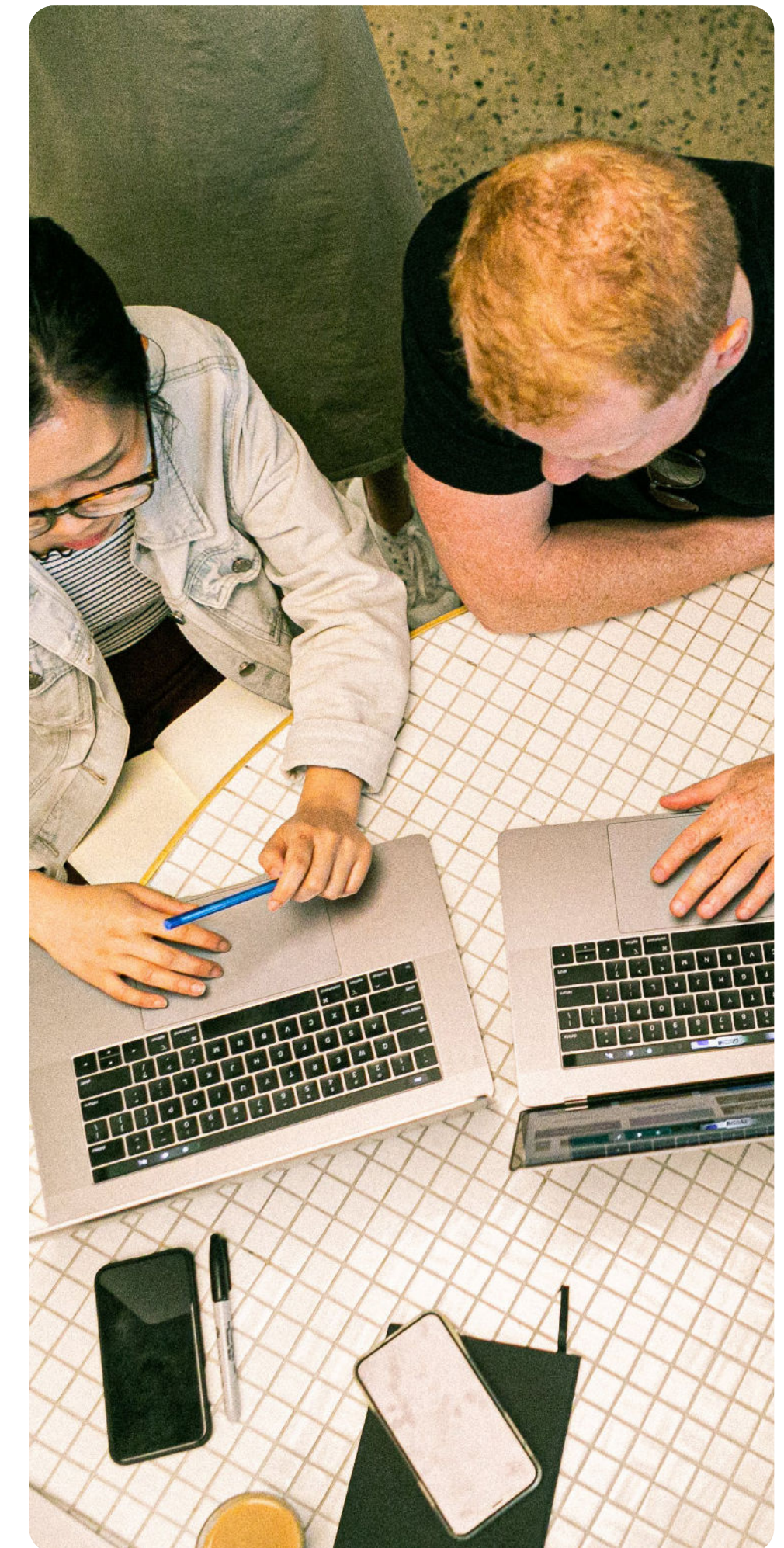
In recent events, on 21st May, Ofgem [launched a consultation](#) on the future of the CRS. Ofgem identified several potential benefits which could be realised following the transfer of responsibility for the CRS to RECCo. These are:

- "With RECCo providing the CRS, governance and decision-making will be streamlined, allowing industry to have greater influence on the delivery of the service."
- "RECCo will be able to explore options for service enhancements and redress."
- "RECCo would be able to speed up the delivery of change. In particular, RECCo could use the Design Authority function embedded within REC Technical Services, which could remove additional steps from the current process and reduce layers of complexity due to RECCo not having to work through a third party."
- "We understand RECCo has been able to

identify areas of possible cost savings, such as removing potential duplication of efforts and driving efficiencies within the Switching Operator role. This includes, for example, removing any additional management layers, or aligning the CRS technical services to other technical services within the RECCo catalogue. Further savings could be realised through the re-procurement of the main External Service Provider contracts upon their expiry."

- "RECCo is a not-for-profit organisation, meaning that no margin will be recovered, and these potential savings will be passed on to industry and consumers."
- "RECCo would be well placed to provide effective communication and management of incidents due to the organisation already having in place established channels of direct engagement with industry, for example the REC Issues Group."

In preparation for a potential transfer, which Ofgem first discussed in August 2023, a work programme was established in 2023/24 to consider the transition to RECCo. The REC Board concluded that the potential transfer has merit for industry parties and end consumers, and as set out in our Forward Work Plan 2024-27, we will make the case in our consultation response. Pending Ofgem's determination, the aim is to be ready for a seamless transition of responsibilities in September 2025 by implementing a detailed delivery and transition plan underpinned by due diligence of the existing commercial and contractual arrangements.



# REC Services Continuous Improvement

## Energy Enquiry Services

The Energy Enquiry Services, comprised of the Electricity Enquiry Service (EES) and Gas Enquiry Service (GES), are a core provision within the REC. They support switching and provide REC Parties and non-party users with access to a vital range of data for an ever-growing number of use cases.

We are pleased to announce that the EES has consistently met its Service Level Agreements (SLAs) and achieved *100%* compliance, demonstrating the system's reliability. We are committed to ensuring that the EES continues to meet user needs and have planned several improvements for the future.

The GES has experienced some SLA failures due to table fragmentation and indexing issues. To address this in the short term, we successfully implemented a hotfix to redirect traffic and adjusted the index rebuild frequency to every two hours, resulting in positive improvements in meeting the necessary SLAs.

The GES re-platforming project has progressed well and has recently been deployed in June 2024. This transition to the 'Big

Data Platform' will enhance system flexibility, enabling it to adapt to evolving demands and optimise resource allocation as needed. This flexibility ensures optimal performance even during peak usage periods, improving user experience and system reliability. Re-platforming the GES will allow it to:

- Efficiently process at least 200 API calls per second;
- Respond to authorised user calls within 3 seconds;
- Reduce API call latency compared to the current solution;
- Update the Supply Point Switching API within 2 hours;
- Ensure timely data availability by accepting data by 4 am and making it available in APIs by 9 am.

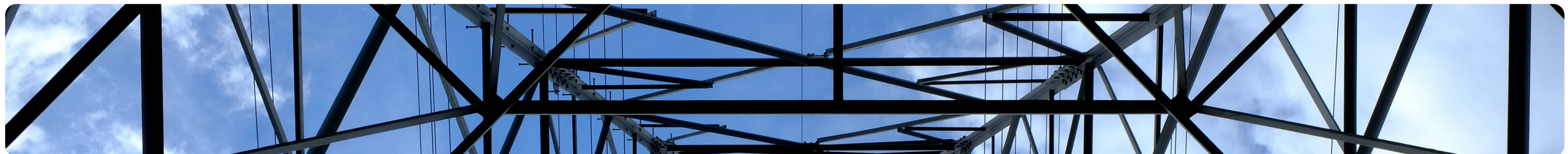
In addition to service improvements, this project has yielded significant cost savings. Starting from 1st April 2023, RECCo saved stakeholders significantly, with the service cost reducing from *£3.9 million* to *£2.4 million* per annum.

We must also ensure that the Enquiry Services will meet the future needs of market participants as we transition to the MHHS system and move beyond the energy price cap. We anticipate a significant increase in market participant usage and requirements. Therefore,

we launched the "Evolution of the Enquiry Services" project in 2023 to focus on addressing the needs of our service users in the medium and long term. This project aims to outline the service contract requirements for 2025-27, present a strategic vision for developing enquiry services aligned with our data and digitalisation strategy, and evaluate proposals from our current service providers for contract extensions beyond their expiry in 2025 and 2027.



**The EES has consistently met its Service Level Agreements (SLAs) and achieved 100% compliance.**



# RECCo Strategy & Performance vs Budget



**Brian O'Shea**  
Chief Financial Officer

## Our Approach to Financial Management

Under REC clause 5.3, RECCo is tasked with procuring and supplying REC Services, including the Central Registration Services (CRS), to service users. Additionally, RECCo is required to take action against service providers that fail to meet REC Service standards.

We are dedicated to delivering value-for-money for REC Parties through effective procurement and lifecycle management of services. We employ various strategies to ensure this objective is met. Through rigorous service and commercial management practices, we maintain contractual obligations and enforce accountability among service providers. Our approach incorporates (where possible) both hard and soft levers to optimise service delivery and efficiency. Our hard levers include:

- Clearly defined quantitative, qualitative and stakeholder satisfaction Key Performance Indicators (KPIs), with associated service credits for non-performance;
- No evergreen contracts;
- Certainty on contract costs;
- Contractual obligations for service improvement and efficiency.

Our soft levers include:

- Deploying an enhanced RECCo service management function;
- Restructuring the RECCo operational and service management team;
- Implementing defined change control processes;
- The ability to partially terminate underperforming service elements.

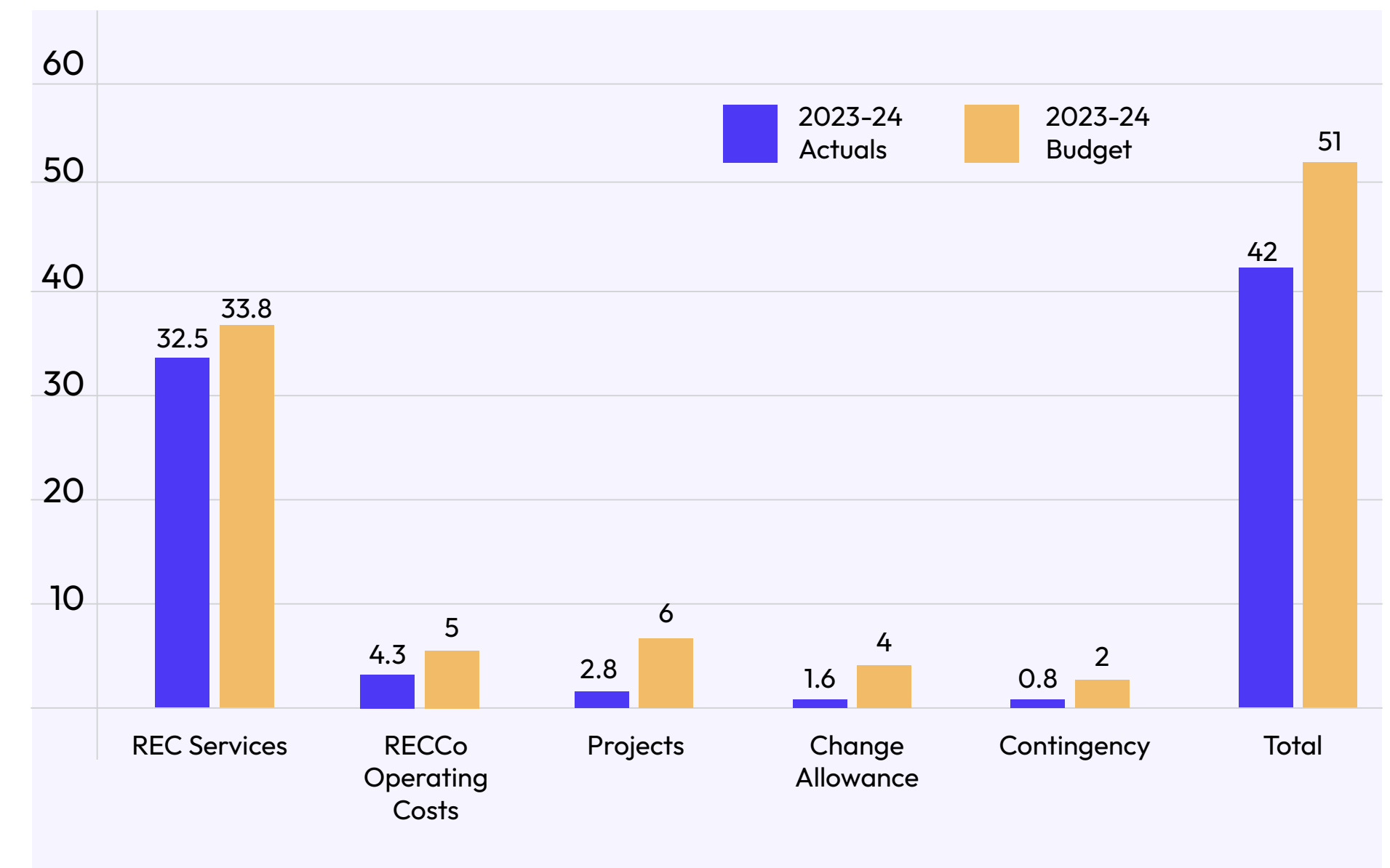
Our contracts do not facilitate the broad sharing of information beyond the contracting parties. However, we are entering a period in our procurement cycle where we can renegotiate existing contracts and procure future services. We intend to adopt the latest best practice, as exemplified by the Model Services Contract v2.3, endorsed by the Government in 2023. This updated contract emphasises the importance of information sharing, aligning with our commitment to increasing stakeholder transparency.

Our commitment to value extends to our internal operations and project commitments. We prioritise quality through a zero-based budgeting methodology,

utilising good faith estimates of anticipated costs in delivering the RECCo Strategy and Forward Work Plan. REC Parties are actively engaged in our budgeting process, with clear rights to appeal budget allowances to Ofgem.

In 2024, the REC Board will continue to enhance the budget and Work Plans to ensure greater transparency and detail. These enhancements aim to justify planned activities and expenditures, establish effective bid processes, and secure value throughout the supply chain, ultimately benefiting all consumers economically.

## 2023-24 Financial Results Actual vs Budget



# RECCo Strategy & Performance vs Budget



**Brian O'Shea**  
Chief Financial Officer

## Our 2023-24 Financial Performance

2023-24 marked our first full year of delivering the full suite of REC Services. Consequently, our 2023-24 Budget reflected a prudent approach to striking a balance between addressing the immediate challenges presented and preparing for the future, as set out in the approved strategy.

We are pleased to announce an anticipated rebate of approximately £9.5 million later this year, a testament to our commitment to financial responsibility and efficiency. This rebate results from meticulous credit control, strategic project phasing and effective service provider management. The rebate will be a reduction against the 2024-25 charges. The exact value will be determined on completion of the statutory audit of the financial statements in Summer 2024.

Key work which contributed to the rebate includes:

- Delivering cost savings in delivering our services and projects;
- Ensuring that all Non-REC Parties using the REC Services were charged for their usage;
- Implementing active credit control to minimise bad debts;
- Reprioritising non-urgent project delivery;
- Recovering approximately £450,000 of service credits through effective service provider management;
- Aligning recruitment with the maturing nature of our services and the organisation.

Notably, for 2023/24, in response to new regulatory requirements, we utilised an element of the Contingency Allowance. This included responding to the new REC obligation to implement Tariff Levelisation and developing and deploying the associated Reconciliation Operator scheme. We also utilised the Contingency Allowance to assess and consider the [Ofgem proposal](#) on whether to transfer CRS responsibility to RECCo.

## Looking Forward to 2024-25

In March 2024, we published our Strategy & Forward Work Plan for 2024-27, detailing our workstreams and financial projections for the next three years, with specific priorities for 2024-25. The REC Board believes that all activities outlined in the 2024 Budget will further the REC Objectives, particularly in protecting customer interests and driving continuous improvements and efficiencies in the operation of the REC and its central systems and communication infrastructures.

Since Summer 2022, our full suite of services has been operational, meeting the majority of stakeholders' needs with commendable service levels while employing a new model for code management. Building on the successes and lessons learned from the previous year and guided by valued stakeholder feedback, input from Ofgem, data-driven evidence, and collaboration with our service providers, our focus includes enhancing stakeholder engagement, improving change management processes, and optimising our technology and data infrastructure.

Clarity is emerging regarding the likely future Code Manager Licence, and we anticipate that RECCo will become the Licensed Code Manager for the REC. Many key themes of the future Licence are already present within the REC, such as an independent Board and a not-for-profit structure. During the 2024-25 Budget consultation, we received valuable suggestions from the industry on improving both the Budget development and consultation processes. Many of these suggestions align with key themes expected to be adopted into future Code Manager license arrangements. The REC Board fully supports these suggestions and is moving towards adopting key budget process principles early.

The REC Board values industry engagement and input. In 2024, we are [implementing enhancements](#) to ensure our Budget and Work Plans provide sufficient transparency and detail. These enhancements aim to justify planned activities and expenditures, establish effective bid processes, and secure value throughout the supply chain, ultimately delivering economic benefits for all consumers.



Thank you for reading our Annual Report  
2023-24. We'd welcome your feedback  
[here](#).



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