

Ofgem

By email only: FWP@ofgem.gov.uk

3 February 2023

Dear Sir/Madam,

RE: RECCo response to Ofgem's draft Forward Work Plan

We welcome the opportunity to respond to this consultation. This response represents the views of the Retail Energy Code Company (RECCo) and we are happy for this to be published on Ofgem's website.

About RECCo

RECCo was formed as the corporate vehicle for ensuring the proper, effective, and efficient implementation and ongoing management of Retail Energy Code (REC) and to promote innovation, competition, and positive customer outcomes. Part of RECCo's remit includes providing knowledge and expert opinion on retail energy issues that support positive consumer outcomes and help to deliver more efficient and effective running of the retail energy market. RECCo is therefore providing this response in line with its mission statement and strategic aims.

RECCo response

Overall, we are supportive of the draft Forward Work Plan (FWP) and pleased by the particular focus on consumer interest. We wholly agree that this should be a priority for Ofgem and welcome the introduction of the consumer interest framework, which is well articulated. We highlight below areas where RECCo initiatives overlap with Ofgem's FWP and welcome greater engagement to ensure we are achieving the right outcomes for consumers and the retail energy industry.

Ensuring fair pricing

We agree that there needs to be a cohesive approach with both the energy industry and government to ensure that the right outcomes are achieved for consumers but also that these interventions are appropriate and timely. Overall, we think the FWP has broadly captured the work needed to support this ambition.

We also know that identifying consumers who need support is key to ensuring the right outcomes can be delivered. The cost-of-living crisis is further highlighting the importance of the Priority Services Register (PSR) for a growing number of consumers. In our Strategy¹, we have set out our ambition to help the industry work towards a 'tell me once' principle, so that those in already challenging circumstances are not further encumbered by barriers that prevent them receiving the right assistance. We believe there is value in using existing systems and processes to the extent that they can facilitate change. For instance, we consider that there is merit in exploring, as a minimum, the addition of a flag in the current gas and electricity enquiry services that acts as an indicator to

¹ [Introducing our Strategy & Forward Work Plan 2023-26 - Retail Energy Code Company](#)

relevant parties that a PSR need exists. We would welcome engagement with Ofgem as we develop our thinking and approach in this regard.

We know that non-domestic consumers have also faced challenges with their energy costs. We have previously indicated to Ofgem, in our response to its Microbusiness Strategic Review, that it would be appropriate for any rules of Third Party Intermediaries conduct to be set out in an industry-wide code that can be enforced impartially and effectively. We believe that the appropriate tools will be available under the REC to ensure that any standards are complied with. We would welcome Ofgem's engagement in our current plans to determine whether or not the REC has any role in the governance of TPIs that may alleviate the burden on individual suppliers.

Creating resilience across the sector

We agree that in protecting consumers driving an increase in the cyber and security resilience measures will be key.

BEIS recently consulted on the development of arrangements to grow and evolve the markets for demand-side response services (DSR) and energy smart appliances (ESA). Delivering good consumer outcomes will be a key consideration along with, what standards, rules and principles might be needed to ensure interoperability, cyber security, data security and privacy, and grid stability. We believe that consumer engagement and consent, with a 'tell me once' principle, will be critical to the adoption of technologies which will facilitate Net-Zero and that REC will have a role to play under SSER. Additionally, our knowledge and existing governance of the Central Switching Service (CSS), compliments the use of time-of-use tariffs to ensure consumer benefit from the best value opportunities. Consumers must have trust and confidence that there are sufficient protections, choice and we are well positioned to help facilitate this work. We welcome continued dialogue with Ofgem on the work we propose in regards to our Data and Digitalisation Strategy and how it can support these ambitions.

Developing and delivering market reforms

We agree that enabling markets for flexibility will be key to delivering the reforms required to achieve the UK's net zero ambitions. RECCO is supporting the delivery of Market-wide Half-hourly settlement (MHHS) programme which will introduce more accurate and timely settlement and open opportunities for the development of new products and services, such as Time-of-Use tariffs and flexibility services. Ofgem have also highlighted the importance of the roll-out of smart meters, without which, many of the benefits of the MHHS programme will remain out of reach. It will be incumbent on both Ofgem and BEIS to ensure that the roll-out does not impact the achievement of other programmes. We would therefore urge Ofgem to prioritise its review of the programme and the future DCC licence to minimise any potential disruptions. We have also set out in our response to consultation on the DCC licence, suggestions on how incremental changes ahead of the DCC licence renewal could be implemented to maximise efficiencies.

We are happy to support Ofgem in its further thinking as it develops its Forward Work Plan, and expand on the observations within this response.

Yours faithfully,

Jon Dixon

Director, Strategy and Regulation