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**Subject: Switching Programme and Retail Code Consolidation: Proposed changes to licences and industry code consultation - September 2019**

Dear Rachel,

Thank you for the opportunity to respond to the Ofgem Switching Programme Retail Code consolidation consultation. Our response is focused on performance assurance and question 1.7: *Do you agree with our proposals on the set-up of the PAB? Do you foresee any problems with these proposals?*

We agree with Ofgem that the REC presents an opportunity to deliver improved consumer outcomes, including better customer engagement, higher switching rates and a more competitive market. We understand that the REC Company will adopt a best in class approach to service procurement, moving away from a single party managing the end-to-end services, as is common with other codes and move towards a situation where the services will be procured in lots.

The REC performance assurance function should make sure that the REC delivers the aims and outcomes that customers need from a competitive energy retail market, including compliance with rules and satisfactory outcomes for customers and the industry. Our observation is the performance assurance scope could have two distinct areas:

1. REC Parties, to ensure that they follow the REC rules and perform their obligations satisfactory; and
2. Service providers to ensure that they discharge their contractual obligations satisfactory.

These two areas will use different techniques and methods that require different skills and knowledge to execute. Monitoring and managing REC parties' performance together with associated remedial actions (and potentially sanctions) will be different to contractual management of RECCo service providers. Therefore, we suggest that these two areas be kept separate, so that appropriately qualified organisations can be selected to perform each one consistent with a best in breed procurement approach. Logically, RECCo should manage its service providers and their performance as the contracting party.

Our other observation is that the role of the REC Manager and the (REC Party) performance assurance service provider need not be exclusive, if the above separation is made. This will allow organisations or consortia with the right skills to tender for both roles without conflicts of interest. Requiring mutual exclusivity may be detrimental to the competitive procurement process by excluding parties.

If you have any questions, please do not hesitate to contact me.

Yours sincerely,



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