RETAIL ENERGY CODE

Performance Assurance

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RETAIL ENERGY CODE

SCHEDULE 6

Performance Assurance Schedule

Version: 2.4 Effective Date: 01 April 2025

Domestic Suppliers	Mandatory
Non-Domestic Suppliers	Mandatory
Gas Transporters	Mandatory
Distribution Network Operators	Mandatory
DCC	Mandatory
Metering Equipment Managers	Mandatory
Non-Party REC Service Users	Mandatory

Change History

Version Number	Implementation Date	Reason for Change
0.1	N/A	Initial draft published July 2020
1.0	15 January 2021	Version implemented as part of REC v1.1
2.0	1 September 2021	Updated as part of REC V2.0
2.2	31 January 2022	R0012
2.3	01 April 2023	R0025
2.4	28 February 2025	R0210

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1 Introduction

1.1. This Code has been developed in a manner intended to provide robust assurance of all of the business critical processes and services which it governs. This will be provided through a Performance Assurance Framework (PAF) underpinned by a comprehensive Risk Register and associated mitigation. This REC Schedule defines the governance and associated processes to support the PAF.

1.2. This REC Schedule is to be read in conjunction with the Qualification and Maintenance Schedule, which defines the process to be followed by new market entrants in certain Market Roles, and also the process to apply where they make material changes to their Systems or processes.

1.3. The key objectives for the PAF are to ensure that Consumers have a positive experience when engaging in the retail energy market; and that Parties act in a manner that is not detrimental to the effective competition between Energy Suppliers and Supplier Agents.

2 REC Performance Assurance Board

2.1. The REC Board shall establish a Sub-Committee with delegated authority to act as and perform the functions of the REC Performance Assurance Board (REC PAB).

2.2. The REC PAB shall oversee the PAF and perform the other functions referred to in Paragraph 3.

2.3. The REC Board shall delegate relevant decision-making powers to the REC PAB, and determine and maintain terms of reference for the REC PAB (subject to the overriding requirements of Paragraph 6).

2.4. The costs incurred or paid by the REC PAB, shall be considered RECCo costs, and therefore recoverable under Clause 9 (Annual Budget and Cost Recovery) of the main body of this Code.

2.5. The initial composition of the REC PAB shall be determined by the Authority, and thereafter in accordance with a methodology to be established by the REC Board and set out in the REC PAB's terms of reference.

3 Functions of the REC PAB

3.1. The REC PAB shall perform the functions assigned to it under this Code, and as may be delegated to it by the REC Board from time to time.

3.2. The functions of the REC PAB shall include:

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(a) ultimate responsibility for the Risk Register and Performance Assurance Methodology;

(b) make determinations in relation to revisions to the Risk Register;

(c) monitor compliance with this Code through data analysis;

(d) make determinations in relation to the application of Performance Assurance Techniques in order to mitigate the risks to REC Service Users and/or REC Service Providers that may result from non-compliance;

(e) make determinations in relation to breaches of this Code and Events of Default in accordance with Clause 16 (Events of Default and Consequences of Default) of the Main Body of this Code;

(f) consider escalations where a REC Service User or REC Service Provider fails to comply with a Corrective Action Plan; and

(g) assess whether any change to this Code would better facilitate any activity of the REC PAB and/or further mitigate any of the risks identified on its Risk Register and instruct the Code Manager accordingly.

3.3. The REC PAB shall have the right at any time and from time to time to delegate or procure the delegation of all or any part of the day-to-day administration of its functions.

4 The role of the Code Manager

4.1. In relation to the PAF, the Code Manager shall perform the functions assigned to it under this Code, and as may be delegated to it by the REC PAB from time to time. These functions shall include those assigned to the Code Manager under its contract with RECCo.

4.2. The functions of the Code Manager related to the PAF shall include:

(a) maintain the Risk Register and Performance Assurance Methodology in accordance with the instructions of the REC PAB, assessing the ongoing applicability of the Risk Register and highlighting where new risks should be added, current risks amended or deleted;

(b) assess Performance Data, Key Performance Indicators (KPIs) and self-assessment declarations, and where appropriate provide a recommendation to the REC PAB in relation to compliance by REC Service Users and REC Service Providers;

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(c) monitor agreed Corrective Action Plans to ensure activities focus on addressing the root cause of issues, are delivered against agreed timescales, and issues are escalated to the REC PAB where necessary;

(d) make recommendations to the REC PAB on changes to the Risk Register, Performance Assurance Methodology or this Code;

(e) prepare and maintain a list of Performance Assurance Techniques and how these are used to mitigate Retail Risks (by detecting or preventing their occurrence, or correcting their effects);

(f) prepare individual Risk Management Determinations for REC Service Users or REC Service Providers where the REC PAB determines that a Performance Assurance Technique should be applied to a REC Service User or REC Service Provider, and deliver assurance activities in accordance with these determinations;

(g) prepare the Annual Performance Assurance Reports; and

(h) manage correspondence and communication with organisations involved in the PAF.

4.3. The Code Manager shall keep confidential all information that it receives in its role under this Paragraph 4, in accordance with Clause 18 (Confidentiality) of the main body of this Code, unless the intention to publish it has been clearly signalled and agreed.

5 Indemnity

5.1. RECCo shall indemnify each member of the REC PAB in accordance with Clause 8 (Protections for REC Board and Sub-Committees) of the main body of this Code.

5.2. Where the Code Manager provides advice or other services to the REC PAB, RECCo shall also indemnify the Code Manager as if the Code Manager had the benefit of the indemnity set out in Clause 8 of the main body of this Code, but without prejudice to any claim RECCo has against the Code Manager for breach by the Code Manager of its contract with RECCo.

6 Proceedings of the REC PAB

6.1. The REC PAB shall develop, implement and amend working practices and procedures as it considers necessary for the proper performance of its functions, provided that there is no conflict with the provisions of this Code or the terms of reference determined by the REC Board.

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6.2. The quorum for a meeting of the REC PAB shall be as set out in the REC PAB terms of reference.

6.3. To the extent that REC PAB meetings are held to discuss the Risk Register or such other business as may appropriately be of interest to REC Service Users and/or REC Service Providers, the meeting shall be held in open session. The Code Manager shall publish on the REC Portal a summary of the business conducted at such meetings, or a copy of the minutes that has been redacted to remove confidential information.

6.4. REC PAB meetings held to discuss or determine matters related to compliance by REC Service Users and/or REC Service Providers shall be closed meetings. For closed meetings, meeting notices need only be given to members of the REC PAB and other attendees permitted in accordance with the terms of reference or specifically at the invitation of the REC PAB Chair. Minutes of closed REC PAB meetings shall be confidential and only provided to those persons entitled to attend the relevant meeting (or part of the meeting). For meetings related to compliance by a REC Service User or REC Service Provider, they shall be provided with an extract of the minutes for the part of the meeting they attended, and will be invited to comment upon and/or accept the accuracy of the minutes.

6.5. A REC PAB member shall not participate in the consideration of any matter relating to their Related Entities. The REC PAB member shall excuse themselves from the meeting (or the relevant part of it), or may be excluded by the REC PAB Chair, and shall not then count towards the quorum.

6.6. Each REC PAB member shall keep confidential all information received in their role as a REC PAB member, in accordance with Clause 18 (Confidentiality) of the main body of this Code. In particular, a REC PAB member shall not disclose such confidential information to their employer (or other Related Entities), unless such disclosure is permitted in accordance with Clause 18 (which includes where disclosure is required by Law). In the case of any such permitted disclosure, the REC PAB member shall first give written notice of the intended disclosure to the REC PAB (unless not permitted to do so by Law).

6.7. Each decision of the REC PAB may be appealed by one or more of the REC Service Users or REC Service Providers likely to be affected by that decision, and/or by Citizens Advice or Citizens Advice Scotland.

6.8. Appeals against REC PAB decisions will be determined by the REC Board, whose decision on whether to uphold or overturn the REC PAB decision shall be final.

6.9. The REC Board may allow an appeal where it has been demonstrated to its satisfaction that a decision made by the REC PAB, or its failure to make a decision on a matter duly put to it:

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(a) is incompatible with this Code or the REC PAB's terms of reference; or

(b) will cause one or more REC Service User and/or REC Service Providers to be in breach of any Law, Energy Licence and/or Energy Code.

6.10. Matters of non-compliance which are serious, systemic and/or which the REC PAB does not reasonably consider it has the ability to address, or has made reasonable efforts to address including escalation of the matter through its established procedures without success, may be referred to the Authority together with such information as the REC PAB considers relevant and/or the Authority may subsequently request.

6.11. In the event that the Authority refers a matter to the REC PAB (or back to the REC PAB), the REC PAB shall take reasonable steps to comply with any direction, instruction or guidance as may be included in the referral.

7 Performance Assurance Procedures

Performance Assurance Methodology

7.1. The Code Manager shall prepare and obtain the REC PAB's approval of the Performance Assurance Methodology. The Performance Assurance Methodology must describe the process to be used for:

(a) identifying and evaluating the risks which are Retail Risks;

(b) assessing the materiality of Retail Risks in relation to REC Service Users and Consumers; and

(c) applying Performance Assurance Techniques to monitor performance, incentivise compliance and otherwise mitigate Retail Risks.

7.2. To the extent that it would not compromise the aims and effectiveness of the PAF, the Code Manager shall publish the approved Performance Assurance Methodology on the REC Portal.

7.3. The Code Manager shall periodically (at least annually) review, and report to the REC PAB on, the Performance Assurance Methodology to ensure it remains fit for purpose.

7.4. Where the Code Manager considers that a change to the Performance Assurance Methodology would further the aims of the PAF and/or further facilitate the REC Objectives, the Code Manager shall:

(a) to the extent that it would not compromise the aims and effectiveness of the PAF,

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issue a draft of the Performance Assurance Methodology for consultation with REC Service Users, REC Service Providers, Citizens Advice, Citizens Advice Scotland and such other stakeholders as the Code Manager considers appropriate;

(b) consider any comments received during that consultation and make any amendments to the draft that it considers appropriate in light of those comments; and

(c) present the draft Performance Assurance Methodology (including any amendments following consultation) to the REC PAB for approval.

7.5. In the event that the REC PAB does not approve the draft Performance Assurance Methodology, it shall give the Code Manager clear instructions on what further steps and or revisions may be required in order to achieve its approval, including whether or not a further consultation should be undertaken before the draft is resubmitted.

Risk Register

7.6. The Code Manager shall:

(a) identify and evaluate Retail Risks, by applying the Performance Assurance Methodology;

(b) prepare and obtain the REC PAB's approval of the Risk Register, setting out the Retail Risks and the significance of each such Retail Risk;

(c) publish the approved Risk Register on the REC Portal; and

(d) periodically (at least annually) review, and report to the REC PAB on, the Risk Register to ensure it remains fit for purpose.

7.7. In relation to the initial establishment of the Risk Register and each review of the Risk Register, the Code Manager shall follow the same process as applies to the Performance Assurance Methodology under Paragraphs 7.4 and 7.5.

Performance Assurance Operating Plan

7.8. The Code Manager shall prepare and obtain the REC PAB's approval of a Performance Assurance Operating Plan. The Performance Assurance Operating Plan shall set out the Performance Assurance Technique(s) that are to be applied in relation to each Retail Risk identified in the Risk Register, together with the forecast cost (whether to RECCo and/or to REC Service Users and/or REC Service Providers) of implementing each relevant technique.

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7.9. The Code Manager shall review, and report to the REC PAB on, the Performance Assurance Operating Plan at least annually to ensure it remains fit for purpose.

7.10. Once approved, the Code Manager shall review the Performance Assurance Operating Plan at least annually. Changes may also be proposed to the Performance Assurance Operating Plan on an ad-hoc basis, for example to reflect changes to this Code that may require additional assurance provisions to be put in place, in accordance with the process set out in the Performance Assurance Methodology.

7.11. Where the REC PAB approves a revision of the Risk Register, the Code Manager shall consider whether corresponding revisions are required to the Performance Assurance Operating Plan. If the Code Manager determines that changes are required, then it shall present a revised Performance Assurance Operating Plan to the REC PAB for approval.

Risk Management Determinations

7.12. The Code Manager shall make a Risk Management Determination in relation to each REC Service User and REC Service Provider. The Risk Management Determination shall be a determination (in accordance with the Performance Assurance Methodology) of which Retail Risks in the Risk Register are relevant to the particular REC Service User or REC Service Provider (based on class materiality and individual materiality), and the Performance Assurance Techniques that are to be applied (and the manner in which they are to be applied) in relation to each such Retail Risk.

7.13. Having made an initial Risk Management Determination for each REC Service User and REC Service Provider in accordance with Paragraph 7.12, the Code Manager shall:

(a) notify the REC Service User or REC Service Provider of the Risk Management Determination (and any revised Risk Management Determination) made for it; and

(b) thereafter from time to time re-assess and revise the Risk Management Determination for each REC Service User and REC Service Provider where its circumstances change or there is a change to the Performance Assurance Operating Plan.

7.14. A REC Service User or REC Service Provider shall be entitled to request a re-assessment of its Risk Management Determination by the Code Manager where the REC Service User or REC Service Provider considers that:

(a) the Code Manager has given undue weight to the risk or likelihood of occurrence in the REC Service User's or REC Service Provider's Risk Management Determination; or

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(b) there is a relevant change in the circumstances of the REC Service User or REC Service Provider.

7.15. Where a REC Service User or REC Service Provider disagrees with the contents of a Risk Management Determination which applies to it, and cannot come to an agreement with the Code Manager on a suitable revision to it, then the REC Service User or REC Service Provider in question may refer the matter to the REC PAB for determination. In such circumstances, the REC Service User or REC Service Provider shall be informed of the REC PAB meeting at which the matter is to be determined and shall be entitled to submit representations to the REC PAB and/or attend the REC PAB meeting for that item of business only.

Administering and Implementation of Performance Assurance Techniques

7.16. The Code Manager shall apply and implement Performance Assurance Techniques in accordance with the Performance Assurance Operating Plan and each Risk Management Determination.

7.17. The Performance Assurance Technique(s) to be applied in respect of each Retail Risk shall be techniques specified as applicable to such risk in the Performance Assurance Operating Plan; but the techniques to be applied (and the manner and extent to which they are to be applied) to individual REC Service Users and REC Service Providers shall be as described in the applicable Risk Management Determination.

7.18. REC Service Users of the same class may be subject to different Performance Assurance Techniques to reflect individual materiality of the Retail Risks.

Annual Performance Assurance Report

7.19. Following the end of each Financial Year, the Code Manager shall prepare an Annual Performance Assurance Report for the year. The Annual Performance Report shall set out the following information in respect of the relevant year:

(a) the results of the risk evaluation and risk assurance procedures, in particular, the extent to which the application of Performance Assurance Techniques mitigated the Retail Risks in the Risk Register;

(b) the actual costs to RECCo, and (as far as reasonably practicable) to REC Service Users and REC Service Providers, of implementing the Performance Assurance Techniques, and a comparison against the estimated costs set out in the Performance Assurance Operating Plan (with an explanation of any differences);

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(c) any recommendations to modify existing Performance Assurance Techniques or establish new Performance Assurance Techniques; and

(d) the benefits (including any cost savings) of any modifications to Performance Assurance Techniques.

7.20. The Annual Performance Assurance Report shall be published on the REC Portal.

Change Proposal Recommendations

7.21. The REC PAB may, at any time, request that the Code Manager raise a Change Proposal to this Code in order to:

(a) remedy any error, ambiguity, inconsistency or deficiency which emerges as a result of the exercise of the REC PAB's functions;

(b) remove obligations that are overly onerous or prescriptive and do not impact the Consumer experience;

(c) introduce or enhance controls for key risk; or

(d) establish a new Performance Assurance Technique or modify an existing Performance Assurance Technique.

7.22. Where the Code Manager receives such a request from the REC PAB and considers that the intent of the proposal could be better fulfilled through alternative means, including through an alternative change to this Code, the Code Manager shall make such recommendation to the REC PAB.

7.23. Once the REC PAB has determined, including taking into consideration any recommendation of the Code Manager, to progress a change to this Code, the Code Manager shall raise that Change Proposal.

8 Performance Assurance Techniques

8.1. The REC PAB shall prepare, and may from time to time amend, a list of Performance Assurance Techniques.

8.2. The Performance Assurance Techniques shall be the provisions of this Code and/or processes established pursuant to provisions of this Code, which the REC PAB considers should be available as a toolkit for the REC PAB and/or the Code Manager to draw upon in order to mitigate one or more of the Retail Risks identified within the Risk Register.

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8.3. The list of Performance Assurance Techniques (including the Table of Performance Charges), and any amendments to them, shall be published on the REC Portal.

8.4. Amendments to the Performance Assurance Techniques (including the Table of Performance Charges) are to be made and approved by the REC PAB, and to the extent provided for in the REC PAB's terms of reference, may be changed at the discretion of the REC PAB without the necessity of a Change Proposal being raised in accordance with the Change Management Schedule.

9 Provision of data

9.1. Each REC Service User and each REC Service Provider shall ensure that the REC PAB is provided with such data as the REC PAB may from time to time reasonably request for the purposes of fulfilling its functions. The requested data shall be provided in accordance with the format, frequency and timescales set out in the Performance Assurance Report Catalogue that may be consulted upon and approved by the REC PAB from time to time.

9.2. Where reasonably practicable, such data shall be obtained by the REC PAB from central sources established under this Code or any other Energy Code, and each Party shall take reasonable steps within its control to ensure that such data is made available to the REC PAB.

9.3. A REC Service User or REC Service Provider is not required to provide any data under this Paragraph 9 which it could not be compelled to produce in evidence in civil proceedings before the UK courts.

10 Sandbox

10.1. The REC PAB shall establish a procedure whereby a current or prospective Party may apply for the temporary derogation from any requirement in this Code for the purpose of trialling a new product, service or business model. The form of derogation may include a full derogation from the relevant provision or the setting to zero of any liability payment that would otherwise apply to the Party. Such applications are known as Sandbox Applications.

10.2. The Code Manager shall, in respect of each Sandbox Application received, add it to the Sandbox Register and prepare a Sandbox Report containing the information listed at Paragraph 10.4.

10.3. The Code Manager shall not be required to conduct an evaluation of a Sandbox Application or submit a draft Sandbox Report to the REC PAB until the applicant has provided all the information that the Code Manager reasonably requires in order to conduct such evaluation and prepare a Sandbox Report.

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10.4. The Sandbox Report shall:

(a) be addressed and delivered to the REC PAB;

(b) specify the identity of the Sandbox Applicant;

(c) specify the Party or Parties seeking the derogation (if not the Sandbox Applicant);

(d) set out the requested derogation from this Code;

(e) set out the reason for the derogation;

(f) as far as possible, identify any impact on Parties including applicable costs (if any);

(g) state the period of the requested derogation (for which the maximum shall be no longer than two years from the REC PAB's approval of such derogation);

(h) state the reason(s) why the derogation better facilitates the REC Objectives than requiring compliance with the relevant provision(s) of this Code;

(i) make recommendations as to any conditions which the REC PAB may wish to attach to the derogation; and,

(j) set out a reporting plan, which shall include key milestones and/or dates by which the Sandbox Applicant will report on the progress of the trial to the Code Manager and/or the Code Manager report on progress to the REC PAB, as the case may be.

10.5. Following receipt of a Sandbox Report, the REC PAB shall either:

(a) identify any additional work or significant amendment to the Sandbox Report that the REC PAB reasonably requires in order to make a determination on it; or

(b) give an indicative view on whether or not it is minded to agree to the derogation request and what if any conditions it proposes to attach to that derogation, and instruct the Code Manager to consult with Parties, the Authority and other interested stakeholders in respect to the Sandbox Application.

10.6. Where representations are made pursuant to the consultation under Paragraph 10.5(b), the Code Manager shall, as soon as reasonably practicable after receipt of those representations (and unless such representations or objections have been marked as confidential), publish those representations or objections on the Sandbox Register.

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10.7. Following the end of the consultation under Paragraph 10.5(b), the Code Manager shall, having regard to the representations received, make a recommendation to the REC PAB as to whether it should accept or reject the Sandbox Application, including any revision to the conditions it considers appropriate.

10.8. Upon receipt of such recommendation from the Code Manager, the REC PAB shall consider the Code Manager's recommendation and any and all representations received, and either:

(a) determine whether to approve or reject the Sandbox Application; or

(b) direct the Code Manager to undertake additional analysis to address any new issues that have arisen as a result of the representations or otherwise.

10.9. Any additional analysis directed under Paragraph 10.8(b) shall be limited to the impacts that may arise from the granting of the derogation request, as would ordinarily be within scope of a Sandbox Report, and should not cause the REC PAB determination to be delayed by any more than one month. Following any such additional analysis, the Code Manager shall submit an updated recommendation, and the REC PAB shall make a determination whether to approve or reject the Sandbox Application.

10.10. In making a determination pursuant to Paragraph 10.8 or 10.9, the REC PAB may follow such procedure, and have regard to such matters in addition to those specified those paragraphs, as it considers appropriate.

10.11. The Code Manager shall, as soon as is reasonably practicable after the determination of the REC PAB under Paragraph 10.8 or 10.9, notify the Sandbox Applicant and shall ensure that the Sandbox Register is updated so as to indicate the decision made in relation to the Sandbox Application.

10.12. The REC PAB may, from time to time and as it sees fit, resolve to retract any derogation, or to amend or add to the conditions applicable to that derogation.

10.13. In respect of each approved Sandbox Application, following completion of the derogation period, the Code Manager shall submit an evaluation report to the REC PAB including:

(a) any lessons learnt from the application process and reporting that could be applied to any future Sandbox Application;

(b) an evaluation of the impacts and approximate cost, if any, that the derogation had on RECCo, REC Service Users, REC Service Providers and/or processes pursuant to this Code;

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(c) an assessment of whether the derogation had a positive or negative impact on the achievement of the REC Objectives; and

(d) a recommendation on whether the derogation provided to the Sandbox Applicant should be extended to other current or prospective Parties and whether this should appropriately be done through an enduring change to this Code.

10.14. The REC PAB shall consider the content of the Code Manager report and, subject to any revision that the Code Manager may agree to make as a result of discussions, shall:

(a) confirm which if any of the recommendations in the report it determines should be taken forward and given effect;

(b) confirm which, if any, of the recommendations it does not agree with and the reasons why;

(c) instruct the Code Manager to include the REC PAB's views in the evaluation report and to publish that report on the REC Portal; and

(d) where applicable, instruct the Code Manager to raise the appropriate Change Proposal(s) on behalf of the REC PAB, to give effect to its determination under this Paragraph 10.14.

10.15. The derogations granted by the REC PAB pursuant to this Paragraph 10 may only provide derogations from the requirements of this Code, and are without prejudice to requirements of Energy Licences or other Energy Codes.

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RETAIL ENERGY CODE

Annex A: Performance Charges

1 Introduction

1.1 This Annex A sets out the process for establishing, administering and applying the Performance Charges .

1.2 Each REC Service User and REC Service Provider acknowledges and agrees that each Performance Charge represents a genuine pre-estimate of the loss likely to be suffered by other REC Service Users and REC Service Providers and/or by Consumers (individually or collectively), as a result of the particular failure to which the Performance Charge applies.

1.3 For clarity, nothing in this Annex A is intended to limit the following:

a) the application of other Performance Assurance Techniques;

b) in the case of REC Service Providers contracted by RECCo, the liability of those REC Service Providers under those contracts;

c) the rights, powers, duties and obligations of each holder of an Energy Licence under its Energy Licence;

d) the rights, powers and duties of the Authority or the Secretary of State; and/or

e) the liability of REC Service Users and Parties that are not REC Service Users to one another under this Code, subject to the limitations of liability set out in Clause 14 of the main body of this Code.

2 Performance Levels

2.1 Each REC Service User and REC Service Provider shall, without prejudice to its other obligations under this Code, comply with the Performance Levels set out in the Table of Performance Charges.

2.2 Each REC Service User and REC Service Provider acknowledges that the Performance Levels represent the minimum requirements to be achieved.

2.3 The CRS Provider's Performance Levels which are subject to Performance Charges are governed by paragraph 5 below.

3 Performance Charges

3.1 A REC Service User or REC Service Provider that fails to meet one or more Performance Levels shall pay the applicable Performance Charge to RECCo (subject to and in accordance with this Paragraph 3).

3.2 Unless otherwise expressly stated, the Performance Charges are cumulative and not

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mutually exclusive of one another. The Table of Performance Charges may nevertheless include maximum liability caps.

3.3 The Code Manager shall report to the REC PAB on whether each REC Service User and REC Service Provider has or has not complied with each applicable Performance Level as soon as reasonably practicable after the end of the period covered by that Performance Level. The Code Manager shall base its report on the Performance Reports and any additional evidence as may be available to the Code Manager, and the Code Manager may include adjustments to the data as it considers appropriate to reflect specific circumstances (which adjustments must be highlighted to the REC PAB).

3.4 The circumstances referred to in Paragraph 3.3 include:

(a) any relevant derogation that may have applied during the assessment period for the Performance Level; and

(b) any evidence that may have been provided demonstrating to the Code Manager's satisfaction the existence of genuine extenuating circumstances.

3.5 In respect of each REC Service User or REC Service Provider which has not complied with an applicable Performance Level, the REC PAB shall determine (without undue discrimination) whether the applicable Performance Charge shall be payable.

3.6 The REC PAB shall have discretion to determine that particular Performance Charges need not be paid (or may be suspended subject to conditions) if:

(a) the REC Service User or REC Service Provider has or has not recently and/or historically failed to meet the Performance Level(s) that are the subject of REC PAB determination;

(b) the REC PAB accepts that the REC Service User or REC Service Provider has made reasonable efforts to remedy the situation; and/or

(c) the REC PAB otherwise believes that suspension of the Performance Charge pending a further period of remedial action will better facilitate the REC Objectives than immediate application of the charge.

3.7 Following each determination under Paragraph 3.5, the Code Manager shall notify each REC Service User and each REC Service Provider of the Performance Charges (if any) due from it, with a clear indication as to which Performance Level(s) and period(s) the charge(s) relate.

3.8 In the event that the REC PAB determines to suspend a Performance Charge that would otherwise have been payable, the REC PAB shall notify the Code Manager and the relevant REC Service User or REC Service Provider of the conditions that apply to the suspension and the period in which such conditions must be fulfilled.

3.9 The Code Manager shall ensure that the Performance Charge payable by each REC

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Service User are included in the next invoice to be raised by RECCo for that REC Service User, unless a different period of recovery has been agreed with the REC PAB (or the RECCo invoice is due to be issued in less than 3 days, in which case the Performance Charge shall be carried over to the following invoice).

3.10 Performance Charges payable by a REC Service Provider shall reduce the amount that would otherwise be payable to a REC Service Provider. In the case of the CRS Provider, the Performance Charges for performance during each Quarter shall be included as a reduction to the next monthly invoice issued to RECCo following the REC PAB's decision to apply Performance Charges (to be issued under Clause 9.25 of the main body of this Code).

3.11 The Code Manager shall keep a record of all Performance Charges applied and the Performance Levels to which they related, for inclusion in the following Annual Performance Assurance Report.

3.12 All Performance Charges are exclusive of VAT, which shall be payable in addition if applicable in accordance with Law.

3.13 The Performance Charges for the CRS Service Provider are governed by Paragraph 5 below.

4 Table of Performance Charges

4.1 The REC PAB shall from time to time approve and publish a table setting out the Performance Levels and any Performance Charges that may be applied if such Performance Levels are not achieved.

5 CRS Provider Performance Levels

5.1 The Performance Charges for the CRS Provider are based on the CRS Provider's performance against the Service Availability and Performance Levels set out in the Central Switching Service Definition, the CSS Certificate Authority Service Definition, and the Switching Operator Service Definition. For the purposes of this Paragraph 5, references to Performance Levels shall include Service Availability requirements set out in the Service Definitions.

5.2 The CRS Provider's maximum revenue at risk in respect of Performance Charges is determined under the DCC Licence pursuant to the Switching Incentive Regime Guidance (as defined in the DCC Licence), which sets out the percentage of the Centralised Registration Service Margin (as defined in the DCC Licence) which is at risk in respect of the Performance Levels under this Code.

5.3 Before the start of each given Financial Year, the REC PAB shall determine the amount of the maximum Performance Charges which can be applied to the CRS Provider in respect of each Quarter of the given Financial Year (which shall be known as the Maximum Quarterly CRS Performance Charge). The REC PAB shall determine the

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Maximum Quarterly CRS Performance Charge using:

(a) the CRS Provider's forecast of its costs and margin provided under Clause 9 of the main body of this Code;

(b) the percentage referred to in Paragraph 5.2 above; and

(c) 25% of the annual figure for each Quarter (or pro rata if the Financial Year is less than 12 months).

5.4 Before the start of each given Financial Year, the REC PAB shall publish (for the given Financial Year) the Maximum Quarterly CRS Performance Charge and the CRS Provider's Performance Charges. The CRS Provider's Performance Charges shall be calculated on the basis of the Performance Measure Groups as described in Paragraph 5.5 below.

5.5 The metrics for the CRS Provider's Performance Levels have been grouped into Performance Measure Groups as set out below:

Performance Measure Groups	**Total Number of Metrics in the Group**	**Relative Weighting**
User Support	18 metrics	30%
Service Availability	7 metrics	50%
Responsiveness and BCDR	16 metrics	20%

(a) As indicated in the table above, each of the Performance Measure Groups is allocated a relative maximum weighting to apply in the event of a fundamental failure for that Performance Measure Group. A Performance Measure Group is allocated jointly to Responsiveness and BCDR. BCDR metrics only apply when BCDR events occur. In a Quarter where no BCDR events take place, or events take place and all BCDR metrics are met, the Performance Charge will be based on the Responsiveness metrics only. In a Quarter where one or more BCDR metrics are missed, the maximum percentage of the Performance Charge provided for in the table above will be charged.

(b) The Performance Levels for each Performance Measure Group are set out in the table below:

	User Support	**Service Availability**	**Responsiveness**	**BCDR**	**Performance Charge Percentage**
Relative weighting	30%	50%	20%		
Performance Level Failure Threshold					
On target	0-3	0	0-2	0	0%
Minor failure	4	n/a	3	n/a	15%
Serious failure	n/a	1	4	n/a	30%

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Severe failure	5	2	5	n/a	60%
Fundamental failure	6+	3+	6+	1	100%

(c) The Performance Charges for the CRS Provider shall be the applicable percentage of the Maximum Quarterly CRS Performance Charge based on performance in each Quarter against the Performance Levels for the Performance Measure Groups, as set out in the following table:

Percentage of Maximum Quarterly CRS Performance Charge			
	User Support	**Service Availability**	**Responsiveness and BCDR**
On target	0.0%	0.0%	0.0%
Minor failure	4.5%	n/a	3.0%
Serious failure	9.0%	15.0%	6.0%
Severe failure	18.0%	30.0%	12.0%
Fundamental failure	30.0%	50.0%	20.0%

(d) The Performance Levels for each Performance Measure Group (as set out in Paragraph 5.5(b) above) are determined based on the Performance Levels for the individual metrics within that group, as follows (for which purpose, the beginning of the metric reference corresponds to the paragraph number of the applicable Service Definition):

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Service Definition	Group	Metric Reference	Metric Description (Per Quarter)
CSS	User Support	5.2.1	Percentage of Priority 1 Switching Incidents responded to within SLA (30 mins)
CSS	User Support	5.2.3	Percentage of Priority 2 Switching Incidents Responded to within SLA (1 hour)
CSS	User Support	5.2.5	Percentage of Priority 3 Switching Incidents responded to within SLA (3 working hours)
Switching Operator	User Support	5.2.1	Percentage of Priority 1 Switching Incidents responded to within SLA (30 mins)
Switching Operator	User Support	5.2.2	Percentage of Priority 1 DCC Switching Incidents rResolved within SLA (4 hours)
Switching Operator	User Support	5.2.3	Percentage of Priority 2 Switching Incidents responded to within SLA (1 hour)
Switching Operator	User Support	5.2.4	Percentage of Priority 2 Switching Incidents resolved within SLA (24 hours)
Switching Operator	User Support	5.2.5	Percentage of Priority 3 Switching Incidents responded to within SLA (3 working hours)
Switching Operator	User Support	5.2.6.a	Percentage of Priority 3 Switching Incidents resolved within SLA (3 working days)
Switching Operator	User Support	5.2.6.b	Percentage of Priority 3 Switching Incidents resolved within SLA (6 working days)
Switching Operator	User Support	5.2.7	Percentage of Priority 4 Switching Incidents responded to within SLA (1 working day)
Switching Operator	User Support	5.2.8.a	Percentage of Priority 4 Switching Incidents resolved within SLA (10 working days)
Switching Operator	User Support	5.2.8.b	Percentage of Priority 4 Switching Incidents resolved within SLA (20 working days)

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Switching Operator	User Support	5.4.1	Percentage of Priority 1 Switching Service Requests resolved within SLA (1 Working Days)
Switching Operator	User Support	5.4.2	Percentage of Priority 2 Switching Service Requests resolved within SLA (2 Working Days)
Switching Operator	User Support	5.4.3	Percentage of Priority 3 Switching Service Requests resolved within SLA (3 Working Days)
Switching Operator	User Support	5.4.4	Percentage of Priority 4 Switching Service Requests resolved within SLA (10 Working Days)
CSS	User Support	5.2.7	Percentage of Priority 4 Switching Incidents responded to within SLA (1 working day)
CSS	Service Availability	4.4	Where there is an unplanned outage what percentage of instances did normal operations resume within one hour
CSS	Service Availability	4.2.1	Percentage availability of the CSS excluding scheduled maintenance periods
CSS	Service Availability	4.2.2	Percentage availability of the CSS connection excluding scheduled maintenance
CSS Certificate Authority	Service Availability	4.2	Percentage availability of CSS Certificate Authority Service excluding scheduled maintenance periods
Switching Operator	Service Availability	4.4.1	Percentage availability of Switching Service Management System and Switching Portal
Switching Operator	Service Availability	4.4.2	Number of hours of scheduled maintenance
Switching Operator	Service Availability	4.5.2	Percentage of notifications provided to Market Participants for Scheduled Maintenance within SLA (advance notice of at least 8 Working Days)
CSS	Responsiveness	6.4	Percentage of GB Standardised Address List updates within 3 Working Days of receipt

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CSS	Responsiveness	6.5	Percentage of reporting data made available within 2 working hours of request for data
CSS Certificate Authority	Responsiveness	6.2	Percentage of Certificate Revocation List update times within SLA where a security certificate has been compromised (4 hours)
CSS Certificate Authority	BCDR	6.3	Where a BCDR event is invoked what number of instances was the maximum recovery time objective for the CSS Certificate Authority greater than 8 hours
CSS Certificate Authority	BCDR	6.4	Where a BCDR event is invoked what number of instances was the maximum recovery point objective for the CSS Certificate Authority greater than 15 minutes
CSS	BCDR	6.6	Where a BCDR event is invoked what number of instances was the maximum recovery time objective for the registration service and address management service greater than 8 hours
CSS	BCDR	6.7	Where a BCDR event is invoked what number of instances was the maximum recovery point objective for the registration service greater than 30 minutes
CSS	BCDR	6.8	Where a BCDR event is invoked what number of instances was the maximum recovery point objective for the Address Management Service greater than 120 minutes
CSS	Responsiveness	6.1.a	Where market messages from CSS Users are up to peak day volume, what percentage of days was synchronous validation and a response provided with a mean time of 2 seconds or less
CSS	Responsiveness	6.1.b	Where market messages from CSS Users are up to peak day volume, what percentage of days was synchronous validation and a response provided with a 90th percentile time of 4 seconds or less

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CSS	Responsiveness	6.2.a	Up to peak hourly volume, what percentage of hours did the CSS Provider process Registration Service Requests with a mean time of 3 seconds or less
CSS	Responsiveness	6.2.b	Up to peak hourly volume, what percentage of hours did the CSS Provider process Registration Service Requests with a 90th percentile time of 6 seconds or less
CSS	Responsiveness	6.3.a	Up to peak daily volume, did the CSS Provider process securing of switches and send synchronisation messages to each relevant Switching Data Service Provider with a mean time of 35 minutes or less
CSS	Responsiveness	6.3.b	Up to peak daily volume, did the CSS Provider process securing of switches and send synchronisation messages to each relevant Switching Data Service Provider with a 90th percentile time of 40 minutes or less
Switching Operator	BCDR	5.6	Where a BCDR event is invoked what number of instances was the maximum recovery time objective for the switching operator service greater than 8 hours
Switching Operator	BCDR	5.7	Where a BCDR event is invoked what number of instances was the maximum recovery point objective for the switching operator service greater than 30 minutes

5.6 The Code Manager shall measure the CRS Provider's performance against the Performance Levels in each month of a given Quarter and report to the REC PAB on such performance. The CRS Provider shall co-operate with such monitoring and reporting, and provide such reasonable assistance as the Code Manager may request.

5.7 Where the CRS Provider fails against a single Performance Level on more than one occasion, each instance of failure shall be considered a separate missed Performance Level for the purposes of calculating the Performance Charge.

5.8 Where more than one Performance Level failure occurs as the result of a single issue or incident, and if the REC PAB is satisfied that the nature of the issue or incident made it inevitable that more than one Performance Level would be triggered, then the REC PAB shall treat those related Performance Level failures as one instance of a missed Performance Level for the purposes of calculating the Performance Charge. Where the CRS Provider wishes the REC PAB to combine Performance Level failures as described

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in this Paragraph 5.7 in relation to a given Quarter, the CRS Provider shall make its submissions to the REC PAB within 20 Working Days following the end of the given month in which the Performance Level failure relates to.

5.9 Within 20 Working Days following the end of a given month, the CRS Provider may submit a request to the REC PAB (with supporting evidence) requesting that one or more missed Performance Levels during the given month are excused by reason of Force Majeure. The REC PAB shall consider the evidence submitted and determine whether or not to disregard the missed Performance Levels for the purpose of calculating the Performance Charges for the relevant Quarter.

5.10 The decision of the REC PAB under Paragraphs 5.7 and 5.8 shall be final and binding in relation to the CRS Provider's performance against the Performance Levels (subject to Paragraph 5.10 below).

5.11 For clarity, the decisions of the REC PAB under this Paragraph 5 and the amounts of the Performance Charges applied to the CRS Provider by the REC PAB are always without prejudice to the discretion of the Authority and the application of the Price Control Conditions (as defined in the DCC Licence). Without limitation, the CRS Provider may submit to the Authority (further) evidence concerning missed Performance Levels which the CRS Provider considers were not reasonably within its control, subject to the Switching Incentive Regime Guidance (as defined in the DCC Licence).

5.12 Following the Authority's decision as to the CRS Provider's allowed revenue for a Financial Year, any difference in approach as compared to the Performance Charges which were applied by the REC PAB in respect of that Financial Year will be taken into account in determining the budget for the following Financial Year.

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