RETAIL ENERGY CODE

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01	Proposal Plan
02	Impact Assessment
03	Consultation
04	**Final Recommendation**

CHANGE REPORT

R0137 – INTRODUCING THIRD PARTY INTERMEDIARY (ENERGY BROKER) ASSURANCE AND ACCREDITATION

R0137A - INTRODUCING THIRD PARTY INTERMEDIARY (ENERGY BROKER) ASSURANCE AND ACCREDITATION (ALTERNATE)

DOCUMENT VERSION	V1.0
PROPOSED IMPLEMENTATION DATE	01 April 2025
IMPLEMENTATION APPROACH	Big Bang

RESPONSIBLE COMMITTEE	Change Panel	**CHANGE PATH**	Authority Determined
PRIORITY STATUS	Critical	**URGENCY**	Standard
IMPACTED STAKEHOLDERS	Energy Suppliers, Third Party Intermediaries		

LEAD ANALYST (SOLUTION LEAD)	ASSURANCE LEAD	SUBJECT MATTER EXPERT
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OVERVIEW

This Change proposes that Energy Suppliers can only use accredited Third Party Intermediaries (TPIs) who adhere to the principles in the REC TPI Code of Practice in their interactions with Non-Domestic Consumers.

RESPONSIBLE COMMITTEE DECISION

On 03 December 2024, in line with the Code Manager Recommendation, the REC Change Panel voted to recommend that the Authority:

- **APPROVE** the proposed change solution for **R0137A**, and **REJECT R0137**;
- **APPROVE** the proposed implementation approach; and

- **APPROVE** the proposed implementation date of 01 April 2025, subject to Authority Decision by 14 March 2025, or implementation in the next appropriate REC release after Authority Decision is received.

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BACKGROUND

1 SUMMARY

For Micro-Business Consumers, the standard licence conditions obligate Energy Suppliers to ensure the TPIs they work with are adhering to certain principles. This places a large burden upon both Suppliers and TPIs, who must each undertake any audit activities many times, effectively having to repeat the process for each bilateral arrangement they enter. This also risks an asymmetric playing field, with those parties who are 'doing the right thing' bearing a high compliance cost, whilst their competitors may follow a path of least resistance; this could lead to a 'race to the bottom' and further detriment to Consumer outcomes.

This change seeks to introduce an obligation for Energy Suppliers to only work with TPIs who are adhering to principles as set out in the REC TPI Code of Practice to all Non-Domestic Consumers. It also looks to reduce the burden on Energy Suppliers having to perform their own audits by introducing a REC Services Accreditation Scheme and under the R0137 solution, allow companies to qualify as an Industry-Recognised Accreditation Body. These will accredit TPIs, and there will be a published register of accredited TPIs within the industry for Suppliers to refer to.

There are no plans for any changes to licence conditions to be made due to this change.

2 PROBLEM STATEMENT

Non-Domestic Consumers have more limited protections than Domestic and Microbusiness Consumers in the energy market, and so may not always experience best practice from all parties they interact with. The aim is to expand these protections while limiting the audit burdens on Suppliers and TPIs.

3 IMPACTS

CONSUMERS
Non-Domestic Consumers

RECCO / REC CODE MANAGER
RECCo

REC PARTIES AND SERVICE USERS
Energy Suppliers
Third Party Intermediaries

REC DOCUMENTS / PRODUCTS
TPI Code of Practice
Schedule 1 – Interpretations and Definitions
Introduction of new TPI Schedule
Performance Assurance Report Catalogue

MHHS DESIGN	MHHS DATA SPECIFICATION	MHHS CODE DRAFTING
No impact	No impact	Indirect impact

This change will introduce a new schedule into the REC, which is being drafted with MHHS in mind to ensure it is ready for MHHS go live. The current TPI Code of Practice is being reviewed within this change to ensure it is suitable for MHHS. As it is currently a Category 3 document, the TPI Code of Practice has not yet been in scope for an MHHS review.

4 CROSS-CODE IMPACTS

There are no cross-code impacts associated with this change.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**21-May-24**	**07-Oct-24**
	Legal Review	May	July
	Service Provider Impact Assessment	05-Jul-24	09-Aug-24
	Party Impact Assessment	16-Aug-24	09-Sep-24
	Solution Refinement	September	October
Change Proposal		**08-Oct-24**	**16-Dec-24**
	Change Report (For Consultation) Issued	08-Oct-24	08-Oct-24
	Responsible Committee Review	15-Oct-24	15-Oct-24
	Consultation	18-Oct-24	08-Nov-24
	Solution Refinement	November	December
	Final Determination	10-Dec-24	10-Dec-24
Voting		**17-Dec-24**	**17-Dec-24**
	Issued for Authority Determination	18-Dec-24	18-Dec-24

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6 PRIORITY STATUS AND URGENCY

PRIORITISATION MATRIX

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Direct	2	27	53
	Retail Markets Impact	Innovation and Market Arrangements	2	17	33
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	2	7	13
		Legal and Regulatory Compliance	2	14	28
Resource	Complexity / Effort / Duration		3	9	28
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		1	17	8
	Contribution to/ Alignment with RECCo's Forward Work Plan		1		8
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity	1	10	10
				Overall Priority Score (rounded)	183

Priority Status	CRITICAL
Change Proposal Type	STANDARD

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SOLUTION

7 PROPOSED SOLUTION

7.1 SOLUTION SUMMARY

The proposed solution for R0137 looks to introduce a new REC Schedule which mandates that Energy Suppliers can only enter into Energy Contracts with Non-Domestic Consumers via a TPI, where that TPI is accredited at the point the contract is signed. TPIs can become accredited by either registering with the REC Service Accreditation Scheme (run by RECCo) or with an Industry Recognised Accreditation Body. Industry Recognised Accreditation Bodies are approved by the Performance Assurance Board (PAB).

Following the Party impact assessment for this change (more details in section nine), RECCo and the Code Manager decided to raise an alternate proposal – R0137A. This change proposal is fundamentally the same as R0137 in that Energy Suppliers can only enter into contracts with Non-Domestic Consumers via a TPI where the TPI is accredited. The difference is that it proposes there is only one route via which TPIs can become accredited, the REC Services Accreditation Scheme. This was raised following feedback from multiple Parties in the impact assessment that they did not believe having multiple routes to accreditation was appropriate, could lead to confusion, additional costs, and could unintentionally cause a “race to the bottom” for the easiest scheme to register with.

A change that has been made to both the R0137 and R0137A solutions following Party impact assessment is the introduction of annual re-accreditation to the REC Services Accreditation Scheme. This will be a lighter touch reconfirmation of practices and documentation, and updating any documents that are out of date. The aim of this is to provide comfort that TPIs are still following the standards laid out in the Code of Practice between audits.

The full details of both solutions are detailed in the provided legal text.

7.2 CHARGING

The draft Charging Methodology and Charging Statement containing details about costs associated with the REC Services Accreditation Scheme were not available for impact assessment. They are being provided for consultation, but with indicative costs only. The Initial Accreditation and Registration, Annual Registration and re-accreditation, and Cyclical Audit indicative costs and the assumptions behind them are:

- Initial Accreditation and Registration £100 to £500 (based on conservative system cost of £1million / 2,000 TPIs);
- Annual Registration and re-accreditation £25 to £100 (assumption that the renewal will be lighter touch and operational running costs will be less); and
- Cyclical Audit £500 to £2,000 (based on Metering Audit Charges, this is again conservative as the metering audit is more complex).

Final costs will not be confirmed until the procurement of the TPI Accreditation Auditor is complete. However, once they have been determined, the Charging Statement can be updated quickly as it is a Category 3 document.

7.3 PERFORMANCE ASSURANCE REQUIREMENTS

Based on feedback received from the Party impact assessment that the Performance Assurance requirements were too arduous and a direct suggestion from one Energy Supplier, the Performance Assurance requirements have been amended. They now suggest four additional conditional mandatory fields inside the Gaining Supplier Switching Data (ref 1431), which are:

- Date of Contract (the date the contract was agreed/signed with the Non-Domestic Consumer);
- Switch Registration Date;
- TPI Name (to be left blank if no TPI was used); and
- TPI Accreditation Number (as defined in Schedule 1, to be left blank if no TPI was used).

It also updates the Bulk Indicator Switch field from optional to conditional mandatory.

These fields are only required for Non-Domestic Switches and are a more appropriate way to provide what REC Performance Assurance require in order to adequately assure this change, opposed to the creation of entirely new reports. The requirements are the same for both the R0137 and R0137A solution.

Renewals are in scope of the Code of Practice as it does not call out contracts associated with Switches specifically. However, at this time, RECCo and the Code Manager have decided not to include renewals as part of the Performance Assurance requirements in order to keep costs as reasonable as possible for impacted Parties. This will be reviewed as and when required.

8 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0137 can be found here, and R0137A here.

They both include:

- The new draft TPI Schedule;
- The TPI Code of Practice (which will be an appendix within the new TPI Schedule);
- Insertions to Schedule 1 Interpretations and Definitions;
- The draft Schedule 10 Charging Methodology;
- The draft Charging Statement; and
- The draft PARC requirements.

These are identical for R0137 and R0137A other than the TPI Schedule and Schedule 1 Interpretations and Definitions, with R0137 including the option of Industry Recognised Accreditation Bodies and R0137A having the REC Services Accreditation Scheme as the only route to accreditation.

The legal text is redlined to indicate changes made following consultation. Further information on the changes made following consultation can be found in section 14 of this report.

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PRELIMINARY ASSESSMENT

9 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

9.1 SERVICE PROVIDER IMPACT ASSESSMENTS

A Service Provider impact assessment was completed by REC Performance Assurance from 02 July to 06 August 2024. This change proposal impacts them as it increases the audit requirements on Energy Suppliers which are carried out by REC Performance Assurance.

REC PERFORMANCE ASSURANCE	• REC Performance Assurance drafted the requirements they have for being able to robustly assure this change. This was discussed at PAB, with multiple options presented. The final request submitted as part of the impact assessment has requirements on Energy Suppliers to submit reporting detailing if a TPI was used in the sale for a Non-Domestic Consumer, the date the contract was signed and which TPI was used. They also provided the requirement for Energy Suppliers to retain evidence of the TPI who was used in the signing of the contract for three years. • Two requirements that were explored and discounted were whether a CSS change may be required to add a new data item to gains flows for the Gaining Supplier to document which TPI was used, and whether reporting of renewal contracts may be required for Energy Suppliers. These were both discounted due to the effort and cost that would be required. • Performance Assurance confirmed they did not anticipate additional mobilisation lead time for the implementation of this change. • Design/development, implementation and ongoing operational costs are captured in section 11 of this report. • An assumption has been made as part of this impact assessment that the implementation of R0137 or R0137A will not result in a significant increase in the number of escalations to PAB. This will be monitored by PAB, the Code Manager and RECCo and revisited if required. • Performance Assurance highlighted a potential dependency between the assurance solutions on this change and R0155 Change of Tenancy: Evidentiary Standards and Timescales. Further discussions within the Code Manager have concluded there is no strong dependency between these changes, but as they impact similar Parties and are running on similar timetables the lead analysts for both changes will ensure they are regularly updating each other and monitoring the solutions for potential overlap.

9.2 REC PARTY IMPACT ASSESSMENTS

A Party impact assessment was conducted from 15 August to 09 September 2024. A total of 20 responses were received from Citizens Advice, one trade association, 10 Energy Suppliers and eight TPIs. Five of these responses were submitted confidentially, and two anonymously. The public responses have been published here.

Party impact assessment responses are only in relation to the solution of R0137, not R0137A.

ENERGY SUPPLIERS	• There was a mix of views of Energy Suppliers. Some agree with the change, some are broadly supportive of the change but would prefer there only be one route to accreditation and some would prefer direct regulation from an independent body. • Several Suppliers raised whether this is the correct time to be progressing this change due to the on-going work by the Department of Energy Security and Net Zero (DESNZ). The Code Manager has captured this in the assumptions of this change report (see section 10). • One Supplier stated they believe this change should only be applicable to Micro and Small Business Consumers, rather than the whole Non-Domestic market. • There was also concern that the proposed audit period of two to five years is too long for TPIs accredited under the REC Scheme, and over the lack of published requirements on how PAB will determine whether to approve an Industry Recognised Accreditation Body. • Many concerns were raised that the PARC changes are over-burdensome on Suppliers. This has been addressed by the Code Manager and new Performance Assurance requirements are detailed in the legal text and summarised in section seven of this report. • Some Suppliers were supportive of the proposed implementation dates, but others highlighted that they believed the timetable was too ambitious and the risk of it overlapping with MHHS implementation timelines.
THIRD PARTY INTERMEDIARIES	• Again, there was a mix of views from TPIs. Some are supportive of the change, some are broadly supportive of the change but would prefer there only be one route to accreditation and some would prefer direct regulation from an independent body. Some respondents did not feel there was a need for any further TPI regulation. • There was concern over TPIs having to disclose fees/commission before a contract is signed, and that this could lead to reduced competition in the market. Some TPIs called out the risk of Suppliers using this information to undercut the prices provided by TPIs.

	• There was a lot of concern due to there not being a published cost to register with the REC Services Accreditation Scheme. • TPIs also flagged the lack of published requirements on how PAB will determine whether to approve an Industry Recognised Accreditation Body. One TPI particularly flagged that they did not agree that Energy Suppliers should be able to become Industry Recognised Accreditation Bodies as TPIs should be independent from Suppliers. • Several TPIs flagged risks that unknown costs and burdens with complying with the CoP could lead to a less competitive marketplace if TPIs were no longer able to remain profitable. • TPIs that commented on the implementation dates were mostly in agreement of their opinion that a longer period is required for TPIs to be able to register with an accreditation scheme.
CITIZENS ADVICE	• Citizens Advice are supportive of the proposed solution for R0137, stating accreditation should increase the confidence of both Consumers and Energy Suppliers in TPIs. They confirmed that 4% of Microbusiness contacts they have received in the past year are related to TPIs. • They highlighted the need for transparency during the contracting process. • Citizens Advice provided no comments on the proposed legal text or the Performance Assurance requirements. • They confirmed they feel the dates within the legal text are appropriate.
TRADE ASSOCIATION	• The Utilities Intermediaries Association (UIA) responded in their role as a trade association representing TPIs within the business utilities sector. • The UIA raised concerns that this proposal will enforce a Code of Practice for TPIs to follow without formal regulation and questioned the appropriateness of this. They specifically highlighted their concern of this change proposal making the market inhospitable for TPIs and that this could ultimately harm Consumers who use TPIs for advice and negotiation. • They highlighted that since Ofgem's Non-Domestic Review new regulations have come into place, including broker fee transparency and ADR schemes. • The UIA confirmed an alternate solution which better meets the needs of the problem statement would be direct regulation of TPIs by an independent regulatory body. • They provided no comments directly on the legal text, on any potential costs from implementation, on the proposed implementation dates or on the Performance Assurance requirements.

10 RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

10.1 RISKS AND ISSUES

There are no risks or issues identified with this change.

10.2 ASSUMPTIONS AND DEPENDENCIES

NO.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
R0137.A001	There is an assumption that the work being done by RECCo and the work being done by DESNZ is complimentary.	DESNZ have issued a TPI consultation running from September to November.	This will be validated in the regular meetings between the Code Manager, RECCo and Ofgem. To date, there has been no request from DESNZ or Ofgem for RECCo/the Code Manager to stop working on this change.

NO.	DEPENDENCY	NOTES	STATUS
R0137.D001	The changes required in the TPI CoP for MHHS are being captured as part of R0137/R0137A.	If implementation of R0137 is delayed past MHHS go-live or both R0137 and R0137A are rejected, a separate Category 3 change will be required to ensure the TPI CoP is suitable for the MHHS arrangements.	On-going.
R0137.D002	Several Category 3 documents have been highlighted as requiring a change due to impacts from R0137 and R0137A. This Category 3 change will be raised post approval as part of release readiness activity.	Category 3 documents identified as requiring changes so far include: • PAB Procedures • Retail Risk Register • REC Charging Statement	On-going.
R0137.D003	Authority determination must be received by 14 March 2025 in order for this Change to be	If Authority determination is not received by the specified date, the Code Manager will implement in the next appropriate REC release.	On-going.

	implemented on 01 April 2025.	The Code Manager will also raise a new change to amend the dates within the legal text, to ensure there is six months between implementation and the REC Services Accreditation Scheme go-live, and a further six months between the REC Services Accreditation Scheme go-live and Energy Suppliers only being able to use accredited TPI.	

11 BUSINESS CASE ASSESSMENT

11.1 COSTS

COSTS	DESIGN/ DEVELOPMENT COSTS	IMPLEMENTATION COSTS	ONGOING OPERATIONAL COSTS
REC PERFORMANCE ASSURANCE	£22,400	£0	£91,000 PER ANNUM

The Performance Assurance costs are the same for both R0137 and R0137A.

Both Energy Suppliers and TPIs called out there were likely to be costs to their business but could not define precise costs at the time of impact assessment.

REC BUDGET APPROVAL SECURED FOR CENTRAL SYSTEM COSTS	09/10/2024

11.2 BENEFITS

The benefits in the below table are applicable for both R0137 and R0137A.

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
INCREASED CONSUMER CONFIDENCE IN TPIS	The introduction of either R0137 or R0137A will provide increased confidence to Non-Domestic Consumers that TPIs on the TPI Accreditation Register are meeting the minimum set of standards as set out in the TPI CoP. The TPI Accreditation Register will be available publicly for Consumers to view to ensure transparency. The Code Manager believes that R0137A provides greater

	confidence as only having one route for accreditation ensures a greater guarantee of standards and audits being applied to TPIs.
INCREASED ENERGY SUPPLIER CONFIDENCE IN TPIS	The introduction of either R0137 or R0137A will provide increased confidence to Energy Suppliers that TPIs on the TPI Accreditation Register are meeting the minimum set of standards as set out in the TPI CoP, without the need for Suppliers to do their own in-depth audit of the TPI (if they choose). The Code Manager believes that R0137A provides greater confidence as only having one route for accreditation ensures a greater guarantee of standards and audits being applied to TPIs.
MINIMISE THE DATA TPIS HAVE TO PROVIDE TO ENERGY SUPPLIERS	TPIs have raised that they should be independent agents and have concerns around having to provide large amounts of data to Suppliers. Both the R0137 and R0137A solution help mitigate this as the TPI will be audited by the accreditation scheme they register under. Although Energy Suppliers can apply to be Industry Recognised Accreditation Bodies under the R0137 solution, TPIs can choose which scheme they register with.
IMPROVED CONSISTENCY BETWEEN TPIS	It has been highlighted in the Party impact assessment responses and previous Ofgem reviews that while many TPIs operate to high standards, not all do. Having accreditation schemes in place with minimum requirements for TPIs to meet in the Code of Practice should foster improved consistency between TPIs. The Code Manager feels this benefit is stronger under R0137A than R0137, as only having one route for accreditation ensures a greater guarantee of standards and audits being applied to TPIs.

11.3 R0137 AND R0137A COMPARISON

As stated previously in this report, R0137A was raised by RECCo and the Code Manager following feedback and concerns from the Party impact assessment over there being multiple routes to accreditation.

R0137 was originally raised having multiple accreditation routes to ensure there was competition within the market and to mitigate any unforeseen conflicts between having RECCo as the Proposer of the change and running the REC Services Accreditation Scheme. Multiple and valid concerns were raised during the impact assessment including:

- The current lack of visibility of what requirements the PAB will use to approve an Industry Recognised Accreditation Body (many specifically regarding audit requirements);
- How TPIs accredited by Industry Recognised Accreditation Bodies will appear on the TPI Accreditation Register; and
- Concerns over a “race to the bottom” if some schemes are less arduous in their requirements than others.

The Code Manager and RECCo feel that the amended legal text of R0137A, to allow only one accreditation scheme run by RECCo, may help mitigate these concerns. We are aware there may be competition concerns around the REC Services Accreditation Scheme being the only one available. This will be something for Parties to respond to in the Consultation and for the Authority to consider when making their determination on this change.

R0137A also places less burden on the PAB compared with R0137, as there will not be Industry Recognised Accreditation Bodies requiring approval. The PAB will retain its proposed functions of hearing appeals from TPIs who are denied accreditation from the REC Services Accreditation Scheme and making determinations on whether to suspend/withdraw a TPIs accreditation based on recommendations from the TPI Accreditation Auditor.

However, if R0137 is approved for implementation rather than R0137A, the Code Manager and RECCo will create an updated PAB Procedures document as part of release readiness activity. This will include the criteria PAB use for approving or rejecting Industry Recognised Accreditation Bodies and a requirement on Industry Recognised Accreditation Bodies to provide RECCo with any TPIs they accredit, withdraw or suspend for inclusion on the TPI Accreditation Register.

11.4 COST BENEFIT ANALYSIS

The Code Manager believes the cost and effort of implementation is proportionate to the benefits being brought by the proposed solutions, particularly with the revised Performance Assurance requirements. R0137A has the better case for change as it brings increased benefits over R0137, has identical costs for Performance Assurance and Parties to R0137, and has a reduced burden on the PAB.

12 CASE FOR CHANGE

The Code Manager believes that R0137 and R0137A both facilitate the REC Objectives. However, we believe that R0137A better facilitates the REC objectives. As such, the Code Manager feels there is a positive case for change for both solutions but particularly R0137A.

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[1]	Positive	The REC's mission is to "facilitate the efficient and effective running of the retail energy market, including its systems and processes". Implementation of either R0137 or R0137A would contribute to the effective running of the retail energy market, allowing TPIs to continue to operate in their role as independent advisors but ensuring this happens with minimum standards to increase Consumer and Energy Supplier trust. TPIs play an important part in the Non-Domestic Energy market and the Code Manager has listened

[1] REC Mission Statement

		to their concerns around Energy Suppliers being able to accredit TPIs. We have also listened to the concern of Energy Suppliers around multiple accreditation schemes potentially leading to a mismatch in standards between TPIs, which is not the aim of this change proposal. As such, the opinion of the Code Manager is that R0137A is the better solution for reaching this REC objective.
To ensure customers interests and data is protected in the operation of the REC	Positive	The standards set out in the TPI CoP are to protect the interests of and foster confidence from Non-Domestic Consumers. As set out in the summary and problem statements, Non-Domestic Consumers as a whole, currently have more limited protections than Domestic Consumers, and those Non-Domestic protections that do exist focus primarily on Microbusiness Consumers. The Code Manager believes there is a positive case to be made for expanding protections to include the entire Non-Domestic market, balanced with keeping the requirements on Energy Suppliers and TPIs as reasonable as possible. The opinion of the Code Manager is that R0137A better facilitates this objective as having one route to accreditation removes confusion around under what body a TPI is accredited, makes it easier to ensure the accuracy of the TPI Accreditation Register (as RECCo will not be reliant on Industry Recognised Accreditation Bodies accurately reporting TPI accreditations and withdrawals/suspensions) and provides a single source of truth. It also ensures that the same standards are being applied across TPI accreditations and audits.
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Neutral	The implementation of either R0137 or R0137A will neither add nor detract efficiencies within the REC and the central systems it governs as they will be largely unaffected by it.

In summary, the Code Manager believes there is a positive case for change for R0137A based on:

- The solution is viable, implementable and effectively resolves the problem statement;
- The cost and effort of implementation is proportionate to the benefits being brought by the proposed solution; and
- The proposed solution will deliver positive outcomes for Non-Domestic Consumers.

13 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 17 October 2024 to obtain views on the Change Report (For Consultation). In total 21 responses were received from Citizens Advice, one trade association, 11 Energy Suppliers and eight TPIs. Seven of these responses were submitted confidentially, and one anonymously. The key themes from these responses have been summarised and set out below. The public responses have been published here.

13.1 COMMENTS ON THE SOLUTION AND PROPOSED LEGAL TEXT

The two main themes regarding the solution were either agreement that R0137A should be recommended for approval, or that both solutions should be recommended for rejection as direct regulation is preferred. No respondent preferred the R0137 solution over R0137A.

However, most respondents who were supportive of the R0137A solution responded with a caveat that no decision should be made until after the outcome of the DESNZ consultation is known, to avoid any potential conflict between DESNZ plans and the REC solution.

Many respondents were in favour of the reduced Performance Assurance requirements compared with impact assessment. Concern was raised by some Parties over whether MPxN level data is required, but the Code Manager and RECCo believe that as the new data items are in a MPxN level report that Energy Suppliers are already required to submit rather than in a new report, this should reduce those concerns.

Following feedback, the Code Manager has made amendments to the proposed updates to the Charging Methodology and Charging Statements, to make it clearer that the costs detailed here are to be borne by TPIs rather than Energy Suppliers.

Changes suggested to the TPI CoP itself are out of scope for this Change but have all been fed back to RECCo who plan to do a thorough review of the TPI CoP while it is still a Category 3 document.

There is some concern that the six month gap between the REC Services Accreditation Scheme opening and the Schedule becoming binding on Energy Suppliers is not long enough for all TPIs in the market to become accredited. RECCo has confirmed they are confident in six months being adequate time for them to register TPIs who wish to apply to the REC Services Accreditation Scheme. However, they do plan to publicise a date by which if a TPI has requested to register with the REC Services Accreditation Scheme, their application will be processed before the Schedule becomes binding on Energy Suppliers. This is to try and avoid a last minute rush of registrations towards the end of the six month window, which would not be possible to process before the Schedule becomes binding on Energy Suppliers.

13.2 BENEFITS RELATIVE TO IMPLEMENTATION AND OPERATIONAL COSTS, AND CASE FOR CHANGE

Many respondents were in agreement with the Code Manager's case for change and agreed with the assessment of the costs and benefits for this Change. However, there were several responses which indicated that direct regulation of TPIs would be preferable and have a stronger cost/benefits case.

Several TPIs stated they were unhappy that the costs associated with the REC Services Accreditation Scheme were estimated rather than confirmed, and that they could not accurately assess the case for change without confirmed costs. The Code Manager appreciates this position, but it will not be possible for RECCo to confirm finalised costs until after they have completed any procurement activity required for the REC Services Accreditation Scheme.

13.3 CODE MANAGER'S RECOMMENDATION

The two main themes regarding the Code Manager's recommendation were either agreement that R0137A should be recommended for approval, or that both solutions should be recommended for rejection as direct regulation is preferred. No respondent preferred the R0137 solution over R0137A.

However, most respondents who were supportive of the R0137A solution responded with a caveat that no decision should be made until after the outcome of the DESNZ consultation is known to avoid any potential conflict between DESNZ plans and the REC solution.

13.4 IMPLEMENTATION DATE AND APPROACH

Respondents who were in favour of implementing R0137A were supportive of the Code Managers proposed implementation approach, of a Big Bang approach with phased dates inside the legal text to allow time for TPIs to become accredited.

Many respondents were concerned that the proposed implementation date was too soon and does not allow enough time for the outcome of the DESNZ consultation to be known. The Code Manager has added a dependency to section 10 of this report capturing that Authority Determination would need to be received by 14 March 2025 for this implementation date to be reached, otherwise it would move to the next appropriate REC release.

14 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

14.1 CHANGES TO LEGAL TEXT

Unless otherwise specified, the below changes have been made to both the R0137 and R0137A solutions.

DOCUMENT	SECTION	AMENDMENT	REASON
Schedule 10 - Charging Methodology	10 TPI Accreditation and Audit Fees	Increased clarity by specifying that these charges will be recovered from TPIs.	Consultation responses were received requesting additional clarity that these charges were not payable by Energy Suppliers.
Charging Statement	11 TPI Accreditation and Audit Fees	Increased clarity by specifying that these charges will be recovered from TPIs.	Consultation responses were received requesting additional clarity that these charges were not payable by Energy Suppliers.

Schedule 1 – Interpretations and Definitions	Third Party Intermediary definition	Change “other” to “associated” terms and conditions.	A consultation response was received suggesting this change which RECCo have taken on board, to clarify that it is terms and conditions associated with Energy Supplier charges.
Performance Assurance Report Catalogue	n/a	Removal of TPI Name.	REC Performance Assurance will be able to track the TPI used using the TPI Accreditation Number only as they will have access to the TPI Accreditation Register. This will also avoid issues where names do not exactly match between the report and the TPI Accreditation Register (e.g. names have been shortened to fit in the report).
TPI Schedule	1.8 and 1.9	Six months added to the dates for the REC Services Accreditation Scheme go-live (moved from 01 April 2025 to 01 October 2025) and the date the Schedule becomes binding on Energy Suppliers (moved from 01 October 2025 to 01 April 2026).	RECCo require six months from the legal text being implemented to set up the REC Services Accreditation Scheme, and want to keep the six month window between the Scheme go-live and the date the Schedule becomes binding on Energy Suppliers to allow TPIs to register.
TPI Schedule	2.2, 2.3 and throughout section 8	Introduction of TPI Accreditation Service Provider.	RECCo have added a TPI Accreditation Service Provider so they have the option to outsource and tender for this service, and have added this service into clause 2.3 allowing RECCo to perform any activities undertaken by the service provider. This also removes activities from the TPI Auditor which are not audit activities, providing a clearer function for this role.
TPI Schedule	8.3	Introduction of 8.3(a), stating the 20 Working Day SLA for the REC Services Accreditation Scheme to provide an initial assessment report is only binding from 01 April 2026.	RECCo have recognised that during the initial six month window of TPIs registering before the Schedule becomes binding on Energy Suppliers will be an extremely busy period, and that this SLA may not be able to be met during this time. However, RECCo plan to publicise a date by which if a TPI has requested to register with the REC Services Accreditation Scheme, their

			application will be processed before the Schedule becomes binding on Energy Suppliers.
TPI Schedule	12.3	R0137A only – removal of section 12.3, which referenced Industry Recognised Accreditation Bodies and had erroneously been left in.	n/a

14.2 CHANGES TO IMPLEMENTATION DATE

The Code Manager has amended the proposed implementation date from 07 March 2025 to 01 April 2025 and added the caveat that this is contingent on Authority Determination being received by 14 March 2025.

The Code Manager is aware that the Authority may not be able to make a decision until the outcome of the DESNZ consultation is known. If a determination cannot be reached for a 01 April 2025 implementation, then implementation would move to the next appropriate REC release. An additional change would also be raised to adjust the legal text inside the TPI Schedule, to ensure there remains six months between implementation and the REC Services Accreditation Scheme go-live, and a further six months between the REC Services Accreditation Scheme go-live and Energy Suppliers only being able to use accredited TPIs. This is captured as a dependency in section 10 of this report.

15 APPENDIX

CHANGE PROPOSAL	R0137 R0137A
LEGAL DRAFTING	R0137 R0137A
CONSOLIDATED IMPACT ASSESSMENT RESPONSES	Link
CONSOLIDATED CONSULTATION RESPONSES	Link

16 GLOSSARY

TERM	DEFINITION
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Micro-Business Consumer	means a 'Micro-Business Customer', as defined in the Energy Supply Licences.
Non-Domestic Consumer	has the meaning given to 'Non-Domestic Customer' in the Energy Supply Licences.
Performance Assurance Board	means the performance assurance board for this Code, as from time to time established under Clause 15 of the main body of this Code (which is a Sub-Committee).
Third Party Intermediary (TPI)	means a broker or introducer acting between Consumers and Energy Suppliers, including Price Comparison Websites.
Office of Gas and Electricity Markets (Ofgem)	Ofgem is the regulator for Britain's gas and electricity industries, overseen by the Gas and Electricity Markets Authority (the Authority).