RETAIL ENERGY CODE

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01	Initial Assessment Report
02	Preliminary Change Report
03	Final Change Report

CHANGE REPORT

R0138 – COMBINED PROGRESSION OF CHANGE PROPOSALS R0058, R0104 AND R0129

CHANGE REPORT	PRELIMINARY
DOCUMENT VERSION	1.0
ISSUED DATE	01/09/2023
DOCUMENT APPROVAL STATUS	PUBLISHED FOR CONSULTATION

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	SELF GOVERNANCE
PRIORITY STATUS	LOW	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	01/09/2023

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

This change seeks to efficiently address the issues raised under the following Change Proposals.

- R0058 – REC Services Procurement Clarification
- R0104 – Clarifying Requirement for Continuous Billing Following an Erroneous Switch
- R0129 – Clarifying Event of Default Requirements

These Change Proposals have been identified by the Code Manager as requiring non-contentious, clarificatory and non-material alterations to the REC Legal Text only.

	High Impact: N/A
	Medium Impact: Consumers, Data Communications Company, RECCo, Code Manager.
	Low Impact: N/A

CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0138 is **APPROVED** for implementation on **03 November 2023.**

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BACKGROUND

1 BACKGROUND

Three Change Proposals have been identified by the Code Manager as having fully formed solutions, which are non-contentious, clarificatory and can be easily and quickly implemented. However, these changes were previously placed on hold due to having a priority status of low. This Change seeks to address these Change Proposals so they can be addressed, and their benefits can be realised.

R0058 – REC Services Procurement Clarification

The Data Communications Company (DCC) highlighted that the current drafting within Clause 5.3 of the REC Main Body could impact both RECCo and the DCC's ability to protect input VAT entitlements as a recipient of the Centralised Registration Service (CRS). The suggested amendment to Clause 5.3 would clarify that all provision of REC Services to the REC Service Users (including the CRS is procured by, and from, the CRS Provider) and are procured from the REC Service Providers by RECCo.

R0104 – Clarifying requirement for Continuous Billing following Erroneous Switch

One of the required outcomes of an Erroneous Switch is that the Consumer is only billed once for the period of Erroneous Switch. R0104 seeks to make it explicitly clear within Schedule 30 - Resolution of Consumer Facing Switching and Billing Issues that in the case of an Erroneous Switch, the Supplier that erroneously gained the Supply, should not bill the Consumer.

R0129 – Clarifying Event of Default Requirements

Following several recent events of non-payment for services and REC defaults, it has been identified that the Event of Default provisions in the Code are unclear. This change seeks to add clarity to the REC Main Body in that persistent non-payment constitutes an Event of Default.

2 PROBLEM STATEMENT

Three Change Proposals have been placed on hold due to having a low priority status. These proposals have been identified as having fully formed solutions, which are non-contentious and can be quickly implemented. This change seeks to address these Change Proposals so that they can be addressed and their benefits realised.

3 USER STORIES

REF.	USER STORIES
MARKET PARTICIPANT USER STORIES	
M1	As a Market Participant, I need the REC drafting to be accurate, so I can rely on it to ensure my processes and procedures correctly reflect my obligations. If there are mistakes or omissions, then it could cause issues with the effective operation and assurance of the retail energy market.

4 SUMMARY OF ANALYSIS UNDERTAKEN

The proposed legal text with the REC Main Body was reviewed by Gowlings to ensure that the changes did not have any unintended impacts and strengthened the intention of the Change Proposals.

All draft legal text was taken for stakeholder review at the REC Issues Group (RIG) held on 11 August 2023. Stakeholders were engaged and provided useful feedback. Stakeholders requested clarity on section 5.3 of the REC Main Body and whether these changes may have any unintended consequences considering the Central Switching Service (CSS) Priority 1 incident. It was confirmed with Gowlings on 23 August 2023, that the proposed changes were minor and do not have any consequential impacts. 16.4 (g) was also queried on the timescales in which RECCo could suspend a defaulting Party and suggested that a timescale in working days should be incorporated rather than the words *as soon as reasonably* practicable. From following up with Gowlings, as soon as reasonably practicable was confirmed to be acceptable wording. Stakeholders also asked for clarity on whether the changes to Schedule 30 would have an impact on the ability of the Gaining Supplier to be able to invoice where an erroneous switch was cancelled. This was confirmed by the Code Manager not to be the case and there are no consequential impacts to the rest of the Schedule.

5 PROPOSED SOLUTION

REC PRODUCT	SECTIONS OF REC PRODUCT ALTERED	DETAILS OF CHANGES
REC Main Body	5.3	Clarified that the Centralised Registration Service is procured by and from the CRS Provider and is procured from the REC Service Providers by RECCo.
	16.1(g)	Clarifies that a failure to make a payment pursuant to the Code and that this is not remedied within 10WDs constitutes an Event of Default.
	16.4(g)	Clarified that following an Event of Default, RECCo can suspend the right of the

		Defaulting Party to receive one or more REC Services.
Schedule 30	5.1(c)	Clarifies that the Supplier that erroneously gained the Supply, should not bill the Consumer in an Erroneous Switch.

6 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0138 can be found here.

7 DELIVERY AGAINST CHANGE PROPOSAL PLAN

All activities within the Change Proposal Plan have been completed within the required timescales.

The Change Proposal Plan can be found here.

8 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	03/11/2023

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

The next standard REC Release date is being targeted as this is a legal text only change.

9 BUSINESS CASE ASSESSMENT

This is a legal text only change with no costs associated with its implementation.

10 CASE FOR CHANGE

10.1 SELF GOVERNANCE

The Code Manager considers that there is a positive case to implement this Change Proposal, on the basis that:

- the proposed solution is fully formed, and appropriately resolves the problem statement; and
- the proposed solution ensures that the REC is accurate and appropriately clarifies REC Party and Non-REC Party obligations.

11 CODE MANAGER'S RECOMMENDATION

The Code Manager recommends that the Change Panel:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of **03 November 2023**.

12 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report for R0138 will be published on the REC Portal on **25 August 2023** and closes on **15 September 2023.**

Following consultation, the Code Manager will produce an updated version of this Preliminary Change Report (referred to as the Final Change Report). This will include the outcome of the consultation, setting out a summary of the consultation submissions and the Code Manager's response.

The Final Change Report will be issued to the Change Panel to make its determination on **03 October 2023**.

13 APPENDIX

CHANGE PROPOSAL	Link.
LEGAL DRAFTING	Link.
RELATED CHANGE(S)	R0058, R0104 and R0129.

14 GLOSSARY

TERM	DEFINITION
Centralised Registration Service (CRS)	means the services provided pursuant to Condition 15 (Incorporation, delivery and provision of the Centralised Registration Service) of the DCC Licence, being the services provided under this Code by the CSS Provider, Switching Operator, CSS Certificate Authority and, until the end of the Post Implementation Period only, the Core Systems Assurance Provider and the CSS Systems Integrator.
Data Communications Company (DCC)	means the person holding the DCC Licence.

TERM	DEFINITION
Distribution Network Operator (DNO)	means a person holding an Electricity Distribution Licence.
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Erroneous Switch	means where a Consumer has been switched to an Energy Supplier which does not have an Energy Contract in place, as further described in the Resolution of Consumer-Facing Switching and Billing Problems Schedule.
Event of Default	has the meaning given in Clause 16.1 of the main body of this Code.