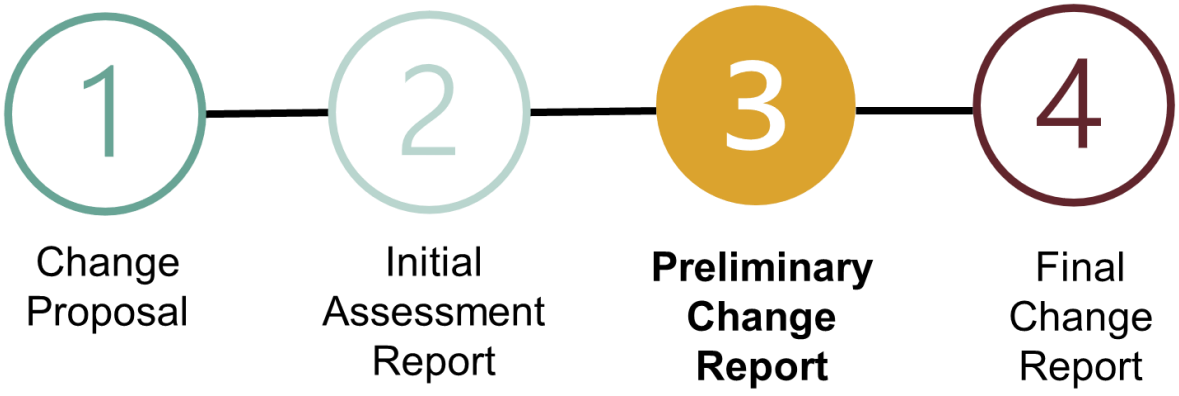
RETAIL ENERGY CODE

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PRELIMINARY CHANGE REPORT



PURPOSE:	The Preliminary Change Report is drafted by the Code Manager when a Change Proposal has a fully formed solution that has been sufficiently assessed to allow a decision to be made on whether this should be approved for implementation. The report includes a summary of the Change Proposal, details of the proposed solution and the Code Manager's view on the case for change and recommendation.
NOTES:	The report sets out the minded-to position, prior to formal consultation, and may be changed when publishing the Final Change Report.
NEXT STEPS:	The Preliminary Change Report will be issued for consultation. Following this, the Code Manager will produce a Final Change Report and the Responsible Committee will make a decision on whether to approve the Change Proposal.

RETAIL ENERGY CODE

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

PRELIMINARY CHANGE REPORT

R0030 – ERRONEOUS TRANSFER CANCELLATIONS

DOCUMENT VERSION	2.0
DATE ISSUED	08/07/2022
DOCUMENT APPROVAL STATUS	APPROVED BY RESPONSIBLE COMMITTEE

RESPONSIBLE COMMITTEE	CHANGE PANEL

LEAD ANALYST	GEMMA DIXON	EMAIL
TECHNICAL LEAD	BETH BROWN	EMAIL

CHANGE OVERVIEW

Erroneous Transfers (ETs) are currently being cancelled without a defined process or full audit trail.

This Change Proposal seeks to introduce a defined process for Energy Suppliers to be able to cancel an ET in specific scenarios.

CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0030 is **APPROVED** for implementation on 24 February 2023.

	High Impact: Energy Suppliers
	Medium Impact: REC Code Manager
	Low Impact: N/A

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BACKGROUND

1 SUMMARY

An Erroneous Transfer (ET) occurs where a Consumer has been switched to an Energy Supplier with whom they do not have an Energy contract. The process to rectify this is currently defined within the Supply Point Administration Agreement (SPAA) and Master Registration Agreement (MRA) Transition Schedules and is included in the Resolution of Consumer Facing Switching and Billing Issues (CFSB) Schedule which will go live in REC v3.0 (An Erroneous Transfer will be known as an Erroneous Switch post REC v3.0 going live).

The existing process does not allow Suppliers to cancel an ET once it has been initiated. The proposer has identified a need for Suppliers to be able to cancel an ET in the event of a Supplier of Last Resort (SoLR) being appointed or when a Change of Occupier (CoO) occurs after an ET has been initiated.

Suppliers are currently cancelling ETs outside of a defined industry agreed process as there is no mechanism to use the industry Market Messages to inform other suppliers of a cancellation and the reason for it.

It is proposed to amend the D0301 (MM00234) for Electricity and the RET (MM4007) Market Messages for Gas, to allow the Gaining Supplier to cancel the ET as this will allow a clear audit trail of any actions completed and the reasons for them. The use of Market Messages to communicate a cancellation will also enable the REC Performance Assurance Board (REC PAB) to have visibility of the additional resolution steps in the ET process. It is also proposed to provide clear guidance for Suppliers on the appropriate use of an ET cancellation.

2 PROBLEM STATEMENT

ETsare being cancelled by Suppliers, which is currently not permitted under the REC. There is no consistent defined process or audit trail.

In the event of a SoLR being appointed, or on a CoO at a premise, the Gaining Supplier currently has no way to formally cancel an ET after it has been initiated.

This can cause Switching and/or billing delays for Consumers whilst Energy Suppliers attempt to resolve an outstanding or open ET.

For Energy Suppliers this can mean they are supplying Consumers with whom they have no valid contract, resulting in additional Guaranteed Standards of Performance (GSOP) payments and increased Consumer dissatisfaction.

The REC PAB has no way to identify the difference between the process legitimately closing without resolution, and an Energy Supplier not meeting their obligations under the code to properly resolve an ET. As a result, the REC PAB are unable to differentiate the performance of Energy Suppliers between those that are closed down legitimately or those being closed inappropriately.

3 USER STORIES

REF.	USER STORIES
CONSUMER USER STORIES	
C1	As a Consumer, when I move into a new home, I want to be supplied by the Energy Supplier of my choice and if the supply has previously been switched incorrectly, I want to be able to request my Supplier to terminate the ET process and this to be resolved in a timely manner.
C2	As a Consumer I want to receive my bills when expected, from the Supplier of my choice without delays caused by being switched incorrectly and not being resolved in a timely manner.
C3	As a Consumer, in the event that my Supplier has exited the market and my supply cannot be returned to my original Supplier, I want the Gaining ET Supplier to have the ability to terminate any ET process that has already been initiated so that I am able to choose my preferred Supplier and switch without delay or penalty.
C4	As a Consumer, if Energy Suppliers need to share my data to resolve a switching issue, I want Suppliers to share my personal data securely so that my data is protected.
MARKET PARTICIPANT USER STORIES	
M1	As an Energy Supplier, where appropriate, I need to be able to cancel an ET effectively and efficiently, so that I can bill my Consumers accurately and timely.
M2	As an Energy Supplier, where appropriate, I need to be able to cancel an ET so that I supply Consumers with whom I have a valid contract.
M3	As The Code Manager I need to be able to identify when an ET has been cancelled so that I have a clear audit trail and can monitor performance effectively.

PROPOSAL

4 SUMMARY OF ANALYSIS UNDERTAKEN

This issue was initially explored under the Master Registrtion Agreement which sought to formalise cancellations of an ET in various scenarios. These scenarios were:

- Supplier of Last Resort
- Change of Occupier
- Erroneous Transfer not responded to
- Consumer changed their mind

Following transition to the REC, the Code Manager reviewed and validated the suggested scenarios and raised Change Proposal R0030 to address the Supplier of Last Resort and Change of Occupier scenarios only.

The Code Manager believes that, in the scenario when an ET has not been responded to, the existing escalation process should be followed. If a Consumer has changed their mind and

wishes to remain with the Gaining Supplier, the ET should be returned and the standard Change of Supplier process should be followed to create the necessary contractual relationship.

5 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

5.1 REC PARTY IMPACT ASSESSMENTS

A Party impact assessment was published by the Code Manager on 06 May 2022, inviting REC Parties to provide their responses by 30 May 2022. Four responses were received from Energy Suppliers. The responses received are contained in the consolidated impact assessment responses document which can be found here.

ENERGY SUPPLIERS	• Agreed with proposed solution for the SoLR scenario however, further clarification requested on the CoO scenario. • Some concerns raised about potential impacts on Settlements. • Required lead time ranges from 3-9 months for implementation. • All respondents suggested benefits from implementing this Change Proposal however did not provide quantifiable benefits.

5.2 ADDITIONAL CONSIDERATIONS

5.2.1 SETTLEMENTS:

The Code Manager considers the potential impacts on Settlements will be low and expects that Parties will utilise the existing Resolution of Switch Meter Readings Problems process.

Where the CoO is after the ET, the Losing Supplier will bill the Consumer with whom they have a valid contract, up to the Move Out date and reagree the Switch read, if necessary, with the Gaining Supplier.
Where the CoO is prior to the Erroneous Transfer, the Losing Supplier will bill up to the CoO date and reading. The Gaining Supplier will bill from the CoO date and Opening Meter Reading.

5.2.2 BILLING:

The Code Manager believes that billing from the date of the communication would increase a risk to settlement. This is to avoid creating a gap in consumption between the Switch date and the date the cancellation is issued, which could be a varied amount of time.

6 DELIVERY AGAINST CHANGE PROPOSAL PLAN

	PLANNED	COMPLETED
SOLUTION DEVELOPMENT	02/03/2022	22/04/2022
PARTY IMPACT ASSESSMENT ISSUED	06/05/2022	30/05/2022
DEADLINE FOR ALTERNATIVE CHANGE PROPOSAL SUBMISSION	08/07/2022	08/07/2022
PRELIMINARY CHANGE REPORT ISSUED	08/07/2022	08/07/2022

To date all activity has been completed within the planned timescales.

7 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

7.1 RISKS AND ISSUES

No risks or issues have been identified that would affect the progression of the Change Proposal.

7.2 ASSUMPTIONS AND DEPENDENCIES

No assumptions or dependencies have been identified that would affect the progression of the Change Proposal.

8 PROPOSED SOLUTION

DATA SPECIFICATION

The solution creates an additional Data Item Enumeration in both the DI50998 (J1762) and DI40213 (B0030) to allow for the Gaining Supplier to cancel the ET. The relevant Data Items are used in the Erroneous Transfer Communication: Market Messages MM00234 (D0301) and the RET Flow MM40007 (RET).

RESOLUTION OF CONSUMER FACING SWITCHING AND BILLING PROBLEMS: SCHEDULE 30

The solution will also introduce new Paragraphs into the CFSB Schedule to allow for an ET to be cancelled in the event of a SoLR or CoO.

INTERPRETATIONS AND DEFINITIONS: SCHEDULE 1

A new term will be added to the Interpretations and Definitions Schedule.

9 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0030 can be found here.

10 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	24 February 2023

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

11 CHANGE PATH

CHANGE PATH	SELF-GOVERNANCE

12 RESPONSIBLE COMMITTEE

RESPONSIBLE COMMITTEE	CHANGE PANEL

13 BUSINESS CASE ASSESSMENT

13.1 COSTS

Party costs were not provided as part of the impact assessment however the Code Manager acknowldges that this Change Proposal would result in system changes for Parties and therefore a cost will be associated with the implementation of the changes.

13.2 BENEFITS

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
CUSTOMER JOURNEY	Introducing a process for cancelling an Erroneous Transfer would improve Consumer experience by detailing a clear, defined process for managing ETs as part of SoLRs and CoOs.

13.3 COST BENEFIT ANALYIS SUMMARY

Overall, the Code Manager is of the view that although a full detailed cost benefit analysis cannot be completed due to the limited number of impact assessment responses, the intangible benefits of the change will outweigh the costs for implementation.

14 CASE FOR CHANGE

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

- The solution resolves the problem statement.
- A positive business case can be made, as set out in section 13 of this report.
- By not delivering this Change Proposal, ETs are likely to continue to be cancelled without a defined process or full audit trail. Without cancelling an ET in these scenarios, a Consumer is supplied by the gaining Supplier, with whom they did not agree a contract and in the event of a SoLR where the Losing Supplier exits the Market, the Losing Supplier is no longer licenced to re-register the consumer.

15 CODE MANAGER'S RECOMMENDATION

Based on the evidence in sections 13 and 14 of this report, the Code Manager considers a positive business case can be made for implementing this change and recommends that the Change Panel:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 24 February 2023.

16 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report for R0030 will be published on the REC Portal on 22 July 2022. The consultation will close on 12 August 2022.

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 REC Change Panel to make its determination.

17 APPENDIX

CHANGE PROPOSAL	R0030 - Erroneous Transfer Cancellations
CONSULTATION SOLUTION DOCUMENTS	Link
CONSOLIDATED IMPACT ASSESSMENT RESPONSES	Consolidated Impact Assessment Responses