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SOLUTION DEVELOPMENT REPORT

I0213 – CREATION OF A MECHANISM TO ALLOW THIRD PARTIES TO REPORT OBJECTION ACTIVITY

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1 BACKGROUND AND SUMMARY

Under the REC, an Objection means a request from the Losing Supplier to block a Switch Request for reasons permitted under the relevant Energy Supply Licence. These reasons are existing debt from the Consumer, an ongoing fixed term contract and wider contract terms, or an Objection following an Erroneous Switch.

Objections must only be requested if they are in line with the reasons permitted under the relevant Energy Supply Licence, and in accordance with obligations provided in the REC. Objection activity that is not in accordance with an Energy Supply Licence and/or the REC, can have negative impacts on Market Participants, in particular Consumers. Impacts may include untimely delays and increased FTE cost for organisations due to the additional work, increased number of industry complaints, a debt burden on industry Parties with Energy Suppliers struggling to recover lost costs, and further financial implications for Consumers.

REC Parties are currently able to raise the matter of non-compliant Objection activity by an Energy Supplier with the Code Manager. However, there is currently not a method for Third Parties, who may be involved in the Switching process, to report non-compliant Objection activity. Such activity can result in time consuming procedures for Consumers, creating unnecessary engagement with Energy Suppliers, and may result in a financial burden.

I0213 has been raised with a suggestion that the Code Manager should consider accepting notice and evidence from qualifying non-industry Parties, including Third Party consultants and brokers (Third Party Intermediaries (TPIs)). A possible solution for this may include a new submission page, or form, on the REC Portal, that would allow Third Parties to submit evidence of non-compliant Objection activity. The Code Manager has engaged with the REC Change Issues Group on 03 April 2025 to complete some solution analysis and discuss potential solution options and requirements. The minutes for this meeting and discussion on I0213 are available on the REC Portal.

2 PROPOPSED SOLUTION OPTIONS

Possibilities for solutions were discussed at the Change Issues Group. Attendees expressed their desire for a simple, and cost-effective solution through a submission mechanism on the REC Portal. However, consideration was also provided to whether this Issue could be resolved via an existing procedure, such as utilising the Voluntary TPI Code of Practice.

As part of this solution development report for the Party impact assessment, the Code Manager has presented a solution option for both possibilities noted above. This will allow respondents to consider, compare, and confirm their preference.

The solution options are as follows:

1) A new REC Portal Page/Form
2) Utilisation of the existing Voluntary TPI Code of Practice

2.1 SOLUTION OPTION 1 – REC PORTAL PAGE AND FORM

Under this solution, the Code Manager could create a form and/or individual portal page on the REC Portal where Third Parties would be able to report Objection activity that they believe is not compliant with the Code.

This form and/or portal page would only be available to Third Parties and would only be focused on reporting Objection activities. Energy Suppliers, and other REC Parties, would be expected to use their existing mechanisms to report activity that they believe is not compliant with the Code.

All submissions will be submitted to the Code Manager who will determine any subsequent actions, investigations, or applications of Performance Assurance techniques. Any subsequent actions will be taken in accordance with existing Code Manager roles responsibilities as determined in the REC Schedules.

2.2 SOLUTION OPTION 2 – UTILISATION OF THE VOLUNTARY TPI CODE OF PRACTICE

The REC currently has a Third-Party Intermediary (TPI) Code Practice that is applied on a voluntary basis. The TPI Code of Practice introduced into the REC to improve governance arrangements for non-Domestic Energy brokers. TPIs are not compelled by law to comply with this Code of Practice, but it is hoped that TPIs will choose to comply with this Code of Practice.

TPIs who are signed up to the Voluntary Code of Practice, can already use additional mechanisms to enable them to report activity they believe to be non-compliant with the REC. These include reporting via an Operational Account Manager (OAM) or submissions via the REC Service Desk.

Under this solution, the Code Manager would update the TPI Code of Practice to clarify how Third Parties would be able to report non-compliant Objection Activity to the Code Manager. To be able to report such activity, however, the Third-Party would be required to have signed up to the voluntary Code of Practice.

As with solution 1, all submissions will be submitted to the Code Manager who will determine any subsequent actions, investigations, or applications of Performance Assurance techniques. Any subsequent actions will be taken in accordance with existing Code Manager roles responsibilities as determined in the REC Schedules.

3 DRAFT LEGAL TEXT

There is no draft legal text available for this Issue at this stage. Legal drafting will not be completed until it is known which solution option we intend to take forward and if any legal drafting is required.

If any draft legal text is required, this will be available at consultation. If solution option 1 is chosen, a draft template of such a form/portal page will also be available at consultation. If solution 2 option is chosen, a draft update to the TPI Code of Practice will be available at consultation.

4 IMPACT ASSESSMENT

The Party impact assessment will be open to all REC Parties and Non-REC Parties to respond to. The impact assessment will be issued on 16 May 2025 and will close on 09 June 2025.

The Code Manager will use the responses to determine the solution option to be taken forward, and to determine the next required steps in the change process.

An update will be provided to the REC Change Issues Group once the Party impact assessment has been completed.