REC Code Manager

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17 January 2024

Sent via email

Melissa Giordano

Deputy Director, Retail Systems and Processes

Ofgem

Dear Melissa,

RE: Retail Energy Code Change Proposal R0147 – Prepayment Levelisation

Following your letter of 20 December 2023, I am writing to confirm the progression of the amendments of the R0147 legal text that you provided following review by your legal counsel. Thank you for the detail provided in Annex A, covering the reasoning for the changes made. The amendments were reviewed by the Change Proposal team and by the REC legal advisor. As a result, although predominantly the amendments have been taken forward, there have been some adjustments which were reviewed with your colleagues within Ofgem.

The Code Manager has provided below an extension to Annex A, to provide the detail of how the changes have been incorporated.

The amendments have now been taken forward with the Final Change Report. The Change Proposal has been referred to the Authority today for determination following a unanimous vote to recommend Approval by the REC Change Panel on 16 January 2024.

The Code Manager would like to thank you and your colleagues for your availability over the last few weeks to ensure the amendments could be finalised.

Yours sincerely,

Samantha Briggs

REC Change Delivery Manager

ANNEX A: Proposed changes to levelisation schedule

S. No.	Reasons for change	Paragraph	Current version	Ofgem Proposed Version	REC response	Final version
	Proposed Changes to legal text of Schedule XX					
	Remove the reliance on the Licence conditions	Current: 1.1 Proposed: 1.1	This REC Schedule sets out arrangements concerning Payment Method Levelisation, pursuant to Condition XX of the Gas Supply Licence and Condition XX of the Electricity Supply Licence, coming into effect on 01 April 2024.	This REC Schedule sets out arrangements concerning Reconciliation of the Levelisation Policy, coming into effect on 01 April 2024 or at such other date as the Authority may specify in writing.	Change taken forward using PML Reconciliation, for which the definition defers to the definition for Levelisation Policy. Note- 'of the Levelisation Policy' was not included in the redlined text provided. Termination reference added to 1.2, lifted up to 1.1 to reflect applicability to the whole schedule	This REC Schedule sets out arrangements concerning Payment Method Levelisation (PML) Reconciliation. This REC Schedule shall come into effect on 1 April 2024, or on such later date as the Authority may specify in writing. This REC Schedule may cease to apply as described in Paragraph 10.
	Consequential changes after replacing/updating the definitions.	Current: 1.2 Proposed: 1.2	RECCo shall procure, implement and thereafter maintain such services as it considers necessary to administer Payment Method Levelisation pursuant to this REC Schedule.	Subject to paragraph 10, RECCo shall procure, implement and thereafter maintain such services as it considers necessary to administer Reconciliation pursuant to this REC Schedule.	Addition of 'Subject to paragraph 10,' included in para 1.1. Conseq change using PML Reconciliation included.	RECCo shall procure, implement and thereafter maintain such services as it considers necessary to administer PML Reconciliation pursuant to this REC Schedule.

	Remove the reliance on the Licence conditions	Current: 2.1 Proposed: 2.1	Where an Energy Supplier is obliged under its Energy Licence to pay Payment Method Levelisation Charges, then the Energy Supplier shall pay those Payment Method Levelisation Charges to RECCo in accordance with Paragraph 5.	Energy Suppliers shall pay such Reconciliation Charges as per the statement received under Paragraph 5, and in accordance with Paragraph 5.	Accepted removal of reliance on Licence conditions, and refined wording to REC standard approach. Throughout schedule move to use of Domestic Supplier instead of Energy Supplier for clarity on applicability, and to aid identification of Domestic Supplier obligations within the REC.	Each Domestic Supplier shall pay, in accordance with Paragraph 5, the PML Reconciliation Amounts payable by that Domestic Supplier.
	Consequential changes after replacing/updating the definitions.	Current: 3.1 Proposed: 3.1	Following receipt of Payment Method Levelisation Charges paid by Energy Suppliers, RECCo shall (on behalf of the liable Energy Suppliers) pay the Payment Method Levelisation Charges to those Energy Suppliers who are due a credit, in accordance with Paragraph 8.	Following receipt of Reconciliation Charges paid by Energy Suppliers, RECCo shall (on behalf of the liable Energy Suppliers) pay the Reconciliation Charges to those Energy Suppliers who are due a credit, in accordance with Paragraph 8	Consequential change taken forward using PML Reconciliation, PML Reconciliation Amounts and Domestic Supplier. Refined wording to REC standard approach, including removal of '(on behalf of the liable Energy Suppliers)'.	Following receipt of PML Reconciliation Amounts paid by Domestic Suppliers, RECCo shall, in accordance with Paragraph 8, pay the PML Reconciliation Amounts to those Domestic Suppliers who are due a credit.
	Consequential changes after replacing/updating the definitions.	Current: 4.1 Proposed: 4.1	RECCo shall secure the provision of such data as it may reasonably need to calculate the Payment Method Levelisation Charges payable by and to each Energy	RECCo shall secure the provision of such data as it may reasonably need to calculate the Reconciliation Charges payable by and to each Energy	Consequential change taken forward using PML Reconciliation Amounts and Domestic Supplier.	RECCo shall secure the provision of such data as it may reasonably need to calculate the PML Reconciliation Amounts payable by and to each Domestic Supplier in

			Supplier in accordance with this REC Schedule.	Supplier in accordance with this REC Schedule		accordance with this REC Schedule.
	Allows RECCo to request Payment Portfolio data necessary for reconciliation	Current: 4.2 Proposed: 4.2	Energy Suppliers shall submit Payment Portfolio Data to RECCo no later than the PML Reporting Submission Deadline.	On RECCo's request for Payment Portfolio Data, Energy Suppliers shall submit the Payment Portfolio Data to RECCo no later than the Reconciliation Reporting Submission Deadline.	Not taken forward. There is no request for data from RECCo for the data, the obligation to submit is set out within the schedule, without further communication. Consequential change taken forward using PML Reconciliation and Domestic Supplier.	Each Domestic Supplier shall submit the Payment Portfolio Data to RECCo by no later than the PML Reconciliation Reporting Submission Deadline.
	Minor typographic changes and preciseness.	Current: 4.3 Proposed: 4.3	Where data has not been submitted by Energy Supplier(s), the latest data available for that Energy Supplier will be used for the purposes of reconciliation calculations.	Where data has not been submitted by Energy Supplier(s), RECCo shall use the latest data available for that Energy Supplier for the purposes of Reconciliation calculations.	Additional wording for direct link for RECCo to use the submitted portfolio date. Consequential changes using PML Reconciliation and Domestic Supplier. Refined wording to REC standard approach.	RECCo shall use each Domestic Supplier's Payment Portfolio Data for the purposes of the PML Reconciliation calculations under this REC Schedule. Where a Domestic Supplier has not submitted its Payment Portfolio Data to RECCo by the PML Reconciliation Reporting Submission Deadline, RECCo shall use the latest data available to it for that Domestic Supplier.
	Explicitly specifies the instance of RECCo's notification to the Authority of non-compliance with Paragraph 4.	Current: 4.4 Proposed: 4.4	Non-submission of Payment Portfolio Data by an Energy Supplier will be notified to REC Performance	RECCo shall notify REC Performance Assurance Board, the Authority and REC Parties on non-submission of	Amendments in first sentence taken forward. Next steps/concurrency not taken forward – nothing in the REC	RECCo shall notify the REC Performance Assurance Board, the Authority and REC Parties of any failure by a Domestic Supplier to submit its Payment Portfolio

	Further, it explains the discretion of the Authority to take any action on such notification which shall be concurrent to the any proceedings initiated by the REC Performance Assurance Board		Assurance Board, The Authority and REC Parties.	Payment Portfolio Data by an Energy Supplier by the Reconciliation Reporting Submission Deadline. Upon such notification by RECCo, the Authority may take any action at its discretion, enforcement or otherwise, including concurrently to any proceedings initiated by REC Performance Assurance Board or other action or dispute resolution mechanism under the main body of this Code.	excludes the possibility of the Authority acting concurrently and inclusion here creates potential implication that it isn't allowed elsewhere under the REC. Consequential changes using PML Reconciliation and Domestic Supplier. Refined wording to REC standard approach.	Data by the PML Reconciliation Reporting Submission Deadline.
	Consequential changes after replacing/updating the definitions and clarification.	Current: 5.1 Proposed: 5.1	Within 15 Working Days after the PML Reporting Submission Deadline, RECCo shall send to each Energy Supplier a statement in respect of that PML Period showing for that Energy Supplier:	Within 15 Working Days after the Reconciliation Reporting Submission Deadline, RECCo shall send to each Domestic Energy Supplier a statement in respect of that Reconciliation Period showing for that Domestic Energy Supplier:	Consequential changes taken forward using PML Reconciliation and Domestic Supplier.	Within 15 Working Days after the PML Reconciliation Reporting Submission Deadline, RECCo shall send to each Domestic Supplier a statement in respect of that PML Reconciliation Period showing for that Domestic Supplier:

	Consequential changes after replacing/updating the definitions and clarification.	Current: 5.1(a) Proposed: 5.1(a)	the Payment Method Levelisation Charges payable by the Energy Supplier in respect of the Domestic Consumers paying by direct debit for which it was the Registered Supplier as at the PML Reporting Date for that PML Period;	the Reconciliation Charges payable by the Domestic Energy Supplier in respect of the Domestic Consumers paying by direct debit for which it was the Registered Supplier as at the Reconciliation Reporting Date for that Reconciliation Period;	Consequential changes taken forward using PML Reconciliation and Domestic Supplier.	the PML Reconciliation Amounts payable by the Domestic Supplier in respect of the Domestic Consumers paying by direct debit for which it was the Registered Supplier as at the PML Reconciliation Reporting Date for that PML Reconciliation Period;
	Consequential changes after replacing/updating the definitions.	Current: 5.1(b) Proposed: 5.1(b)	the Payment Method Levelisation Charges payable to the Energy Supplier in respect of the Domestic Consumers paying by Prepayment for which it was the Registered Supplier as at the PML Reporting Date for that PML Period; and	the Reconciliation Charges payable to the Energy Supplier in respect of the Domestic Consumers paying by Prepayment for which it was the Registered Supplier as at the Reconciliation Reporting Date for that Reconciliation Period; and	Consequential changes taken forward using PML Reconciliation and Domestic Supplier.	the PML Reconciliation Amounts payable to the Domestic Supplier in respect of the Domestic Consumers paying by Prepayment for which it was the Registered Supplier as at the PML Reconciliation Reporting Date for that PML Reconciliation Period; and
	Clarity on the category of Energy Supplier	Current: 5.1(c) Proposed: 5.1(c)	the difference between the amounts under Paragraph (a) and Paragraph (b), which (if (a) is greater than (b)) is the net amount payable by that Energy Supplier under Paragraph 5.3 ,	the difference between the amounts under Paragraph (a) and Paragraph (b), which (if (a) is greater than (b)) is the net amount payable by that Domestic Energy	Consequential changes and clarity taken forward using PML Reconciliation Amounts and Domestic Supplier.	the difference between the PML Reconciliation Amounts under Paragraph (a) and Paragraph (b), which (if (a) is greater than (b)) is the net amount payable by that Domestic Supplier under Paragraph 5.3, or (if (b) is greater than (a)) is the net

			or (if (b) is greater than (a)) is the net amount payable to that Energy Supplier under Paragraph 8.2.	Supplier under Paragraph 5.3 , or (if (b) is greater than (a)) is the net amount payable to that Domestic Energy Supplier under Paragraph 8.2.		amount payable to that Domestic Supplier under Paragraph 8.2.
	Consequential changes after replacing/updating the definitions.	Current: 5.3 Proposed: 5.3	Each Energy Supplier shall, within 10 Working Days after receipt of a statement under Paragraph 5.1, pay to RECCo the net amount of the Payment Method Levelisation Charges identified in such statement as payable by that Energy Supplier (if any).	Each Energy Supplier shall, within 10 Working Days after receipt of a statement under Paragraph 5.1, pay to RECCo the net amount of the Reconciliation Charges identified in such statement as payable by that Energy Supplier (if any).	Consequential changes and clarity taken forward using PML Reconciliation Amounts and Domestic Supplier.	Each Domestic Supplier shall, within 10 Working Days after receipt of a statement under Paragraph 5.1, pay to RECCo the net amount of the PML Reconciliation Amounts identified in such statement as payable by that Domestic Supplier (if any).
	Explicitly provides that any monies due, which are subject to any set-off or withholding, must be paid in full in 10 working days. This is to sync it with paragraph 5.3 and remove any ambiguity around the payment obligation to amounts referred to in 5.3 and 5.4. Additionally, it reiterates the principle of “pay	Current: 5.4 Proposed: 5.4	All amounts payable by an Energy Supplier under Paragraph 5.3 must be paid in full without any set-off or withholding.	All amounts payable by an Energy Supplier under Paragraph 5.3 must be paid in full without any set-off or withholding, within the 10 Working Days required under 5.3. Additionally, in accordance with paragraph 7.1(b), an Energy Supplier can raise a dispute under paragraph 7 but must	Not included addition of 10 working days under 5.3 as is a repeat of what is already covered within 5.3 itself. Second sentence taken forward with relevant consequential terminology changes, but only including one reference to paragraph 7 including all sub paras.	All PML Reconciliation Amounts payable by a Domestic Supplier under Paragraph 5.3 must be paid in full without any set-off or withholding. A Domestic Supplier can raise a dispute under Paragraph 7 but must pay the full amount by the due date specified in the statement received under Paragraph 5.3, pending resolution of that dispute.

	now, dispute later" if any energy supplier disputes the amount based on set-off or withholding.			pay the full amount by the due date specified in the statement received under paragraph 5.3, pending resolution of that dispute.		
	As per the schedule, there is a difference between a query and a dispute. The proposed paragraph was provided under 7.3, under disputes. Removing this paragraph from the disputes and providing it here streamlines the disputes provisions. Further, under query, the amount is not due yet and there is an element of recalculation if RECCo considers it manifestly wrong. Additionally, it reiterates the principle of "pay now, dispute later" whenever the amount in the statement falls due, except by explicit acknowledgment by RECCo of manifestly wrong statement.	Proposed: 5.5		An Energy Supplier may query the amount identified in a statement of credit advice under Paragraph 5, provided that: Any such query must be raised with RECCo prior to the date on which that payment is due, and Any such query does not relieve the Energy Supplier of its payment obligation under the statement(s) except where RECCo explicitly acknowledges that the	Amendment taken forward with refined wording to meet REC standard approach. Consequential changes using Domestic Supplier.	A Domestic Supplier may query the amount identified in a statement under Paragraph 5.3, provided that: (a) any such query must be raised with RECCo prior to the date on which that payment is due; and (b) no such query shall relieve the Domestic Supplier of its payment obligation unless RECCo explicitly acknowledges prior to the due date that the amount is manifestly wrong.

				amount is manifestly wrong.		
	As a necessary corollary to the proposed 5.5, if RECCo explicitly acknowledges that a statement is manifestly wrong, it shall issue an updated statement under paragraph 5.3 to the querier. Further, it specifies that the obligation to pay the amount specified in the updated statement shall be payable in 10 working days (in sync with paragraph 5.3 and 5.4) and no energy supplier has any right to query an updated statement.	Proposed: 5.6		Under Paragraph 5.5(b), if RECCo explicitly acknowledges that an amount in a statement is manifestly wrong, then RECCo shall issue an update to the statement provided to such Energy Supplier under Paragraph 5.3 and an Energy Supplier shall pay the amount due on such updated statement within 10 Working Days.	Amendment taken forward with refined wording to meet REC standard approach. Consequential changes using Domestic Supplier.	Pursuant to Paragraph 5.5(b), if RECCo explicitly acknowledges that an amount in a statement is manifestly wrong, then RECCo shall issue an update to the statement provided to such Domestic Supplier under Paragraph 5.3, and the Domestic Supplier shall pay the amount due under such updated statement within 10 Working Days after receipt.
	Change of paragraph number due to addition of proposed paragraphs 5.5 and 5.6	Current: 5.7 Proposed: 5.7			Taken forward.	5.7
	Explicitly provides that the same instance of notification by RECCo about late payment by an energy supplier to (a) the energy supplier, (b)REC Performance Assurance Board and (c) the Authority	Current: 6.1 Proposed: 6.1	If an Energy Supplier does not pay the amount due and payable under Paragraph 5.3 by the due date for payment, then RECCo shall (on or around the next following Working Day) issue a late	If an Energy Supplier does not pay the amount due and payable under Paragraph 5.3 by the due date for payment, then RECCo shall (on or around the next following Working	Taken forward with consequential change using Domestic Supplier.	If a Domestic Supplier does not pay the amount due and payable under Paragraph 5.3 by the due date for payment, then RECCo shall (on or around the next following Working Day) issue a late payment notice to the Domestic Supplier and notify the REC Performance

			payment notice to the Energy Supplier. RECCo shall also notify the REC Performance Assurance Board and the Authority.	Day) issue a late payment notice to the Energy Supplier and notify the REC Performance Assurance Board and the Authority.		Assurance Board and the Authority.
	Provides a non-obstante clause as 6.2 has a deeming provision for an Event of Default which overrides clause 16.1 of the REC main code that provides of determination of Event of Default. This helps to explicitly state the overriding provision of paragraph 6.2 over clause 16.1 of the REC main code. Furthermore, it explicitly allows RECCo to notify the Authority for any non-payment by the energy supplier. It further explains the discretion of the Authority to take any action on such notification which shall be concurrent to the any proceedings initiated by the REC Performance Assurance Board.	Current: 6.2 Proposed: 6.2	A failure by an Energy Supplier to pay any amount due under Paragraph 5.3 which is not remedied within 21 Working Days after the due date shall be deemed to be an Event of Default.	Notwithstanding anything contained under Clause 16 of the code, a failure by an Energy Supplier to pay any amount due under Paragraph 5.3 which is not remedied within 21 Working Days after the due date shall be deemed to be an Event of Default. RECCo shall notify the Authority when an Energy Supplier's aforementioned failure is deemed to be an Event of Default. In any event, the Authority may take any action at its discretion, enforcement or otherwise, including concurrently to any proceedings initiated by REC Performance Assurance Board or other action or dispute resolution	Taken forward, updating to 20 Working Days as stated in the solution documentation, and using Domestic Supplier.	Notwithstanding anything contained in Clause 16 of the main body of this Code, a failure by a Domestic Supplier to pay any amount due under Paragraph 5.3 which is not remedied within 20 Working Days after the due date shall be deemed to be an Event of Default. RECCo shall notify the Authority when a Domestic Supplier's aforementioned failure is deemed to be an Event of Default. In any event, the Authority may take any action at its discretion, enforcement or otherwise, including concurrently to any proceedings initiated by the REC Performance Assurance Board or other action or dispute resolution mechanism under the main body of this Code.

				mechanism under the main body of this Code.		
	Removes reference to paragraph 7.2 which is being removed by proposed paragraphs 5.5 and 5.6. Further, it entrenches the principle of “pay now, disputes later” without any qualification.	Current: 7.1 Proposed: 7.1	Subject to Paragraph 7.2, each Energy Supplier:	Each Energy Supplier:	Taken forward using Domestic Supplier.	Each Domestic Supplier:
	Reiterating that any amount due under paragraph 5 must be paid in full and whenever due as per paragraph 5	Current: 7.1(a) Proposed: 7.1(a)	must pay in full the amount identified by RECCo as payable by that Energy Supplier under Paragraph 5.	must pay in full the amount identified by RECCo as payable by that Energy Supplier under Paragraph 5, and as per Paragraph 5; and	Taken forward with refined wording to meet REC standard approach.	must pay in full the amount identified by RECCo as payable by that Domestic Supplier under Paragraph 5, and as per Paragraph 5;
	Consequential typographic changes	Current: 7.1(b) Proposed: 7.1(b)	can raise a dispute under this Paragraph 7, but must pay the full amount pending resolution of that dispute; and	can raise a dispute under this Paragraph 7, but must pay the full amount pending resolution of that dispute; but	Taken forward with refined wording to meet REC standard approach.	(subject to sub-paragraph (c) below) can raise a dispute under this Paragraph 7, but must pay the full amount pending resolution of that dispute; and
	Improving readability and conciseness	Current: 7.1(c) Proposed: 7.1(c)	that did not submit its Payment Portfolio Data in accordance with Paragraph 4.2, cannot raise a dispute under this Paragraph 7 against an invoice or credit note on the basis of missing or	cannot raise a dispute under this Paragraph 7 if it did not submit the Payment Portfolio Data in accordance with Paragraph 4.2 which is relevant to the invoice or credit	Taken forward using Domestic Supplier with refined wording to meet REC standard approach.	cannot raise a dispute under this Paragraph 7 if it did not submit the Payment Portfolio Data in accordance with Paragraph 4.2 which is relevant to the statement which it wishes to dispute.

			incorrect data being used for its portfolio.	note which it wishes to dispute.		
	Removal of current paragraph 7.2 because of the proposed paragraphs 5.5 and 5.6. See the reasons provided for insertion of paragraphs 5.5 and 5.6, here.	Current: 7.2	An Energy Supplier can query the amount identified in a statement of credit advice under Paragraph 5 as manifestly wrong, but any such query must be raised with RECCo prior to the date on which the payment is due under Paragraph 5.3 and will only relieve the Energy Supplier of its payment obligation if RECCo accepts that the amount is manifestly wrong. If RECCo accepts that an amount in a statement is manifestly wrong, then RECCo shall issue an updated statement to which Paragraph 5.3 will then apply.		Taken forward.	
	Renumbered and removes reference to paragraph 7.2 which is being removed by the proposed paragraphs 5.5 and 5.6.	Current: 7.3 Proposed: 7.2	Save for queries raised in accordance with Paragraph 7.2, disputes regarding amounts in statements under Paragraph 5:	Disputes regarding amounts in statements under Paragraph 5:	Taken forward using Domestic Supplier with refined wording to meet REC standard approach.	Disputes raised by a Domestic Supplier regarding the PML Reconciliation Amounts in statements under Paragraph 5:

	Consequential changes after replacing/updating the definitions.	Current: 8.1 Proposed: 8.1	Within 5 Working Days following the payment date under Paragraph 5.3 for a given PML Period, RECCo shall calculate the amount RECCo actually received from Energy Suppliers for the given PML Period by the payment date.	Within 5 Working Days following the payment date under Paragraph 5.3 for a given Reconciliation Period, RECCo shall calculate the amount RECCo actually received from Energy Suppliers for the given Reconciliation Period by the payment date.	Consequential changes taken forward using PML Reconciliation and Domestic Supplier.	Within 5 Working Days following the payment date under Paragraph 5.3 for a given PML Reconciliation Period, RECCo shall calculate the amount RECCo actually received from Domestic Suppliers for the given PML Reconciliation Period by the payment date.
	Consequential changes after replacing/updating the definitions.	Current: 8.2 Proposed: 8.2	Within 30 Working Days after the end of each PML Period, RECCo shall pay to each Energy Supplier the net amount (if any) of the Payment Method Levelisation Charges identified in the relevant statement under Paragraph 5.1 as payable to that Energy Supplier (subject to Paragraphs 8.3 and 8.4).	Within 30 Working Days after the end of each Reconciliation Period, RECCo shall pay to each Energy Supplier the net amount (if any) of the Reconciliation Charges identified in the relevant statement under Paragraph 5.1 as payable to that Energy Supplier (subject to Paragraphs 8.3 and 8.4).	Consequential changes taken forward using PML Reconciliation and Domestic Supplier.	Within 30 Working Days after the end of each PML Reconciliation Period, RECCo shall pay to each Domestic Supplier the net amount (if any) of the PML Reconciliation Amounts identified in the relevant statement under Paragraph 5.1 as payable to that Domestic Supplier (subject to Paragraphs 8.3 and 8.4).
	Consequential changes after replacing/updating the definitions. Improving readability.	Current: 8.3 Proposed: 8.3	The aggregate payments which RECCo makes under Paragraph 8.2 in respect of a given PML Period shall not exceed the aggregate	The aggregate payments which RECCo makes under Paragraph 8.2 in respect of a given Reconciliation Period shall not exceed the	Consequential changes taken forward using PML Reconciliation and Domestic Supplier.	The aggregate payments which RECCo makes under Paragraph 8.2 in respect of a given PML Reconciliation Period shall not exceed the aggregate amount received by RECCo under Paragraph

			amount received by RECCo under Paragraph 5.3 in respect of that given PML Period. If RECCo has only received a percentage of the aggregate amounts due in respect of a given PML Period, then RECCo shall only pay that percentage of the amount that would otherwise have been payable to each Energy Supplier. Where RECCo receives any late payments for a given PML Period, the total funds received for that PML Period will be recalculated and any additional funds owing to Energy Suppliers will be redistributed in the next available set of payments.	aggregate amount received by RECCo under Paragraph 5.3 in respect of that given Reconciliation Period. If RECCo has only received a percentage of the aggregate amounts due in respect of a given Reconciliation Period, then RECCo shall only pay that percentage of the amount that would otherwise have been payable to each Energy Supplier. However, where RECCo receives any late payments for a given Reconciliation Period, the total funds received for that Reconciliation Period will be recalculated and any additional funds owing to Energy Suppliers will be redistributed in the next available set of payments.		5.3 in respect of that given PML Reconciliation Period. If RECCo has only received a percentage of the aggregate amounts due in respect of a given PML Reconciliation Period, then RECCo shall only pay that percentage of the amount that would otherwise have been payable to each Domestic Supplier. However, where RECCo receives any late payments for a given PML Reconciliation Period, the total funds received for that PML Reconciliation Period will be recalculated and any additional funds owing to Domestic Suppliers will be redistributed in the next available set of payments.
	Consequential changes after replacing/updating the definitions. changes to the definitions.	Current: 8.4 Proposed: 8.4	If an Energy Supplier has not paid an amount which is due and payable under Paragraph 5.3 in	If an Energy Supplier has not paid an amount which is due and payable under Paragraph 5.3 in	Consequential changes taken forward using PML Reconciliation and Domestic Supplier.	If a Domestic Supplier has not paid a PML Reconciliation Amount which is due and payable under Paragraph 5.3 in respect of

			respect of one or more given PML Periods, then RECCo shall not pay any amounts which would otherwise be payable to that Energy Supplier under this Paragraph 8 for subsequent PML Periods. Instead, RECCo shall withhold payment unless and until the amount payable by that Energy Supplier under Paragraph 5.3 has been settled in full.	respect of one or more given Reconciliation Periods, then RECCo shall not pay any amounts which would otherwise be payable to that Energy Supplier under this Paragraph 8 for subsequent Reconciliation Periods. Instead, RECCo shall withhold payment unless and until the amount payable by that Energy Supplier under Paragraph 5.3 has been settled in full.		one or more given PML Reconciliation Periods, then RECCo shall not pay any amounts which would otherwise be payable to that Domestic Supplier under this Paragraph 8 for subsequent PML Reconciliation Periods. Instead, RECCo shall withhold payment unless and until the amount payable by that Domestic Supplier under Paragraph 5.3 has been settled in full.
	The aim of the current paragraph 8.5 is to mutualise reasonably irrecoverable amount owed by Energy Supplier(s) to RECCo under the statement(s) issued per paragraph 5. The current paragraph includes two qualifications for such amounts to be mutualised: (a) that it has to be bad debt and (b) within the meaning of section 123 of the Insolvency Act 1986	Current: 8.5 Proposed: 8.5	In the event that RECCo determines that any amount owing by one or more Energy Suppliers in accordance with Paragraph 5.3 is not reasonably capable of being recovered, from such Energy Supplier(s) having exhausted all of the options available to it in this Code, and in consultation with the Authority, should be considered to be a	RECCo shall take all reasonable options available to it in this Code, and in consultation with the Authority, for recovery of amounts owed by an Energy Supplier under Paragraph 5 to the RECCo. If RECCo determines that the aforementioned amount is not reasonably capable of being recovered, RECCo shall	Consequential changes taken forward using PML Reconciliation, PML Reconciliation Amounts and Domestic Supplier. Refined wording to meet REC standard approach.	RECCo shall take all reasonable steps available to it, and in consultation with the Authority, for recovery of PML Reconciliation Amounts owed by a Domestic Supplier. If RECCo determines that the aforementioned amount is not reasonably capable of being recovered, RECCo shall recalculate the credits and debits for the PML Reconciliation Period such that any shortfall is to be met by other Domestic Suppliers and issue updated

	with a higher deminimis of £10,000. Potentially, such qualification could create bottlenecks in the mutualisation process envisaged. The proposed paragraph removes such potential bottlenecks to streamline the event and the process of mutualisation.		bad debt once the Energy Supplier is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986, but as if in that Section the sum of £10,000 was substituted for the sum of £750. The amount associated with that bad debt will be treated as an adjustment, being removed from calculation of credits and invoices for the period to which the debt arose, and RECCo shall issue an updated statement to which Paragraph 5.3 will then apply.	recalculate the credits and invoices for the Reconciliation Period such that any shortfall is to be met by other Domestic Energy Suppliers and issue updated statements under paragraph 5.3.		statements under Paragraph 5.1.
	Preciseness	Current: 8.6 Proposed: 8.6	Paragraph 8.5 is without prejudice to the liability of the original debtor. Any amounts subsequently recovered from the original debtor will, if that amount exceeds £1,000 (one thousand pounds) trigger a further adjustment to the statements produced in	Paragraph 8.5 is without prejudice to the liability of the original debtor. Any amounts subsequently recovered from the original debtor will, if that amount exceeds £1,000 (one thousand pounds) trigger a further adjustment to the statements produced	Taken forward with refined wording to meet REC standard approach. 5.3 incorrect reference. Assumption reference is 5.1 but 8.5 has already corrected/overwritten those produced in 5.1 Addition of ‘equal to’, to cover excluding everything below but not £1000 exactly.	Paragraph 8.5 is without prejudice to the liability of the original debtor. Any PML Reconciliation Amounts subsequently recovered from the original debtor will, if that amount is equal to or exceeds £1,000 (one thousand pounds) trigger a further adjustment to the statements produced in accordance with Paragraph 8.5, or (if lower) shall be applied so as to reduce the

			accordance with Paragraph 8.5, or (if lower) be applied so as to reduce the future Recoverable Costs payable by Energy Suppliers in accordance with Clause 9 of the REC.	in accordance with Paragraph 8.5 and 5.3, or (if lower) be applied so as to reduce the future Recoverable Costs payable by Energy Suppliers in accordance with Clause 9 of the REC.	Consequential changes using PML Reconciliation Amounts and Domestic Supplier.	future Recoverable Costs payable by Domestic Suppliers in accordance with Clause 9 of the REC.
	Strengthening the compliance of RECCo and the energy suppliers with the auditing of the Reconciliation charges by the Authority.	Current: 9.1 Proposed: 9.1	RECCo and Energy Suppliers shall co-operate with the Authority, or any person appointed by the Authority in relation to any audit of the Payment Method Levelisation Charges.	RECCo and Energy Suppliers shall comply with any direction in writing by the Authority, or any person appointed by the Authority, in relation to any audit of the Reconciliation Charges	Taken forward using PML Reconciliation and Domestic Supplier.	RECCo and Domestic Suppliers shall comply with any direction in writing by the Authority, or any person appointed by the Authority, in relation to any audit of the PML Reconciliation.
	Changing the heading of the paragraph from “Cessation” to “Termination” to make it sync with the language used in Licence conditions and under the subsequent paragraphs of paragraph 10.	Current: 10 Proposed: 10	Cessation	Termination	Taken forward	Termination
	The proposed provision explicitly allows the Authority to terminate this schedule by a written notification.	Current: 10.1 Proposed 10.1	This REC Schedule shall cease to have effect 3 months after the date on which Payment Method Levelisation Charges cease to have effect	The Authority may in writing notify REC to terminate this REC Schedule. The termination shall take place in either 3 months upon the	Taken forward with refined wording to meet REC standard approach.	The Authority may, by written notice to RECCo, terminate the application of this REC Schedule. Such termination shall take place either 3 months after receipt of the aforesaid notification, or at

	Furthermore, the proposed provision allows the Authority to delay termination beyond 3 months, if required/necessary, but not less than 3 months.		in accordance with the Energy Supply Licences.	receipt of the aforementioned notification, or at such other later date as the Authority may specify in writing.		such other later date as the Authority may specify in writing. RECCo shall notify all REC Parties of any such termination.
	Necessary amendment following proposed paragraph 10.1	Current: 10.2 Proposed: 10.2	RECCo shall redistribute in accordance with Paragraph 8 amounts received prior to the end of this 3-month period.	RECCo shall redistribute in accordance with Paragraph 8 amounts received prior to the end of the period applicable under paragraph 10.1.	Taken forward using PML Reconciliation Amounts.	RECCo shall redistribute in accordance with Paragraph 8 PML Reconciliation Amounts received prior to the end of the period applicable under Paragraph 10.1.
	Necessary amendment following proposed paragraph 10.1. Improving readability and preciseness.	Current: 10.3 Proposed: 10.3	Any amounts received by RECCo under Paragraph 5 following the end of this 3-month period (or being withheld by RECCo under Paragraph 8.4 at the end of this 3-month period) will be put towards RECCo's general expenditure (to offset costs that would otherwise be recoverable under Clause 9 of the main body of this Code).	Any amounts received by RECCo under Paragraph 5 or being withheld under Paragraph 8.4, following the end of the period applicable under paragraph 10.1, shall, once all amounts due to an Energy Supplier under this Reconciliation schedule have been settled, be put towards RECCo's general expenditure (to offset costs that would otherwise be recoverable under Clause 9 of the main body of this Code).	Taken forward with refined wording to meet REC standard approach. Consequential change using PML Reconciliation Amounts.	Any PML Reconciliation Amounts received by RECCo under Paragraph 5 or 8.6 or being withheld under Paragraph 8.4, following the end of the period applicable under paragraph 10.1, shall be put towards RECCo's general expenditure (to offset costs that would otherwise be recoverable under Clause 9 of the main body of this Code).

	To be removed as no longer applicable due to (current and proposed) paragraph 8.5	Current: 10.5	For clarity, there will be no mutualisation in respect of amounts not paid by Energy Suppliers under Paragraph 5.3.		Taken forward	n/a
S. No.	Reasons for change	Paragraph	Current version	Ofgem Proposed Version	REC response	Final version
Proposed changes to the terms to be added to Schedule 1						
	Adding new term *Levelisation Policy*. It provides reference/link to the levelisation provisions in the supply licence conditions.	No Current Term. Proposed Term: Levelisation Policy		means an adjustment to the caps on payment methods derived by the operation of the relevant maximum charge in Condition 28AD.7 of the Gas Supply Licence and Condition 28AD.7 of the Electricity Supply Licence.	Taken forward additional new term but extended (in collaboration with Ofgem representatives) to refer to the calculation model and not just the application of the price cap terms.	means an adjustment to the caps on payment methods derived by the operation of the relevant maximum charge in Condition 28AD.7 of the Gas Supply Licence and Condition 28AD.7 of the Electricity Supply Licence (following the model set out in Annex 9 of Supply Licence Condition 28AD) and other calculations as directed by the Authority from time to time in relation to that adjustment.
	Removing *Payment Method Levelisation* to add *Reconciliation* helps align the code modification with the terms and definitions provided in the licence conditions.	Current Term: Payment Method Levelisation Proposed Term: Reconciliation	means the payment method levelisation arrangements pursuant to Condition XX of the Gas Supply Licence and Condition XX of the Electricity Supply Licence	means the obligations and processes by which payments of the Reconciliation Charges are made from and to Domestic Energy Suppliers in	Taken forward introduction of *Reconciliation* but maintained the descriptor *Payment Method Levelisation* for context and clarity in the REC as a whole.	Term: *Payment Method Levelisation (PML) Reconciliation* means the obligations and processes by which payments of the PML Reconciliation Amounts are made from and to Energy

	Consequently, removal of the acronym too.	And removal of acronym "PML"		pursuance of the Levelisation Policy.		Suppliers in pursuance of the Levelisation Policy.
	Making consequential changes by removing *Payment Method Levelisation Charge* to add *Reconciliation Charge* for the reasons explained at S.No. 39.	Current Term: Payment Method Levelisation Charge Proposed Term: Reconciliation Charges	means, in respect of a Domestic Energy Supplier, the amount owed by or to that, Domestic Energy Supplier pursuant to Payment Method Levelisation.	means, in respect of a Domestic Energy Supplier, the amount owed by or to that, Domestic Energy Supplier pursuant to Reconciliation.	Consequential change taken forward using PML Reconciliation. Additional amendment to remove *Charge* and replace with *Amounts*, as reconciliation does not always result in charges to Suppliers	Term: *PML Reconciliation Amounts* means, in respect of an Energy Supplier, the amount owed by or to that, Energy Supplier pursuant to PML Reconciliation.
	Making consequential changes and improving the readability to even out the definition/requirements of Payment Portfolio Data.	Current Term: Payment Portfolio Data Proposed Term: Payment Portfolio Data	means an Energy Supplier's aggregate Domestic portfolio at 12:00 on the PML Reporting Date, broken down by region and payment method, in the format specified and published from time to time by RECCo on direction from the RECCo Board. RECCo will give 3 months' notice of the implementation of any changes.	means an Energy Supplier's aggregate domestic portfolio at 12:00 on the Reconciliation Reporting Date, that is: broken down by region and payment method, and in the format specified and published from time to time by RECCo on direction from the RECCo Board. RECCo will give 3 months' notice of the	Consequential and readability changes taken forward using PML Reconciliation. Additional amendment to reflect inclusion of the format specification in an appendix to the Schedule, rather than a separately published document.	means an Energy Supplier's aggregate domestic portfolio at 12:00 on the PML Reconciliation Reporting Date, that is: (a) broken down by region and payment method, and (b) in the format specified in Appendix 1 of Schedule XX - Payment Method Levelisation Reconciliation.

				implementation of any changes.		
	Making consequential changes by removing *PML Period* to add *Reconciliation Period* for the reasons explained at S.No. 39.	Current Term: PML Period Proposed Term: Reconciliation Period	means each calendar month; provided that (a) the first PML Period will commence on commencement of the Payment Method Levelisation scheme and end at the end of the month in which it started; and the last PML Period will end on the cessation of the scheme.	means each calendar month; provided that (a) the first Reconciliation Period will commence on first day on which the Levelisation Policy takes effect whether that is the first day of a calendar month and end at the end of the month in which it started; and (b) the last Reconciliation Period will end on the termination of the Levelisation Policy	Consequential changes taken forward using PML Reconciliation.	Term: *PML Reconciliation Period* means each calendar month; provided that. (a) the first PML Reconciliation Period will commence on first day on which the Levelisation Policy takes effect whether that is the first day of a calendar month and end at the end of the month in which it started; and (b) the last PML Reconciliation Period will end on the termination of the Levelisation Policy.
	Making consequential changes by removing *PML Reporting Date* to add *Reconciliation Reporting Date* for the reasons explained at S.No. 39.	Current Term: PML Reporting Date Proposed Term: Reconciliation Reporting Date	means, for each PML Period, 12:00 on the 1st calendar day of that PML Period.	means, for each Reconciliation Period, 12:00 on the 1st calendar day of that Reconciliation Period.	Consequential changes taken forward using PML Reconciliation.	Term: *PML Reconciliation Reporting Date* means, for each PML Reconciliation Period, 12:00 on the 1st calendar day of that PML Reconciliation Period.
	Making consequential changes by removing *PML Reporting Submission Deadline* to add *Reconciliation*	Current Term: PML Reporting Submission Deadline	means 17:00 on the 15th calendar day of the PML Period	means 17:00 on the 15th calendar day of the Reconciliation Period	Consequential and readability changes taken forward using PML Reconciliation.	Term: *PML Reconciliation Reporting Submission Deadline*

	Reporting Submission Deadline for the reasons explained at S.No. 39.	Proposed Term: Reconciliation Reporting Submission Deadline				means 17:00 on the 15th calendar day of the PML Reconciliation Period