RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination and publication.

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

CHANGE REPORT

I0223 RECONCILIATION OF UNALLOCATABLE TRANSACTIONS REVIEW

DOCUMENT VERSION	V1.0
PROPOSED IMPLEMENTATION DATE	TBD
IMPLEMENTATION APPROACH	BIG BANG

RESPONSIBLE COMMITTEE	CHANGE PANEL	**CHANGE PATH**	SELF-GOVERNANCE
PRIORITY STATUS	MEDIUM	**URGENCY**	STANDARD
IMPACTED STAKEHOLDERS	CODE MANAGER, ENERGY SUPPLIERS, PRE-PAYMENT METER INFRASTRUCTURE PROVIDERS		

LEAD ANALYST (SOLUTION LEAD)	TECHNICAL LEAD	ASSURANCE LEAD	SUBJECT MATTER EXPERT
JAMES HARDY	SOPHIA LOGIE	ANDREW WAGHORN	HELEN FOSBERRY
Click to send an email	Click to send an email	Click to send an email	Click to send an email

OVERVIEW

Following the last Reconciliation of Unallocatable Transactions for Gas, the Code Manager has identified opportunities to improve the current process, provide further clarity for Parties and align the process for both gas and electricity.

RETAIL ENERGY CODE

CONTENTS

1 Summary 3
2 Problem Statement 3
3 Impacts 3
4 Cross-Code Impacts 3
5 Proposal Plan 4
6 Stakeholder Engagement and solution analysis 4
7 Priority Status and Urgency 5
8 Proposed Solution 5
9 Draft Legal Text 5
10 Risks, Assumptions, Issues and Dependencies 6
11 Appendix 6
12 Glossary 6

RETAIL ENERGY CODE

BACKGROUND

1 SUMMARY

Where the Pre-Payment Meter Infrastructure Provider (PPMIP) is unable to identify the relevant Energy Supplier to allocate a prepayment transaction, it becomes an Unallocated Transaction. Energy Suppliers are required to identify Unallocated Transactions belonging to them and rectify the issue preventing it from being allocated. The Code Manager is required to carry out a review of Unallocated Transactions up to the Backstop Date and to distribute the value associated with them according to the market share of the relevant meter type to suppliers as defined in the Code; this is referred to as an Unallocatable Prepayment Allocation Run.

2 PROBLEM STATEMENT

Following the last Reconciliation of Unallocatable Transactions for Gas, the Code Manager has identified opportunities to improve the current process, provide further clarity for Parties and align the process for both fuels.

3 IMPACTS

CONSUMERS
Pre-Payment Meter Customers

RECCO / REC CODE MANAGER
Code Manager

REC DOCUMENTS AND PRODUCTS
REC Schedule 11 – Prepayment Arrangements

REC PARTIES AND SERVICE USERS
Energy Suppliers
Pre-Payment Meter Infrastructure Providers

This Issue is not expected to have any impacts on Market Wide Half-Hourly Settlement (MHHS).

4 CROSS-CODE IMPACTS

No cross-code impacts have been identified as part of this Issue at this stage.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**06 Dec-24**	**01 Jul-25**
	Solution Development	**Completed**	**Completed**
	Information Request	**Completed**	**Completed**
	Legal Review	March	May
	Impact Assessment	May	June
	Solution Refinement	June	June
Change Proposal		**02 Jul-25**	**06 Oct-25**
	Business Case Assessment	July	July
	Consultation	July	August
	Solution Refinement	August	September
	Final Determination	September	September
Voting		**07 Oct-25**	**07 Oct-25**
	Appeal Window	08 October	22 October

Please note, an update to the Proposal Plan was approved by the REC Change Panel on 20 May 2025.

6 STAKEHOLDER ENGAGEMENT AND SOLUTION ANALYSIS

To develop the solution requirements and more clearly define the problem statement for this change, an information request was carried out between 20 December 2024 and 17 January 2025. The full non-confidential responses with the Code Manager's comments has been published on the REC Portal here.

From this information request, the Code Manager has found that Parties were supportive of a review of this process and identified several areas where they would like to see work undertaken. The responses to this information request will therefore be used during solution development to best address the feedback gathered from Parties.

The findings of this information request were presented at Change Issues Group at the meeting 06 February 2025 as a status update.

A follow-up paper was presented to the Change Issues Group at the meeting on 06 March 2025 seeking Parties' feedback on the following two questions:

- Currently the Code is silent on what is to be done with Unallocated Transactions for Energy Supplier IDs that have been closed, but at the Backstop Date, had registerable Metering Points that would have been eligible to be part of the allocation run. Do impacted Parties have a view on what should happen in these circumstances with the eligible transactions?
- How should the Code Manager monitor that Energy Suppliers have ensured that they have taken action to allocate these transactions before they hit the Backstop Date?

7 PRIORITY STATUS AND URGENCY

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Indirect	1	27	27
	Retail Markets Impact	Retail Risk(s)	2	17	33
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	2	7	13
		Legal and Regulatory Compliance	1	14	14
Resource	Complexity / Effort / Duration		1	9	9
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	2	10	20
				Overall Priority Score (rounded)	133

Priority Status	MEDIUM
Change Proposal Type	STANDARD

This Issue has been given a priority status of medium based upon a prioritisation score of 133.

SOLUTION

8 PROPOSED SOLUTION

The Code Manager has completed a review of the Unallocatable Transactions Review process and has proposed legal updates to Schedule 11 – Prepayment Arrangements, Section 10 Reconciliation of Unllaocatable Transactions, to provider further clarity and instructions for the process, and to ensure alignment between the processes for different fuels.

The legal text amendments include:

- For gas, removing the instruction that the annual reconciliation should be in July each year, but ensuring that the Code Manager is still obliged to initiate an annual reconciliation each Financial Year;
- Clarifying that in electricity, the Code Manager shall initiate an annual reconciliation each Financial Year, rather than determining when an Unallocatable Prepayment Allocation Run is required;
- Clarifying that where an acquisition or a migration of Gas Supply Licences has occurred since the previous Backstop Date, the Unallocatable Values shall be apportioned to the current Gas Supplier, noting that Supplier of Last Resort (SoLR) acquisitions shall be excluded from the calculation; and
- Clarifying that SoLR acquisitions shall also be excluded from the calculation during the process for electricity.

9 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to I0223 can be found, here.

An extract of Schedule 11 – Prepayment Arrangements containing the draft legal text can also be found, here.

10 RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

No risks, assumptions, issues or dependencies have been identified by the Code Manager at this stage.

11 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Schedule 11 – Prepayment Arrangements (05.06.2025) Extract: Schedule 11 – Prepayment Arrangements, Section 10 – Reconciliation of Unallocatable Transactions (05.06.2025)
INFORMATION REQUEST RESPONSES (PUBLIC)	Link
CHANGE ISSUES GROUP PAPER (06 MARCH 2025)	Link
UPDATE TO PROPOSAL PLAN	Link

12 GLOSSARY

TERM	DEFINITION
Backstop Date	means the date by reference to which an Unallocated Transaction becomes an Unallocatable Transaction, being on 1 July of any year, the date three (3) years previous, such that all Unallocated Transactions relating to the period prior to that date become Unallocatable Transactions (or any other more recent Backstop Date determined by the Code Manager).
Financial Year	means 1 April to 31 March (inclusive) each year.
Metering Point	has the meaning given to it in the Electricity Distribution Licence, which for the time being means: “the point, determined according to the principles and guidance given in the MRA Transition Schedule to the Retail Energy Code, at which a supply of electricity taken into or conveyed from the licensee’s Distribution System: (a) is or is intended to be measured; or (b) where Metering Equipment has been removed, was or was intended to be measured; or (c) in the case of an Unmetered Supply, is treated as measured.”

TERM	DEFINITION
Prepayment Meter	Prepayment Meter includes any Electricity Meter operating in a mode which requires a Customer to pay Charges in advance, and references to the installation or removal of a Prepayment Meter includes the switching of any Electricity Meter to or from such a mode; Retrieved from: Electricity Supply Standard Licence Conditions 25 10 2021
Pre-Payment Meter Infrastructure Provider (PPMIP)	means, for each Energy Supplier and fuel, the contracted service provider for prepayment services to support that Energy Supplier's Prepayment Meters for that fuel.
Unallocatable Prepayment Allocation Run	means the process by which the value of Unallocated Transactions is periodically paid to Energy Suppliers, as described in Paragraph 10 of the Prepayment Arrangements Schedule
Unallocatable Transaction	means, in respect of each refreshed Backstop Date, an Unallocated Transaction which remains an Unallocated Transaction, and which has a transaction date which occurred before such Backstop Date.
Unallocated Transaction	means a Prepayment Meter transaction for which the correct Energy Supplier cannot be identified by the PPMIP.