RETAIL ENERGY CODE

This document is classified as **WHITE**.
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01	Initial Assessment Report
02	Preliminary Change Report
03	Final Change Report

INITIAL ASSESSMENT REPORT

R0023 – PREPAYMENT UNALLOCATED TRANSACTIONS

DOCUMENT VERSION	1.0
DATE ISSUED	07/01/2022
DOCUMENT APPROVAL STATUS	APPROVED BY REC CHANGE PANEL
RESPONSIBLE COMMITTEE	CHANGE PANEL

CHANGE OVERVIEW

Additional validation steps to be added to the defined process documented in Schedule 11 – Prepayment Arrangements for the Reconciliation of gas Unallocatable Transactions. When carrying out Unallocatable Prepayment Allocation Runs, Energy Suppliers that have exited the market will be removed from the calculations. This will ensure accuracy of the final payment amounts to the remaining active Energy Suppliers.

	High Impact: N/A
	Medium Impact: Gas Prepayment Meter Infrastructure Provider (PPMIP)
	Low Impact: The Code Manager

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1 SUMMARY

Consumers that pay for their energy through prepayment meters buy credit from their energy supplier to 'top up' their meter with credit, paying for their energy in advance. Network service providers provide national payment infrastructure, allowing consumers to top up their meter in local shops and stores. The payment is then sent to the relevant prepayment meter infrastructure provider (PPMIP), who allocates this to the relevant energy supplier.

Where the PPMIP is unable to identify the relevant Energy Supplier to allocate the transaction, this becomes an Unallocated Transaction. Energy Suppliers are required to identify Unallocated Transactions belonging to them and rectify the issue preventing this from being allocated.

Each July the REC Code Manager, the Central Data Service Provider (CDSP) and the Prepayment Meter Infrastructure Provider (PPMIP) reconcile any outstanding Unallocated Transactions from before the Backstop Date (currently more than 3 years previous on 1 July of each year), in accordance with the Prepayment Arrangements Schedule. These payments are then allocated to Energy Suppliers.

For gas, if an Energy Supplier does not have a valid contract with the PPMIP or is no longer an active Energy Supplier, they should be excluded from the allocation of any payments.

When an Energy Supplier exits the market, it needs to be removed from any calculations and validation steps completed, to ensure the correct payment values are calculated based on market share. This is currently reflected in the Prepayment Arrangements Schedule for electricity, but not for gas.

The process set out in Paragraph 10.8 of the Prepayment Arrangements Schedule does not take into account adjustments needed to the calculation where the PPMIP does not hold a contract with the Energy Supplier or the Energy Supplier has exited the market.

This prevents the PPMIP from being able to release payments to Energy Suppliers, as the process doesn't allow for all funds to be accounted for in the calculation.

2 PROBLEM STATEMENT

The process for the allocation and payment of Unallocatable Transactions, set out in the Prepayment Arrangements Schedule, does not currently take into account Energy Suppliers that have exited the market or that do not have a contract with the PPMIP. This prevents the PPMIP from being able to release payments to Energy Suppliers, as the process doesn't allow for all funds to be accounted for in the calculation.

3 USER STORIES

REF.	USER STORIES
CONSUMER USER STORIES	
C1	N/A
MARKET PARTICIPANT USER STORIES	
M1	As a PPMIP, I want to receive accurate market share data to allow me to complete the Unallocatable Prepayment Allocation Run in a timely manner.
M2	As an Energy Supplier, I want the calculation of Unallocatable Transactions to be carried out accurately and efficiently so that I receive payments allocated to my organisation.

4 IMPACTS

REC PARTIES AND SERVICE USERS
Domestic Energy Suppliers

REC SERVICE PROVIDERS
Gas Prepayment Meter Infrastructure Provider (PPMIP)

CONSUMERS
N/A

REC DOCUMENTS / PRODUCTS
Schedule 11 – Prepayment Arrangements

RECCO AND REC CODE MANAGER
The Code Manager

Impacts and impacted Parties will be validated during the Solution Development phase and after the solution and legal text changes have been defined.

4.1 CROSS CODE IMPACTS

This Change Proposal has no cross-code impacts.

5 CHANGE PATH AND RESPONSIBLE COMMITTEE

CHANGE PATH	SELF-GOVERNANCE
RESPONSIBLE COMMITTEE	CHANGE PANEL

The Responsible Committee for this Change Proposal is the Change Panel as it has an impact on a Category 1 document which is the responsibility of the Change Panel (Schedule 11 – Prepayment Arrangements).

6 PRIORITY STATUS AND URGENCY

PRIORITY STATUS	LOW
URGENCY	STANDARD

PRIORITISATION MATRIX

Significance	Score	Weighting
Legal/Regulatory Compliance	1	30
Strategic Direction	0	20
Cost Benefits / Value	0	10
Consumer Impacts	0	30
Operational Efficiency	1	10

Weighted Significance Score	0
Urgency	2
Overall Priority Score	02
Effort	0 - Minimal

Urgency

3	N/A	13	23	33
2	02	12	22	32
1	01	11	21	31
0	00	10	20	N/A

Significance

Priority Score	Priority Status
23 - 33	Critical
13 - 22	High
11 - 21	Medium
00 - 10	Low

PRIORITY STATUS
Low

This change is considered 'Low' priority based on a significance score of 0 and an urgency score of 2.

Significance -

- Legal/Regulatory Compliance – A score of 1 because this change will ensure the PPMIP is able to comply with the REC obligations.
- Strategic Direction – A score of 0 because this change does not support the implementation of the REC Strategy and Strategic Objectives.
- Consumer Impacts – A score of 0 because this change has no customer impacts.
- Cost Benefits/Value – A score of 0 because there are no benefits identified to Consumers, REC Parties, or RECCo.
- Operational Efficiency – A score of 1 as this change will deliver operational efficiencies to Supplier Service Providers.

Urgency – A score of 2 as this change needs to be progressed with a timetable to achieve or align with a specific date and must be progressed in the next 3 months to achieve this.

Effort – A score of Minimal as the this Change Proposal requires only the PPMIP to make changes to their process.

7 SUMMARY OF CHANGE PROPOSAL PLAN

At this stage we expect that a standard 15 Working Day period for industry consultation will be sufficient. This will be confirmed once the solution has been approved.

We are proposing to assess the impacts to Gas PPMIPs as part of the Solution Development phase.

This Change Proposal needs to be implemented ahead of July 2022 when the process of distributing Prepayment Unallocatable Transactions is due to start.

	FROM	TO
SOLUTION DEVELOPMENT AND PRODUCTION OF PRELIMINARY CHANGE REPORT	19/01/2022	03/03/2022
DEADLINE FOR ALTERNATIVE CHANGE PROPOSAL SUBMISSION	04/03/2022	04/03/2022
PRELIMINARY CHANGE REPORT ISSUED	04/03/2022	04/03/2022
RESPONSIBLE COMMITTEE DECISION	15/03/2022	15/03/2022
PUBLISH CONSULTATION	18/03/2022	18/03/2022
CONSULTATION PERIOD	21/03/2022	11/04/2022
FINAL CHANGE REPORT ISSUED	22/04/2022	22/04/2022
RESPONSIBLE COMMITTEE DECISION	03/05/2022	03/05/2022
APPEAL WINDOW CLOSURE	19/05/2022	19/05/2022

8 GLOSSARY

TERM	DEFINITION
Backstop Date	means the date by reference to which an Unallocated Transaction becomes an Unallocatable Transaction, being: (a) for gas, on 1 July of any year, the date four (4) 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); and (b) for electricity, 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).
Central Data Service Provider (CDSP)	means the 'Central Data Service Provider' appointed by Gas Transporters pursuant to standard special condition A15 (Central Data Service Provider) of the Gas Transporter Licences.
Domestic Supplier	means an Energy Supplier which is authorised by its Energy Supply Licence to supply Domestic Premises.
Electricity Enquiry Service (EES)	means the service described as such in the EES service definition.
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Retail Energy Code Company (RECCo)	means the company established under Clause 6 of the main body of this Code.
Prepayment 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 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.
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.