RETAIL ENERGY CODE

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

FINAL CHANGE REPORT

R0030 – ERRONEOUS TRANSFER CANCELLATIONS

CHANGE REPORT	FINAL
DOCUMENT VERSION	2.0
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DOCUMENT APPROVAL STATUS	POST-VOTE

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	SELF GOVERNANCE
PRIORITY STATUS	LOW	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	08/07/2022

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CHANGE OVERVIEW

Erroneous Switches (ESs) 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 ES in specific scenarios.

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

RESPONSIBLE COMMITTEE DECISION

On the 01 November the Change Panel voted unanimously to **APPROVE** Change Proposal R0030 for implementation on 30 June 2023.

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BACKGROUND

1 SUMMARY

An Erroneous Switch 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 included in Schedule 30 - Resolution of Consumer Facing Switching and Billing Issues (CFSB). As part of the development of the REC, Erroneous Transfers have been renamed as an Erroneous Switch post REC v3.0 going live.

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

Suppliers are currently cancelling ESs 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 Supplier to cancel the ES and will give 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 ES process. It is also proposed to provide clear guidance for Suppliers on the appropriate use of an ES cancellation.

2 PROBLEM STATEMENT

ESs are being cancelled by Energy 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, Energy Suppliers currently have no way to formally cancel an ES 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 ES.

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 inappropriately thereby not meeting their obligations under the code to properly resolve an ES. As a result, the REC PAB are unable to differentiate the performance of Energy Suppliers.

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 ES 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 ES Supplier to have the ability to terminate any ES 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 ES 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 ES 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 ES 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 Registration Agreement which sought to formalise cancellations of an ES in various scenarios. These scenarios were:

- Supplier of Last Resort
- Change of Occupier
- Erroneous Switch 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 ES 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 ES should be returned, and the standard Change of Supplier process should be followed to create the necessary contractual relationship.

As part of the analysis, the Code Manager's Performance Assurance team confirmed the proposed changes do not have any impact on the Retail Risks or the associated reporting and monitoring.

5 PROPOSED SOLUTION

DATA SPECIFICATION

The solution creates additional Data Item Enumerations in both the DI50998 (J1762) and DI40213 (B0030) to allow for the Gaining Supplier to cancel the ES. 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 ES to be cancelled in the event of a SoLR or CoO.

6 DRAFT LEGAL TEXT

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

7 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

7.1 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 ranging from 3-9 months for implementation. • All respondents suggested benefits from implementing this Change Proposal however did not provide quantifiable benefits.

There were also some additional clarifications requested which were addressed as part of the Impact Assessment. These were:

Settlement Impacts

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.

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 variable amount of time.

8 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

The Change Proposal Plan can be found here

9 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

9.1 RISKS AND ISSUES

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

9.2 ASSUMPTIONS AND DEPENDENCIES

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

10 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	30/06/2023

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

11 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 05 August to obtain views on the Preliminary Change Report which can be found here. In total four responses were received from Energy Suppliers.

Although two responses were confidential, these have been considered in the final solution. The key themes from these responses have been summarised and set out below.

11.1 SUMMARY OF RESPONSES

11.1.1 COMMENTS ON THE SOLUTION AND LEGAL TEXT

One respondent agreed with the proposed solution however had some comments on the legal text and another respondent raised that they believe one of the two scenarios lacks sufficient evidence for the need to include this in the ES cancellation process.

11.1.2 CASE FOR CHANGE AND CODE MANAGER'S RECOMMENDATION

Parties agree with the need to introduce the concept of an ES Cancellation in the event of a SoLR however there are some concerns around the evidence to support a cancellation in the event of a CoO.

11.1.3 IMPLEMENTATION APPROACH AND DATE

Both respondents highlighted that a six-month lead time will be required for implementation.

In addition, the Code Manager received comments from a Statutory Advocate in regard to the Consumer Principles detailed in Section 2 of the CFSB Schedule. The comments suggested a preference for more clarity to be provided so that Consumers are not financially impacted by the introduction of this resolution step and to future proof the Schedule against potential poor outcomes.

The Code Manager agrees that Consumers should not be financially impacted as a result of this resolution and expect Energy Suppliers to adhere to the principles set out in Section 2, notably Paragraph 2.3 which states:

2.3 All affected Energy Suppliers (the Initiating Supplier and Associated Supplier(s)) and any third parties as specified in this REC Schedule, shall work together to ensure each problem is investigated and resolved efficiently and effectively with minimal negative impact to Consumers.

The Code Manager believes that Paragraph 2.3 provides sufficient protection for Consumers at this time, this includes protection from any financial impacts. If it is identified that this principle is being interpreted differently leading to poor consumer outcomes, the Code Manager may conduct a review of the principles against the entirety of the CFSB Schedule to ensure they are sufficient.

12 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

DOCUMENT	SECTION	AMENDMENT	REASON
Final Change Report	10	Updated Proposed Implementation Date from 24 Feb 2023 to June 2023	To provide Parties with a minimum of 6 months lead time.
Schedule 30 Legal Text	Section B	Removal of proposed paragraphs 4.8(a), 4.9, 4.10(b)	Following confirmation and feedback on the consultation and legal review.
Schedule 1 Legal Text	N/A	Removal of proposed new and amended definitions.	Following legal review – not required.
Data Specification	N/A	Updated enumeration values	To reflect that either Supplier can cancel.

13 BUSINESS CASE ASSESSMENT

13.1 COST BENEFIT ANALYSIS

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

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
CUSTOMER JOURNEY	Currently the Schedule does not permit the cancellation of an ES, however, Parties have been using workarounds to create a cancellation process, recognising that in some circumstances, it is in the Consumer's interest to cancel the ES. By introducing a formal process for cancelling an Erroneous Switch it would improve the Consumer experience by detailing a clear, defined process for managing ESs as part of SoLRs and CoOs. This will give certainty to Parties on what is permitted and in what circumstances. It will provide a remedy for Consumers where the resolution of ESs are impacted by third parties – either the appointed SoLR, or a CoO.

13.2 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 and consultation responses, the intangible benefits of the change do outweigh the costs for implementation.

14 CASE FOR CHANGE

14.1 SELF-GOVERNANCE

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, ESs are likely to continue to be cancelled without a defined process or full audit trail. Without cancelling an ES 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:

The Code Manager recommends that the REC Change Panel:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 30 June 2023.

16 RESPONSIBLE COMMITTEE DECISION

This report was discussed at the REC Change Panel meeting on 01 November 2022.

The REC Change Panel voted to:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 30 June 2023.

17 APPENDIX

CHANGE PROPOSAL	R0030 - Erroneous Transfer Cancellations
LEGAL DRAFTING	Link to EMAR
CONSOLIDATED IMPACT ASSESSMENT RESPONSES	Consolidated Impact Assessment Responses

CONSOLIDATED CONSULTATION COMMENTS AND CODE MANAGER'S RESPONSES	Non-Confidential Consultation Responses

18 GLOSSARY

TERM	DEFINITION
Change of Occupier	means that the Consumer at a premises has changed (or is due to change).
Erroneous Transfer/Switch	means, where a Consumer has been switched to an Energy Supplier which does not have an Energy contract in place with them. "Erroneous Transfer", "Erroneous Registration" and other cognate expressions shall be construed accordingly.
Data Item Enumerations	means permitted values associated with specific Data Items.
Gaining Supplier	means, in relation to a proposed Switch (or Switch), the Energy Supplier which is proposing to become the Registered Supplier at an RMP as a result of that proposed Switch (or which has become the Registered Supplier as a result of that Switch).
Supplier of Last Resort (SoLR)	means the process of appointing a Replacement Supplier, as defined in the Energy Supply Licence.
REC Performance Assurance Board (PAB)	means the performance assurance board for this Code, as from time to time established under Clause 15 of the main body of this Code (which is a Sub-Committee).
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Valid Contract	is one: (a) that has been entered into by the Customer; (b) that relates to the premises for which the Transfer Request has been made; and for which notice of cancellation of that contract has not been received by the licensee in accordance with any relevant contractual term or statutory provision.