RETAIL ENERGY CODE

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

INITIAL ASSESSMENT REPORT

R0059 – MAINTENANCE OF QUALIFICATION SCHEDULE CHANGE

DOCUMENT VERSION	1.0
DATE ISSUED	07/02/2023
DOCUMENT APPROVAL STATUS	APPROVED

RESPONSIBLE COMMITTEE	REC PERFORMANCE ASSURANCE BOARD	CHANGE PATH	SELF GOVERNANCE
PRIORITY STATUS	LOW	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	14/04/2023

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

This change will clarify, strengthen, and simplify a number of requirements for REC Service Users within REC Schedule 9 – Qualification and Maintenance.

	High Impact: N/A
	Medium Impact: Energy Suppliers, Distribution Network Operators, Gas Transporters, Metering Equipment Managers
	Low Impact: DCC, REC Service Users

1 BACKGROUND

Schedule 9 - Qualification and Maintenance sets out the criteria that must be met by organisations who wish to become a Qualified Party and/or access one or more REC Services. The process is designed to provide assurance that a new entrant's systems and processes are fit for purpose. These processes are not intended to place additional obligations on REC Service Users, over and above those needed to meet this purpose.

Each REC Service User (excluding Switching Data Service Providers) must complete Entry Assessment to demonstrate that it is able to comply with its obligations under this Code to become Qualified to access the relevant REC Service. Access Agreements will specify the terms and conditions applicable to each requested REC Service. The scope of activities required as part of Entry Assessment will vary depending on Market Role, the individual REC Service and the category of REC Service User. Schedule 9 also sets out the requirements REC Service Users must meet to retain their use of REC services.

Some REC Parties have failed to provide the Code Manager with all the necessary information, at the appropriate time, to maintain their qualification. This has resulted in the need to spend time clarifying obligations with REC Parties and/or prompting REC Parties to provide the necessary information.

This change will further clarify obligations on REC Parties and REC Service Users, with the aim of improving the efficiency of the maintenance of qualification reporting processes.

2 PROBLEM STATEMENT

REC Service Users are required to submit Maintenance of Qualification Annual Statements to the Code Manager, the requirements differ depending on the User category. The lack of clear obligations for REC Service Users surrounding the Maintenance of Qualification reporting, set out in Schedule 9 – Qualification and Maintenance results in missing or partially completed submissions. Considerable time is spent by the Code Manager requesting and following up on individual submissions.

3 USER STORIES

REF.	USER STORIES
MARKET PARTICIPANT USER STORIES	
M1	As an Energy Supplier, I want to understand precisely what obligations apply to me under the Schedule 9 – Qualification and Maintenance, so that I can provide the required information to the Code Manager in a timely manner and be compliant.
M2	As a Distribution Network Operator, I want to understand precisely what obligations apply to me under the Schedule 9 – Qualification and Maintenance, so that I can provide the required information to the Code Manager in a timely manner and be compliant.
M3	As a Gas Transporter, I want to understand precisely what obligations apply to me under the Schedule 9 – Qualification and Maintenance, so that I can provide the required information to the Code Manager in a timely manner and be compliant.
M4	As a Metering Equipment Manager, I want to understand precisely what obligations apply to me under the Schedule 9 – Qualification and Maintenance, so that I can provide the required information to the Code Manager in a timely manner and be compliant.
M5	As a REC Service User, I want to understand precisely what obligations apply to me under the Schedule 9 – Qualification and Maintenance, so that I can provide the required information to the Code Manager in a timely manner and be compliant.
M6	As the REC Code Manager, I want REC Parties and REC Service Users to have a clear understanding of the information they need to submit relating to the maintenance of their qualification, so that necessary information can be submitted for review and consideration in the most efficient way.

4 IMPACTS

CONSUMERS
N/A

REC SERVICE PROVIDERS
N/A

RECCO / REC CODE MANAGER
REC Performance Assurance Board (REC PAB)

REC PARTIES AND SERVICE USERS
Energy Suppliers
Metering Equipment Managers (MEM)
Gas Transporters (GT)

REC DOCUMENTS / PRODUCTS
Schedule 9 – Qualification and Maintenance.
Schedule 1 – Interpretations Schedule
REC Service User Categorisation and Assessment Document

Distribution Network Operators (DNO)	
REC Service Users	
Data Communications Company (DCC)	

The Code Manager has identified the following changes are required to Schedule 9:

- Paragraph 2.3 currently describes as a pre-condition to Qualification that Energy Suppliers must demonstrate that they are a User under the “Smart Energy Code” (if required by the Energy Supplier’s Energy Supply License). This should be reworded to “Smart Energy Code User” for consistency with the SEC.

- Paragraphs 2.4 and 2.6 currently do not specify what is meant by ‘interface with other Market Participants’. An update should specify that this refers to:
    - A change to the method of interfaces (e.g., the use of an alternative mechanism to the DTN)
    - A change to the system used in the sending and receipt of flows over the DTN
    - A different situation such as a change of ownership

- Paragraph 3.5 currently states to ‘Energy Suppliers or Distribution Network Operators’ this should be reworded to ‘a Party’ to clarify that all REC Parties including MEMs, requesting Qualification for a sector of the market that it has not previously been Qualified, must complete the full Entry Assessment process detailed in the REC Schedule.

- Paragraph 3.7 (b) currently refers to ‘Energy Suppliers and Distribution Network Operators’ this should be reworded to ‘All REC Parties’ to clarify that all REC Parties including MEMs, may be subject to Controlled Market Entry Conditions where they have become Qualified. This should also be reflected in Paragraphs 9.7 and 9.9.

- Introduction of a new Paragraph between current Paragraphs 9.9 and 9.10 to state “As a pre-condition to Controlled Market Entry Conditions (CMEC) exit, all REC Parties should become a Smart Energy Code User (if required by its Energy Licence).

- Paragraphs 11.5 and 11.6 currently refer to ‘Energy Suppliers and Distribution Network Operators’ this should be reworded to ‘Parties’ to clarify that all REC Parties, including MEMs, need to complete the current systems and process change disclosures. Changes are required to clarify that only significant and material changes should be reported to the Code Manager.

- Paragraph 13.1 describes that ‘The REC Service User External Assessment will include the submission of the following information in respect of the REC Service User (known as the REC Service User Assurance Evidence)’. This should be reworded to ‘The REC Service User External Assessment shall include the submission of the following information in respect of the REC Service User (known as the REC Service User Assurance Evidence)’. This is to match the wording used across the rest of the REC Schedules.

- Paragraph 13.1 details the required evidence to be submitted as part of the REC Service User External Assessment. Inclusion of a new requirement 13.1 (f) 'Some REC Service Users may be required to submit a letter of sponsorship (which should be resubmitted annually) to confirm that a commercial relationship exists or will exist in the next 12 months between a REC Party and the REC Service User'.

Entry documentation to be renamed for simplification:

- From "Systems or Process Change Disclosure" to "Change or Incident Notification"
- From "Service User Categorisation and Assessment" to "REC Service User Assessment Guidance"

Introduction of a new defined term into REC Schedule 1 – Interpretations and Definitions for Smart Energy Code User means User as defined under the Smart Energy Code. As well as inclusion of the acronym CMEC to the existing defined term Controlled Market Entry Conditions.

Draft legal text is subject to a legal review. Therefore, may change prior to being published as part of the Party Impact Assessment.

5 CROSS CODE IMPACTS

No Cross Code impacts has been identified as part of this Change Proposal.

6 CHANGE PATH AND RESPONSIBLE COMMITTEE

CHANGE PATH	SELF-GOVERNANCE

RESPONSIBLE COMMITTEE	REC PERFORMANCE ASSURANCE BOARD

The Responsible Committee, as set out in the REC Baseline Statement, for Schedule 9 – Qualification and Maintenance is the Performance Assurance Board.

Schedule 1 – Interpretations and Definition is under responsibility of the REC Change Panel. However, the changes to Schedule 1 are a consequence of the updates being proposed to Schedule 9, therefore, we are proposing the overall Responsible Committee for this Change Proposal to be the Performance Assurance Board.

7 PRIORITY STATUS AND URGENCY

PRIORITISATION MATRIX

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Direct	0	27	0
	Retail Markets Impact	Retail Risk(s)	0	17	0
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	2	7	13
		Legal and Regulatory Compliance	2	14	28
Resource	Complexity / Effort / Duration		1	9	9
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		0	17	0
	Contribution to/ Alignment with RECCo's Forward Work Plan		0		0
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity	1	10	10
				Overall Priority Score (rounded)	61

Priority Status	LOW
Change Proposal Type	STANDARD

This Change is deemed to **Standard** with **Low** priority with an overall priority score of **61**, this score is based on:

Impacts

- Legal and Regulatory Compliance - a score of 2 as this Change Proposal ensures that Parties gain clarity and are able to meet their obligations under Schedule 9 – Qualification and Maintenance of the REC.
- Operational Efficiency score of 2 as this Change Proposal will deliver operational efficiencies to the Code Manager.

Resource

- Complexity/Effort score of 1 (minimal) as this Change Proposal is a standard change with a fully formed solution identified by the Code Manager, However, an element of legal review is required on the draft legal text and a Party Impact Assessment.

Urgency

- An Urgency score of 1 (minor) as the change has been identified by the Performance Assurance Board and needs to be progressed. However, within no specific timescale.

8 SUMMARY OF CHANGE PROPOSAL PLAN

At this stage we expect that a standard 10 Working Day Party impact assessment and 15 Working Day period for industry consultation will be sufficient. This will be confirmed once the solution has been through a legal review and approved.

	FROM	TO
SOLUTION DEVELOPMENT	08/02/2023	01/03/2023
PARTY IMPACT ASSESSMENT	10/03/2023	24/03/2023
PRELIMINARY CHANGE REPORT ISSUED	14/04/2023	14/04/2023
RESPONSIBLE COMMITTEE REVIEW	25/04/2023	25/04/2023
CONSULTATION	28/04/2023	22/05/2023
FINAL CHANGE REPORT ISSUED	16/06/2023	16/06/2023
RESPONSIBLE COMMITTEE DECISION	27/06/2023	26/06/2023
APPEAL WINDOW	27/06/2023	11/07/2023

RETAIL ENERGY CODE

9 GLOSSARY

TERM	DEFINITION
Data Communications Company (DCC)	means the person holding the DCC Licence.
Distribution Network Operator (DNO)	means a person holding an Electricity Distribution Licence.
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Gas Transporter (GT)	means a person holding a Gas Transporter Licence which requires that person to become a party to this code.
Metering Equipment Manager (MEM)	means, as applicable, either: (a) for electricity, the 'Meter Operator Agent' (as defined in the BSC) Appointed by an Electricity Supplier; or (b) for gas, the 'Meter Asset Manager' (as defined in the UNC) Appointed by the Gas Supplier.
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).
Retail Energy Code (REC)	means this Code, including its Schedules and the Technical Specification, maintained pursuant to the electricity supply licences granted under the Electricity Act 1989 and the gas supply licences granted under the Gas Act 1986, as such code is modified from time to time in accordance with its provisions.
Working Day	means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day that is a bank holiday in either or both England and Wales within the meaning of the Banking and Financial Dealings Act 1971.