RETAIL ENERGY CODE

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NON-CONFIDENTIAL CONSOLIDATED CONSULTATION RESPONSES

R0119 – ANNULMENT DEFINITION

On 31 May 2024 the Code Manager issued a consultation to industry to seek feedback on the Preliminary Change Report for R0119 – Annulment Definition.

The purpose of this document is to consolidate the responses and for the Code Manager to answer any questions raised within those responses.

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RESPONSIBLE COMMITTEE	Change Panel
LEAD ANALYST	James Hardy

DATE CONSULTATION ISSUED	31/05/2024
RESPONSE DEADLINE	21/06/2024

Question 1:	Do you agree that the proposed solution resolves the problem statement? If not, please provide rationale.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
SSE (Energy Supplier)	Yes – SSE agree the Annulment definitions needs to be explicitly defined.	
Scottish Power (Energy Supplier)	We agree that the definition of an annulment, in the context of registrations, should be amended to make clear that the process must be based on the specific request of the customer to the losing supplier to cancel the switch. We also support amending the annulment evidence requirement to specify that the evidence retained by the losing supplier of an annulment should demonstrate the customer's clear request to cancel the switch. To ensure that these amendments are as effective as possible, we have proposed alternative wording to the draft legal text in our response to Question 3.	Thank you four responses. The Code Manager has noted your response, and further comments can be found as part of the Code Manager comments for Question 3.

Question 2:	Do you agree with the proposed implementation date of 08 November 2024? If not, please explain.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
SSE (Energy Supplier)	Yes – we are happy with the proposed implementation date.	
Scottish Power (Energy Supplier)	We have no objections to the proposed implementation date of 8 November 2024. We support the proposed amendments of the annulment definition, in the form that we have set out in our response to Question 3, and we believe that they should be implemented as soon as reasonably possible.	Noted. The Code Manager agrees that the change should be implemented as soon as possible, and the November implementation date ensures this whilst also allowing sufficient lead time to implement and for the Change Proposal to be issued to the Authority and for them to make their determination.

Question 3:	Do you agree with the draft legal text and new definitions/clarifications provided as the proposed solution? If not, please explain.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
SSE (Energy Supplier)	Yes, we agree.	
Scottish Power (Energy Supplier)	While we support this proposal in principle, we believe that alternative wording to the draft legal text, set out in the table below should be used instead for these amendments to the annulment definition.	Thank you for your response and your alternative proposal of the definitions that you

Annulment Definition – ScottishPower Proposal

Schedule	Original Proposal	ScottishPower Proposal
Schedule 1 (Interpretations and Definitions)	Annulled - means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request **where the Losing Supplier has received instructions from the Consumer to object to a Registration Request**. "Annulment" and similar expressions shall be interpreted accordingly.	Annulled - means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request **where the Losing Supplier has received an instruction from the Consumer to terminate the progress of a Registration**. "Annulment" and similar expressions shall be interpreted accordingly.
Schedule 23 (Registration Services)	10.1. A Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier **has received instructions from the Consumer to object to a Registration Request**. The Losing Supplier may only submit an Annulment Request prior to the Registration being Secured Active.	10.1. A Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier **has received an instruction from the Consumer to terminate the progress of a Registration**. The Losing Supplier may only submit an Annulment Request prior to the Registration being Secured Active.
Schedule 23 (Registration Services)	10.2. A Losing Supplier which submits an Annulment Request must retain (for at least 1 year) evidence of the reason for the Annulment Request. **This should be evidence of explicit consent from the Consumer to submit the Annulment Request.**	10.2. A Losing Supplier which submits an Annulment Request must retain (for at least 1 year) evidence of the reason for the Annulment Request. **This evidence should demonstrate the Consumer's clear instruction to the Losing Supplier to terminate the progress of the Registration.**

In line with our proposal, we believe that it would be better for the "Annulled" definition and Schedule 23, Paragraph 10.1 to refer to "an instruction" instead of "instructions" from the customer, to make clear that a single request from the customer to cancel the switch is sufficient. In our view, the request from the customer would be to cancel the switch, not to object to a registration (the latter of which is technical), so we believe that the "Annulled" definition and Schedule 23, Paragraphs 10.1 and 10.2 should qualify that thee customer's instruction is "to terminate the progress of a Registration" instead of "object to a

have set out and the justifications you have provided.

The Code Manager agrees with the proposal to refer to "an instruction" rather than "instructions" and are happy to make this amendment as part of the Final Assessment.

Whilst the proposal to amend "to object to a Registration Request" to "terminate the progress of a Registration", the Original Proposal has been drafted to align with upon the Supply Licence that refers to Registration Request. If following the Final Assessment, the term Registration Request remains in the legal text, we can seek to introduce this as defined term in Schedule 1.

The Code Manager will, however, seek further advice from REC Legal Advisors whether the terminology used does indeed reflect the Supply Licence, and also if the Scottish Power proposal would also ensure the same legal requirements are introduced.

We will take guidance from our Legal Advisors on the most appropriate proposal, whether this be the original proposal, the Scottish Power proposal, or a potential mixture of the two. The outcome from the engagement with our Legal Advisors will be documented in the Final Change Report.

	Registration Request". The former terminology is that used in the "Annulment Request" definition in Schedule 1, so its use here would promote consistency in the code. We also note that "Registration Request" is not a defined term in the Code and that the draft legal text does not introduce such a definition. Accordingly, we do not believe that references should be inserted into the Code to a defined term that does not exist. We observe that the proposed addition to Schedule 23, Paragraph 10.2 requires evidence of "explicit consent from the Consumer to submit the Annulment Request". However, the premise in the Annulled definition" and Schedule 23, Paragraph 10.1 is that the customer requests cancellation of the switch, not that they give consent to an annulment request from the losing supplier in industry process. To ensure consistency and to give clarity, we propose that this requirement state that the evidence should "demonstrate the Consumer's clear instruction to the Losing Supplier to terminate the progress of the Registration".	The Code Manager, however, understands the reasoning provided and agree that the REC should ensure clarity and consistency.

Question 4:	Do you expect there to bee any operational or financial impact on your organisation as a result of this change? If so, please provide details.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
SSE (Energy Supplier)	No, we have not identified any impacts as a result of this change.	
Scottish Power (Energy Supplier)	We see no notable operational or financial implications of this proposal to raise at this stage.	

Question 5:	Do you anticipate any benefits to your organisation as a result of this change? If so, please provide details.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
SSE (Energy Supplier)	Yes – this will help to prevent gains being erroneously cancelled by the Losing Supplier.	Noted. Thank you for your response.
Scottish Power (Energy Supplier)	We believe that consumers and the industry as a whole would benefit from the annulment definition clearly stating that annulments of registrations by the losing supplier should be based on the clear instruction from the customer to cancel the switch – and from annulments being made in that manner.	Noted. Thank you for your response.

Question 6:	Do you have any other comments relating to this Change Proposal?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
SSE (Energy Supplier)	SSE would like to understand what measures will be introduced to ensure compliance with the annulment process and REC to make clear the implications to Suppliers of non-compliance.	Existing Performance Assurance processes will still apply to the Annulment process, but the Code Manager will include an update in the Final Change Report that will set out the measures to ensure compliance, and the implications to Suppliers of non-compliance so that these are clear for all parties to understand.

Scottish Power (Energy Supplier)	We have no further comments to make on this proposal at this stage.	