RETAIL ENERGY CODE

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

INITIAL ASSESSMENT REPORT

R0119 – ANNULMENT DEFINITION

DOCUMENT VERSION	V1.0
DATE ISSUED	09/05/2024
DOCUMENT APPROVAL STATUS	APPROVED

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	AUTHORITY DETERMINED
PRIORITY STATUS	LOW	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	31/05/2024

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

The REC Code Manager has identified Parties using annulments when they should use other processes. The lack of a clear definition of what an annulment is could be a contributing factor to this.

This Change Proposal provides an amendment to Paragraph 10.1 and 10.2 of Schedule 23 – Registration Services to clarify when the annulment process should be used, and the requirements for suppliers.

	High Impact: N/A
	Medium Impact: N/A
	Low Impact: Gas and Electricity Suppliers and Consumers, Third Party Intermediaries (TPIs)

1 BACKGROUND

Annulments are defined in Schedule 1 – Interpretations and Definitions Schedule as follows:

> ‘Annulled means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request. “Annulment” and similar expressions shall be interpreted accordingly.’
>
> ‘An Annulment Request means the Registration Service Request from the Losing Supplier to terminate the progress of a Registration in accordance with Paragraph 10 of the Registration Services Schedule.’

The Schedule 23 – Registrations Services does not define an annulment but sets out in paragraph 10:

> ‘A Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier is permitted to do so in accordance with its Energy Supply Licence.’

The Energy Supply Licence does not refer to annulments, making this term not clearly defined. Consequently, the REC Code Manager has identified Parties using the term ‘annulment’ when they should use other processes. A lack of a clear definition of what an annulment is, could be a contributing factor to this issue.

1.1. SOLUTION DETAIL

To prevent the issue raised in this Change Proposal, the Code Manager has identified the need for two further clarifications and obligations in Schedule 23 – Registration Services.

Firstly, an amendment will be made to Schedule 23, Paragraph 10.1, to ensure the Losing Supplier has received instructions from the Consumer to object to a Registration request. This will replace the previous wording that stated a Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier is permitted to do so in accordance with its Energy Supply Licence.

Secondly, Schedule 23, Paragraph 10.2, will be updated to include an instruction that the evidence required as part of an Annulment Request, must be of explicit consent from the Consumer to submit the Annulment.

1.2. COPY OF NEW LEGAL TEXT

The changes to the legal text, as stated in section 1.1 of this Initial Assessment Report, have already been drafted by the Code Manager and will be provided as the solution for this Change Proposal.

A copy of this legal text for Schedule 23 – Registration Services, Paragraph 10.1 and 10.2 is shown below:

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.

10.2. 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.

2 PROBLEM STATEMENT

REC Parties are using annulments when they should be using other processes. The lack of a clear definition of what an annulment is, could be a contributing factor to Parties' misuses.

3 USER STORIES

REF.	USER STORIES
CONSUMER USER STORIES	
C1	As a Consumer, I want to ensure that my Supplier takes the correct action is when there is a mistake in the Switching Process.
C2	As a Consumer, I want any problems to be resolved in the most quick and efficient manner.
MARKET PARTICIPANT USER STORIES	
M1	As a Supplier, I want to fully understand the processes that are required to be followed in all circumstances.
M2	As the Code Manager, we want to ensure that our Products and Documents are easy to follow, easy to understand, and are not open to ambiguity.

4 IMPACTS

CONSUMERS	REC PARTIES AND SERVICE USERS	REC DOCUMENTS / PRODUCTS
All Consumers	Energy Suppliers Third Party Intermediaries (TPIs)	Schedule 1 – Interpretations and Definitions Schedule Schedule 23 – Registrations Services

For Schedule 1 – Interpretation and Definitions, there will be an amendment to annulment definitions. This will be a copy of the legal text that has been provided in the solution.

For Schedule 23 – Registration Services, there will be a legal text addition into Paragraph 10.1 and 10.2 to further detail the annulment process.

4.1. MARKET-WIDE HALF HOURLY SETTLEMENT IMPACTS

MHHS DESIGN	MHHS DATA SPECIFICATION	MHHS CODE DRAFTING
No impact	No impact	Indirect impact: Schedule 1 – Interpretations and Definitions Schedule 23 – Registrations Services

There are no expected impacts on the Market-wide Half Hourly Settlement (MHHS) programme design or scope as this is a change to provide clarification to an existing process.

Schedule 23 - Registrations Services is impacted by MHHS code drafting, but paragraph 10.1 and 10.2 specifically is not. Similarly, although Schedule 1 - Interpretations and Definitions is impacted by MHHS code drafting, neither “Annulled” nor “Annulment Request” definitions are specifically impacted.

5 CROSS CODE IMPACTS

No cross-code impacts identified.

6 CHANGE PATH AND RESPONSIBLE COMMITTEE

CHANGE PATH	Authority Determined	RESPONSIBLE COMMITTEE	Change Panel

Since the solution for this Change Proposal would introduce a new regulatory requirement on suppliers and have a material impact on existing and future Energy Consumers, this change will be an Authority Determined Change. This is in line with the criteria set out in Schedule 5 – Change Management, Clause 9.3.

The Responsible Committee will be the Change Panel. The change will impact Schedule 1 – Definitions and Interpretations, and Schedule 23 – Registration Services, both of which fall under the responsibility of the Change Panel.

7 PRIORITY STATUS AND URGENCY

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Direct	1	27	27
	Retail Markets Impact	Retail Risk(s)	1	17	17
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	1	7	7
		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	0	10	0
				Overall Priority Score (rounded)	88

This Change Proposal has been given priority status of Low, with a priority score of 88 and a Standard level of Urgency.

Impacts – With the exception of Legal and Regulatory compliance, all subsections of the Impacts category have been provided with a score of 1. This is to reflect that whilst there will be an impact on Consumers, the Retail Market, and REC Parties' Operational Effectiveness and Efficiency, only a very small number of cases where the annulment process has been incorrectly used have been identified.

Legal and Regulatory Compliance has been provided a higher score of 2 due to the additional regulatory obligations that will be placed on suppliers included in the proposed solution for this Change Proposal.

Resource – A score of 1 has been provided to factor in the extended duration of this change due to the need for Authority Determination.

8 SUMMARY OF CHANGE PROPOSAL PLAN

As this Change Proposal already has a fully formed solution, the Change Proposal will proceed directly to a 15 Working Day Consultation. The Preliminary Change Report and Consultation will be published by 31 May 2024.

The Final Change Report will be issued by 05 July 2024, in preparation for the Change Panel by 16 July 2024, and a request for Authority Determination by 17 July 2024.

	FROM	TO
PRELIMINARY CHANGE REPORT AND CONSULTATION ISSUED	31/05/2024	31/05/2024
CONSULTATION	31/05/2024	21/06/2024
FINAL CHANGE REPORT ISSUED	05/07/2024	05/07/2024
RESPONSIBLE COMMITTEE DECISION	16/07/2024	16/07/2024
AUTHORITY DETERMINATION REQUESTED	17/07/2024	17/07/2024

9 GLOSSARY

TERM	DEFINITION
Annulled	means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request. “Annulment” and similar expressions shall be interpreted accordingly.
Annulment Request	means the Registration Service Request from the Losing Supplier to terminate the progress of a Registration in accordance with Paragraph 10 of the Registration Services Schedule.
Authority-Approved Change	means a Change Proposal which satisfies one or more of the criteria set out in Paragraph 9 of the Change Management Schedule.
Energy Supply Licence	means an Electricity Supply Licence or a Gas Supply Licence.
Registration Service	means the component of the Central Switching Service which records Switching Operation Data and manages Switches, as further described in the Switching Data Management Schedule and the Registration Services Schedule.
Registration Service Request	means a Switch Request, an Initial Registration Request, an Annulment Request, an Objection Response, a Withdrawal Request, a Registration Deactivation Request, or a Registration Event Request.