RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination, and publication.

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

CHANGE REPORT

R0119 – ANNULMENT DEFINITION

CHANGE REPORT	PRELIMINARY
DOCUMENT VERSION	1.0
ISSUED DATE	31/05/2024
DOCUMENT APPROVAL STATUS	PUBLISHED FOR CONSULTATION

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

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	31/05/2024

LEAD CHANGE ANALYST



James Hardy

Click to send an email

020 3922 0757

ASSURANCE LEAD

Lakshna Murali

Click to send an email

07768994386

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 paragraphs 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)

CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0119 is **APPROVED** for implementation on 08 November 2024.

RETAIL ENERGY CODE

CONTENTS

BACKGROUND		
1.	Summary	3
2.	Problem Statement	3
3.	User Stories	3
PROPOSAL		
4.	Proposed Solution	4
5.	Draft Legal Text	5
6.	Delivery Against Change Proposal Plan	5
7.	Key Risks, Assumptions, Issues and Dependencies	5
8.	Proposed Implementation Date and Approach	5
9.	Business Case Assessment	6
10.	Case for Change	6
11.	Code Manager's Recommendation	7
12.	Consultation Plan and Next Steps	7
13.	Appendix	8
14.	Glossary	8

RETAIL ENERGY CODE

BACKGROUND

1 BACKGROUND

Annulments are referred to in the definitions for Annulled and Annulment Request in Schedule 1 – Interpretations and Definitions 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.'

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 that Parties using the term 'annulment' when they should use other processes, such as Switch Request Objections. A lack of a clear definition of what an annulment is, could be a contributing factor to this issue.

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 Energy 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 an Energy Supplier, I want to fully understand the processes that are required to be followed in all circumstances.
M2	As a TPI, I want to fully understand the processes that are required to be followed in all circumstances.
M3	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 PROPOSED SOLUTION

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.

A copy of this legal text for Schedule 23 – Registration Services, paragraphs 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.

For Schedule 1 – Interpretation and Definitions, there will be an amendment to the definition of ‘Annulled’ to reflect the clarification to paragraph 10.1 on Schedule 23 – Registration Services.

The proposed definition is stated below:

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.

4.1 MARKET-WIDE HALF HOURLY SETTLEMENT

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

5 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0119 for Schedule 23 – Registration Services can be found here.

The legal text changes for Schedule 1 – Interpretations and Definitions can be found here.

6 DELIVERY AGAINST CHANGE PROPOSAL PLAN

To date, all activity has been completed within the planned timescales.

The Change Proposal Plan can be found here.

7 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

No risks, assumptions, issues or dependencies have been identified.

8 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	08/11/2024

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

The next standard REC Release date is being targeted as this is a legal text only change. This release date should also allow sufficient time for the Authority to make their decision.

9 BUSINESS CASE ASSESSMENT

9.1 COSTS

No costs have been identified to deliver the solution for this Change Proposal.

9.2 BENEFITS

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
INTANGIBLE BENEFITS	• This Change Proposal would ensure that the correct action is taken, and the correct procedure, would be followed when a mistake may occur in the Switching Process, reducing the number of misuses of the Annulment Request process. • A clearer definition and understanding of an Annulment Request, with explicit evidence required from the Consumer, will also ensure any problems will be resolved in a more quick and efficient manner. • It is important that REC Products and Documents are not open to ambiguity. This Change Proposal will reduce the risk of the Annulment Request process being open to ambiguity and ensure that REC Products and Documents remain easy to follow, and easy to understand for all REC stakeholders.

9.3 COST BENEFIT ANALYIS SUMMARY

Since the solution for this change is a legal text change only, and as there are no costs associated with the implementation of this change, the cost benefit analysis relies on the intangible benefits that this change facilitates.

10 CASE FOR CHANGE

10.1 AUTHORITY DETERMINATION

The Code Manager believes that R0119 better facilitates the following REC Objectives:

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[1]	Positive	In line with the REC Mission Statement, this Change Proposal will deliver positive customer outcomes, as they will experience a more positive switching process that follows the correct procedures. Similarly, a clearer understanding of what is considered an annulment, and how an annulment request should be carried out, will remove the risk of Parties' misusing

[1] REC Mission Statement

		the annulment process and will ensure a more efficient and effective running of the retail market, as outlined in the Mission Statement.
To ensure customers interests and data is protected in the operation of the REC	Positive	The amendment to Schedule 23 - Registrations Services will ensure a more positive switching experience for customers, that will increase their trust and ability in their Supplier. Customers interests will be protected, since the Annulment Request will only be able to be submitted if the Supplier has received instructions from the Consumer to object a Registration Request with evidence of explicit consent being required. This will prevent Customers experiencing incorrect processes in their switching experience, reducing unnecessary risks to their interests and their personal data, whilst resolving any problems in a more quick and efficient manner.
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Positive	REC Products and Documents should be easy to follow, easy to understand, and should not be open to ambiguity. Where this is not the case, the Code Manager should seek continuous improvements in the document. This Change Proposal aims to reduce the risk of ambiguity. A more clearly outlined process will also ensure a more efficient operation of the REC.

11 CODE MANAGER'S RECOMMENDATION

The Code Manager's minded to recommendation is that the Change Panel recommends that the Authority:

- **APPROVE** the proposed change solution:
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 08 November 2024.

12 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report for R0119 has been published on the REC Portal on 30 May 2024 and closes on 21 June 2024.

Following consultation, the Code Manager will produce an updated version of this Preliminary Change Report (referred to as the Final Change Report). This will include the outcome of the consultation, setting out a summary of the consultation submissions and the Code Manager's response.

The Final Change Report will then be issued to the Change Panel to make its recommendation to the Authority.

13 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Schedule 23 – Registration Services Schedule 1 – Interpretations and Definitions

14 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.
Consumer	means any person supplied (or seeking a supply) of Energy at an RMP (whether or not that person also exports or is seeking to export electricity at an RMP).
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Energy Supply Licence	means an Electricity Supply Licence or a Gas Supply Licence.
Losing Supplier	means, in relation to a proposed Switch (or Switch), the Energy Supplier which will cease to be the Registered Supplier at an RMP as a result of that proposed Switch (or which has ceased to be the Registered Supplier as a result of that Switch).
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.

TERM	DEFINITION
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.