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

INITIAL ASSESSMENT REPORT

R0136 – MARKET STABILISATION CHARGE

DOCUMENT VERSION	1.0
DATE ISSUED	05/09/2023
DOCUMENT APPROVAL STATUS	APPROVED

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

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	22/09/2023

LEAD CHANGE ANALYST

Samantha Briggs

Click to send an email

020 45668318

CHANGE OVERVIEW

This Change Proposal seeks to deliver two changes to REC Schedule 22 – Market Stabilisation Charge. The first change will update the statement timescales in Schedule 22 to ensure that this is appropriately aligned with the statement Schedule. The second change seeks to update the disputes Section (section 7) of Schedule 22 to include reference to Credit Advice Notes.

	High Impact: N/A
	Medium Impact: N/A
	Low Impact: Suppliers

1 BACKGROUND

When REC Schedule 22 – Market Stabilisation Charge was introduced, the statement Schedules were not correctly aligned to the stated period for issuing statements as set out in the business process maps shared during the development of the changes. Additionally, the Proposer has requested that the Disputes Section (paragraph 7) of Schedule 22 is updated to include reference to the ability to dispute Credit Advice Notes.

2 PROBLEM STATEMENT

Schedule 22 says that within 10 Working Days after the end of each MSC-4-Week Cycle, RECCo shall send each Energy Supplier a statement in respect of that MSC-4-Week Cycle. This contradicts the 15 days set out in the Process Maps shared with Parties during the development of the administration arrangements of the Market Stabilisation Charge.

Additionally, suppliers are querying how they may raise a dispute when they believe they are not entitled to the monies stated on Credit Advice Notices as this process is not set out in the Schedule.

3 USER STORIES

REF.	USER STORIES
MARKET PARTICIPANT USER STORIES	
M1	As RECCo, I want the Retail Energy Code to specify my obligations, governance and charging mechanisms, so that I can effectively discharge obligations imposed by the Authority through the Licence Condition modification.
M2	As a Domestic Supplier, I want to understand how RECCo will calculate my credits and liabilities and when they will send statements, so that I can plan to review my invoices/credit notes prior to the receipt of monies owed or payments I need to make to RECCo or at an appropriate time for my organisation.
M3	As a Domestic Supplier, I want to understand how I can dispute a Credit Advice which I do not believe is accurate, so that I am able to raise a dispute/challenge compliantly.

4 IMPACTS

REC PARTIES AND SERVICE USERS	REC DOCUMENTS / PRODUCTS	RECCO / REC CODE MANAGER
Energy Suppliers	Schedule 22 – Market Stabilisation Charge	RECCo

This Change Proposal seeks to:

- Correct the error in the timescales for the production of the 4-weekly statements by RECCo to reflect what was intended – issuing them at 15 Working Days instead of the 10 Working Days set out in the Schedule.
- Enable Parties to dispute Credit Advice Notes – which is currently not permitted.
- Amend section 7.3 (b) to enable the Energy suppliers to query the amount in a statement within 10 Working Days of receipt of the supporting statement data.

The impacts to REC documents will be confirmed, and the legal text drafted, will be provided in the Preliminary Change Report.

5 CROSS CODE IMPACTS

There are no cross-code impacts from this Change Proposal.

6 CHANGE PATH AND RESPONSIBLE COMMITTEE

CHANGE PATH	SELF – GOVERNANCE	RESPONSIBLE COMMITTEE	CHANGE PANEL

The Change Path for this Change Proposal has been deemed to be Self - Governance and the Responsible Sub-Committee for making any decisions regarding this Schedule is the Change Panel, as per the REC Baseline Statement.

7 PRIORITY STATUS AND URGENCY

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Indirect	1	25	25
	Retail Markets Impact	Innovation and Market Arrangements	0	15	0
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	1	5	5
		Legal and Regulatory Compliance	2	13	25
Resource	Complexity / Effort / Duration		3	8	23
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		0	15	0
	Contribution to/ Alignment with RECCo's Forward Work Plan		2		15
Urgency *(The need to progress a change to meet a targeted date)*		Licence Modification (Excluding SCRs)	1	20	20
				Overall Priority Score (rounded)	113

Priority Score	Priority Status
171 and above	Critical
151 to 170	High
101 to 150	Medium
0 to 100	Low

Priority Status	MEDIUM
Change Proposal Type	URGENT

Urgent Change Proposals meet the Criteria for Urgency as set out by Ofgem

While the Priority Status for this Change Proposal is 'Medium' based on a 'Weighted Score' of 113, the Change Proposal Type has been categorised as 'Urgent'. This is to reflect the need for it to be progressed immediately, as the timescales and processes set out in the Schedule need to be corrected to ensure Suppliers can receive and process statements in the correct timeframes and that where there is a need to challenge the statement values, the rights of Parties are correctly set out in the Schedule.

8 SUMMARY OF CHANGE PROPOSAL PLAN

The Change Proposal plan has been set out with an accelerated timeline to reflect the urgency deemed necessary for this Change. As the Proposal has a fully formed solution and has no central system impacts, there are no requirements to conduct Service Provider or Party Impact Assessments and therefore we propose to progress straight to production of the Preliminary Change Report (PCR). Following approval by the Change Panel, the PCR will be issued to Parties and a consultation period of 15 WD has been included to ensure Parties have the opportunity to provide their input before the Final Change Report is produced and brought to the Change Panel for their decision.

	FROM	TO
PRELIMINARY CHANGE REPORT ISSUED	22/09/2023	22/09/2023
RESPONSIBLE COMMITTEE REVIEW	22/09/2023	03/10/2023
PRELIMINARY CHANGE REPORT AND CONSULTATION ISSUED	06/10/2023	06/10/2023
CONSULTATION	06/10/2023	06/10/2023
FINAL CHANGE REPORT ISSUED	10/11/2023	10/11/2023
RESPONSIBLE COMMITTEE DECISION	21/11/2023	21/11/2023
APPEAL WINDOW CLOSURE	05/12/2023	05/12/2023

9 GLOSSARY

TERM	DEFINITION
Authority	Means the Gas and Electricity Markets Authority as established under section 1 of the Utilities Act 2000.
Domestic Supplier	Means an Energy Supplier which is authorised by its Energy Supply Licence to supply Domestic Premises.
Licence Condition	A Condition is a reference to a licence condition in an Energy Licence (and, where applicable, is a reference to the standard licence conditions of that Energy Licence).
Market stabilisation charge (MSC)	means, in respect of a Domestic Consumer who has Switched, the amount (in £, if any) payable by the Gaining Supplier in accordance with Condition 24A of the Gas Supply Licence or Condition 24A of the Electricity Supply Licence (or, if such an amount is payable under both the Gas Supply Licence and the Electricity Supply Licence, the aggregate of such amounts). In the case of gas and/or electricity (as applicable) such amount is calculated as the product of: the Gas Market Stabilisation Charge Value and the Domestic Consumer's Annual Quantity; and/or the Electricity Market Stabilisation Charge Value and the Domestic Consumer's Estimated Annual Consumption.