RETAIL ENERGY CODE

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

CHANGE REPORT

R0136 – MARKET STABILISATION CHARGE

CHANGE REPORT	FINAL
DOCUMENT VERSION	2.0
ISSUED DATE	22/11/2023
DOCUMENT APPROVAL STATUS	POST-VOTE

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

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	22/09/2023

LEAD CHANGE ANALYST



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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: N/A

RESPONSIBLE COMMITTEE DECISION

On 21 November 2023, the REC Change Panel voted to **APPROVE** Change Proposal R0136 for implementation on 06 December 2023.

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BACKGROUND

1 SUMMARY

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.

PROPOSAL

4 SUMMARY OF ANALYSIS UNDERTAKEN

No analysis activity has been required as there is a fully formed solution.

5 PROPOSED SOLUTION

The legal text changes will:

- 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 as set out in the Schedule.
- Enable Parties to dispute Credit Advice Notes – which is currently not permitted.

6 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0136 can be found here.

7 DELIVERY AGAINST CHANGE PROPOSAL PLAN

All activity has been completed within the planned timescales set out in the Change Proposal Plan.

The Change Proposal Plan can be found here

8 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

8.1 ASSUMPTIONS AND DEPENDENCIES

NO.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
D01	The Change Panel will need to be confident with the timetable for progression in order to meet the proposed implementation date of 06 December 2023.	The Change Proposal Plan was approved by the Change Panel on the 05 September 2023	Closed

9 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	06/12/2023

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

This Change Proposal has been categorised as 'Urgent' and reflects the need for it to be progressed immediately. 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.

10 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 06 October 2023 to obtain views on the Preliminary Change report Link. Only one response was received from an Energy Supplier. Details of the response and comments provided by the Code Manager are detailed below and can be found here.

10.1 SUMMARY OF RESPONSES

10.1.1 COMMENTS ON THE SOLUTION AND LEGAL TEXT

The Energy Supplier agrees with the legal text.

10.1.2 IMPLEMENTATION APPROACH AND DATE

The respondent agrees with the implementation date that has been proposed.

11 BUSINESS CASE ASSESSMENT

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
CLARITY	By aligning the process maps and the legal text, it will remove any ambiguity in the process and give greater certainty to Suppliers as to when they will receive their statements. The addition of clarification to the legal text that parties will be able to dispute Credit Advice Notes will remove any confusion over what may be raised as a dispute.

11.1 COST BENEFIT ANALYIS SUMMARY

This is a legal text only change with no costs associated with its implementation. The Code Manager believes this change has a positive business case because it will deliver clarity on the timing of when Statements will be issued and will align with what is set out in the Schedule. It will also allow REC Parties the ability to dispute credit statement values, they believe may be incorrect, giving them more confidence in the process.

12 CASE FOR CHANGE

12.1 SELF-GOVERNANCE

The Code Manager believes that there is a positive case for change for this Change Proposal on the basis that:

- The solution is fully formed and appropriately resolves the problem statement by providing clarity for suppliers.
- The solution does not introduce new Party obligations; and
- There are no identified costs associated with the implementation of this change.

13 CODE MANAGER'S RECOMMENDATION

The Code Manager recommends that the Change Panel:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 06 December 2023.

14 RESPONSIBLE COMMITTEE DECISION

On 21 November 2023, the REC Change Panel voted to:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 06 December 2023.

15 APPENDIX

CHANGE PROPOSAL	R0136 Change Proposal Page
LEGAL DRAFTING	R0136 Final Draft Legal Text

16 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	Means an Energy Supplier which is authorised by its Energy Supply Licence to supply Domestic Premises.
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 You 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.