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	PRELIMINARY
DOCUMENT VERSION	2.0
ISSUED DATE	03/10/2023
DOCUMENT APPROVAL STATUS	APPROVED

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

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: Suppliers

CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0136 is **APPROVED** for implementation on 06 December 2023.

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BACKGROUND

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.

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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 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.

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

ASSUMPTIONS AND DEPENDENCIES

No.	DEPENDENCY	NOTES	STATUS
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'. 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.

10 BUSINESS CASE ASSESSMENT

10.1 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 that will align with what is set out in the Schedule and it will allow REC Parties the ability to dispute credit statement values they believe may be incorrect, giving them more confidence in the process.

10.2 SELF GOVERNANCE

Th 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.

11 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.

12 CONSULTATION PLAN AND NEXT STEPS

The consultation on this Preliminary Change Report for R0136 will be published on the REC Portal on 06 October and closes on 26 October.

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 be issued to REC Change Panel to make its determination.

13 APPENDIX

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

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14 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