RETAIL ENERGY CODE

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

INITIAL ASSESSMENT REPORT

R0137 – INTRODUCING THIRD PARTY INTERMEDIARY (ENERGY BROKER) ASSURANCE AND ACCREDITATION

DOCUMENT VERSION	V1.1
DATE ISSUED	16/07/2024
DOCUMENT APPROVAL STATUS	APPROVED

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

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	08/10/2024

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

This Change proposes that Energy Suppliers can only accredited Third Party Intermediaries (TPIs) who adhere to the principles in the REC TPI Code of Practice in their interactions with Non-Domestic Consumers.

	High Impact: Energy Suppliers, TPIs
	Medium Impact: RECCo, Code Manager, Non-Domestic Consumers
	Low Impact: N/A

1 BACKGROUND

For Micro-Business Consumers, the standard licence conditions obligate Energy Suppliers to ensure TPIs they work with are adhering to certain principles. This places a large burden upon both Suppliers and TPIs, who must each undertake any audit activities many times, effectively having to repeat the process for each bilateral arrangement they enter. This also risks an asymmetric playing field, with those parties who are 'doing the right thing' bearing a high compliance cost, whilst their competitors may follow a path of least resistance; this could lead to a 'race to the bottom' and further detriment to Consumer outcomes.

This change seeks to expand the obligation for Energy Suppliers to only work with TPIs who are adhering to principles as set out in the REC TPI Code of Practice to all Non-Domestic Consumers. It also looks to reduce the burden on Energy Suppliers having to perform their own audits by introducing a REC Services Accreditation Scheme and allowing companies to qualify as an Industry-Recognised Accreditation Body. These will both accredit TPIs, and there will be a published register of accredited TPIs within the industry for Suppliers to refer to.

There are no plans for any changes to licence conditions to be made due to this change.

2 PROBLEM STATEMENT

Non-Domestic Consumers have more limited protections than Domestic and Microbusiness Consumers in the energy market, and so may not always experience best practice from all parties they interact with. The aim is to expand these protections while limiting the audit burdens on Suppliers and TPIs.

3 USER STORIES

REF.	USER STORIES
CONSUMER USER STORIES	
C1	As a Non-Domestic Consumer, I want to work with TPIs who are demonstrating best practice standards within the market.
MARKET PARTICIPANT USER STORIES	
M1	As a Non-Domestic Energy Supplier, I want clear obligations around my use of TPIs so I can demonstrate best practice standards within the market and ensure my audit obligations are met.
M2	As RECCo, I want to provide an assurance and accreditation scheme to register TPIs to remove the burden of Suppliers having to individually audit TPIs.
M3	As a Third Party Intermediary, I want clear obligations so I can become accredited and assure that Suppliers and Non-Domestic Consumers are receiving best practice standards within the market.

4 IMPACTS

CONSUMERS
Non-Domestic Consumers

RECCO / REC CODE MANAGER
RECCo

REC PARTIES AND SERVICE USERS
Energy Suppliers

REC DOCUMENTS / PRODUCTS
TPI Code of Practice
Schedule 1 – Interpretations and Definitions
Introduction of new TPI Schedule

4.1 MARKET-WIDE HALF HOURLY SETTLEMENT IMPACTS

MHHS DESIGN
No impact

MHHS DATA SPECIFICATION
No impact

MHHS CODE DRAFTING
Indirect impact

This change will introduce a new schedule into the REC, which is being drafted with MHHS in mind to ensure it is ready for MHHS go live. The current TPI Code of Practice is being reviewed within this change to ensure it is suitable for MHHS. As it is currently a Category 3 document, the TPI Code of Practice has not yet been in scope for an MHHS review.

5 CROSS-CODE IMPACTS

There are no cross-code impacts associated with this change.

6 CHANGE PATH AND RESPONSIBLE COMMITTEE

CHANGE PATH	Authority Determined

RESPONSIBLE COMMITTEE	Change Panel

This change will introduce a new schedule into the REC and put new obligations on Energy Suppliers, so the Code Manager has determined Change Panel shall be the responsible committee.

As this change does also impact directly on competition within the market by restricting which TPIs Energy Suppliers are able to use, the change will be Authority determined.

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7 PRIORITY STATUS AND URGENCY

PRIORITISATION MATRIX

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Direct	2	27	53
	Retail Markets Impact	Innovation and Market Arrangements	2	17	33
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	2	7	13
		Legal and Regulatory Compliance	2	14	28
Resource	Complexity / Effort / Duration		3	9	28
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		1	17	8
	Contribution to/ Alignment with RECCo's Forward Work Plan		1		8
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity	1	10	10
				Overall Priority Score (rounded)	183

Priority Status	CRITICAL
Change Proposal Type	STANDARD

This change has been determined to have a priority score of 183 and an urgency score of 1. The urgency score has been determined because while there are no direct links between this change and R0155 - Change of Tenancy: Evidentiary Standards and Timescales, they do both impact the Non-Domestic market and so the Code Manager is ensuring the assigned Change Analysts are working together.

The priority score has been assigned on the basis that:

- There is a direct Consumer impact, specifically to Non-Domestic Consumers;
- There is a direct impact to the current market arrangements;
- It will make changes to Energy Suppliers obligations under the REC;
- This change is expected to be complex and have a high resource requirement; and
- It directly contributes to RECCo's Forward Work Plan.

8 SUMMARY OF CHANGE PROPOSAL PLAN

Solution development is not in scope of this plan, as it has been done by RECCo (the Proposer) and submitted to the Code Manager.

The Service Provider impact assessment will be done by REC Performance Assurance to capture requirement details for them to assure the solution. This will be a detailed impact assessment open for 25 working days.

The Party impact assessment will be aimed at Energy Suppliers and TPIs and will be open for 15 working days. It will be opened by 16 August 2024.

The Preliminary Change Report will be published by 08 October 2024, for review at Change Panel 15 October 2024. This will then proceed onto a 15 working day consultation.

The Final Change Report will be published by 10 December 2024, for review at Change Panel 17 December 2024. This will then be referred onto the Authority for decision.

	FROM	TO
SERVICE PROVIDER IMPACT ASSESSMENT	05/07/2024	09/08/2024
PARTY IMPACT ASSESSMENT	16/08/2024	09/09/2024
PRELIMINARY CHANGE REPORT ISSUED	08/10/2024	08/10/2024
RESPONSIBLE COMMITTEE REVIEW	15/10/2024	15/10/2024
CONSULTATION	18/10/2024	08/11/2024
FINAL CHANGE REPORT ISSUED	10/12/2024	10/12/2024
RESPONSIBLE COMMITTEE DECISION	17/12/2024	17/12/2024
CHANGE SENT TO AUTHORITY FOR DETERMINATION	18/12/2024	18/12/2024

9 GLOSSARY

TERM	DEFINITION
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Micro-Business Consumer	means a 'Micro-Business Customer', as defined in the Energy Supply Licences.
Non-Domestic Consumer	has the meaning given to 'Non-Domestic Customer' in the Energy Supply Licences.
Performance Assurance Board	means the performance assurance board for this Code, as from time to time established under Clause 15 of the main body of this Code (which is a Sub-Committee).
Third Party Intermediary (TPI)	means a broker or introducer acting between Consumers and Energy Suppliers, including Price Comparison Websites.