RETAIL ENERGY CODE

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CONSOLIDATED IMPACT ASSESSMENT RESPONSES

R0147 – PREPAYMENT LEVELISATION

On 13 October 2023 the Code Manager issued an impact assessment to industry to seek feedback on the solution for R0147.

The purpose of this document is to consolidate the responses and for the Code Manager to answer any questions raised within those responses.

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RESPONSE TYPE	NON-CONFIDENTIAL
DATE ISSUED	16/11/2023
RESPONSIBLE COMMITTEE	Change Panel
LEAD ANALYST	Harriet Truss

DATE IMPACT ASSESSMENT ISSUED	13/10/2023
RESPONSE DEADLINE	03/11/2023

Question 1:	Do you have any comments on the proposed solution?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)	We agree with the proposed solution to introduce the necessary governance and charging arrangements into the Retail Energy Code (REC). However, we have added comments below on 1. High Level Solution Overview – v2.0 - Section 5.1.1 Energy suppliers' portfolio data – states: "*The data will be a snapshot of the Suppliers aggregate portfolio on 12noon on the 1st of the month broken down by Domestic and Non-Domestic Consumers and in the case of Domestic Consumers, by region and payment method."* The reporting template provided, as part of this consultation, does not indicate that we need to provide the volume of our Non-Domestic consumers as part of the monthly reporting. If we are expected to provide the volume of our Non-Domestic consumers, the reporting template should be updated to make this clear. If we are not expected to submit the breakdown of our Domestic and the Non-Domestic consumers as part of this monthly reporting, then can the wording in the above paragraph be corrected, to make it clear that the reporting is only required for the Domestic Consumers?	**High Level Solution Overview. Section 5.1.1** Only Domestic data will be required. This was captured correctly in the 'Payment Method Levelisation Draft Requirements_12102023'. The Code Manager has corrected the High Level Solution Overview to reflect the same.

	2. Payment Method Levelisation Charges Draft Schedule. Section 5 – Statements and Payments by Energy Suppliers 5.2 page 4 states: "*RECCo shall not send such a statement to an Energy Supplier if there is a zero-amount payable by and to that Energy Supplier under both Paragraph 5.1(a) and Paragraph 5.1(b)"* We disagree with this and would prefer to receive a statement confirming zero amount payable by and to that Energy Supplier under both Paragraph 5.1(a) and Paragraph 5.1 (b) to ensure clear audit trail and for internal reporting and tracking purposes. We would also like RECCO to provide some supporting information in addition to the backing data to demonstrate how they reach the charge/payment value to understand the reconciliation. As an efficient supplier we must be able to understand all costs and incomes that we incur. In addition, we consider that to future proof this approach, the levelisation scheme should be designed to work with both standing charges and unit rates. We understand that standing charges are required initially and that this is therefore the initial focus of the proposal. For unit rates, a volumetric reconciliation will be required and this can require multiple settlements to reflect the settlement runs which true-up customer consumption volumes. Consideration should be given to unit rate reconciliation as soon as possible.	**Payment Method Levelisation Charges Schedule, 5.2** This feedback has been considered but it is not something that will be changed in the solution. RECCo will be following the existing approach of not issuing invoices or credit notes where there the reconciliation value is £0.00. The backing data will be provided on the invoice or credit note date including in the circumstances where no invoice or credit note is raised. Details for the backing data, and an example (Tab G) can be found in the detailed requirements spreadsheet. These include the calculation information and will provide the confirmation that zero amount is payable. **Future use of unit rates** The levelisation policy requirements for the reconciliation mechanism are out of scope of R0147. The Code Manager has shared the feedback with Ofgem for future consideration.

Question 2:	Do you believe there are any requirements that have not been documented? If yes, please provide details.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)	No	Noted – Thank you.

Question 3:	Do you have any comments on the proposed legal text?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)	Not to cover standing charge reconciliation but as noted above, we think that the mechanism should also include unit rate levelisation and these should be considered and documented as soon as possible.	Please see Code Manager comment, under Question 1.

Question 4:	Will you be able to produce the required report on your portfolio? If not, please provide detail.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)	Yes, but we would like to get clear requirements for each data item to ensure that this report is built correctly. Suppliers are expected to have this report built and ready for testing by Feb 24, it is very important that clear requirements are shared with all suppliers by the end of Nov 23 the latest, in order to complete build/development and testing in the required timescales. Any delays in getting clear requirements could have an impact on the build timescales.	Details of data items required are provided in the detailed requirements spreadsheet. A cover sheet has been added to explain the purpose of each tab. The Code Manager is targeting the end of November 2023 to provide a fuller data specification to Energy Suppliers. This will be referenced in the RECCo webinar on 30 November 2023, and will be made available on the REC Portal.

Question 5:	If a file format is provided, what is your required lead time to providing an initial data set for testing purposes by February 2024?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)	We can have this report built for testing in Feb 24, but we need clear requirements by end of Nov 23 the latest, in order to initiate the process of design and build. However, the following points require clarification:	**Requirements spreadsheet**

	• The draft requirements spreadsheet received as part of this consultation is not clear. It does not specify which tabs within the spreadsheet to be populated by the suppliers and which ones are for RECCo.
	• The detailed requirements tab within the spreadsheet should have an additional column to indicate Suppliers requirements.
	• Gas and Elec data format tab
	  ○ Ofgem Region - what happens if its gas SOLUS? Can we please get exact regions for gas?
	  ○ Smart PP meter points - does this include communicating and non-communicating smart meters?
	Related Mpan customers – are primary and secondary Mpans to be included?
		A cover sheet has been added to explain the purpose of each tab for greater clarity to Suppliers on which tabs are relevant to their implementation.
		
		Ofgem Regions
		
		The Ofgem Regions to be used for Gas will be the same as those used for the price cap and will use the same definitions as the existing quarterly Ofgem submissions.
		
		These are the same for Gas as Electricity and therefore if a Supplier only supplies Gas to a metering point the same region would be used as if they supplied Electricity.
		
		Smart Prepayment meter points
		
		Data should be based on the tariff a customer is on at the 1st of the month.
		
		Guidance and definitions for payment types will be published by Ofgem as part of implementation of licence modification changes.

		Related meter points Only Primary meter points are required. The solution document and data tabs in the requirements spreadsheet have been updated to accurately reflect this requirement.

Question 6:	Would implementing this change incur any costs to your organisation? If so, please provide details.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)		Thank you for providing costs.

	DESIGN/ DEVELOPMENT COSTS	IMPLEMENTATION COSTS
[REPORTING]	£2000	£3000
[PEOPLE – DESIGN, INVOICING, PROCESS	£2000	2000
[OTHER]	£XX	£XX

Question 7:	Do you identify any benefits to your organisation through the implementation of the proposed changes? If so, please provide details.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)	Yes. We believe the introduction of the PPM Levelisation process will bring significant benefits to consumers and suppliers. It will make it possible for Ofgem to remove any premium paid by PPM customers (a high proportion of whom are vulnerable) relative to DD, in a way that avoids distortion of competition between suppliers with different mixes of customers.	Noted – Thank you.

Question 8:	What is your anticipated lead time for implementing this change?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)	We can have this report built for testing by Feb 24, but we need clear requirements by end of Nov 23, the latest in order to initiate the process of design and build.	Noted – Thank you. Please see Code Manager comment under Question 4 above.

Question 9:	Do you have any other comments relating to this change proposal?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Scottish Power (Supplier)	When the information is available, we would like to to understand the impact on RECCo's operational costs our invoices especially in light of the MSC expiring.	The Code Manager has shared the feedback with RECCo.