RETAIL ENERGY CODE

Payment Method Levelisation Charges

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RETAIL ENERGY CODE

SCHEDULE XX

Payment Method Levelisation Charges

Version: [1.0] Effective Date: [01 April 2024]

Domestic Suppliers	Mandatory
Gas Non-Domestic Suppliers	N/A
Electricity Non-Domestic Suppliers	N/A
Gas Transporters	N/A
Distribution Network Operators	N/A
DCC	N/A
Meter Equipment Managers	N/A
Non-Party REC Service Users	N/A

Version Number	Implementation Date	Reason for Change
1.0	[28 March 2024]	Initial version for Change Proposal R0147

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1 Introduction

1.1. This REC Schedule sets out arrangements concerning Payment Method Levelisation, pursuant to Condition XX of the Gas Supply Licence and Condition XX of the Electricity Supply Licence, coming into effect on 01 April 2024.

1.2. RECCo shall procure, implement and thereafter maintain such services as it considers necessary to administer the Payment Method Levelisation pursuant to this REC Schedule.

2 Payment of Payment Method Levelisation Charges

2.1. Where an Energy Supplier is obliged under its Energy Licence to pay Payment Method Levelisation Charges, then the Energy Supplier shall pay those Payment Method Levelisation Charges to RECCo in accordance with Paragraph 5.

3 Redistribution of Payment Method Levelisation Charges

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3.1. Following receipt of Payment Method Levelisation Charges paid by Energy Suppliers, RECCo shall (on behalf of the liable Energy Suppliers) pay the Payment Method Levelisation Charges to those Energy Suppliers who are due a credit, in accordance with Paragraph 8.

4 Data and Reporting

4.1. RECCo shall secure the provision of such data as it may reasonably need to calculate the Payment Method Levelisation Charges payable by and to each Energy Supplier in accordance with this REC Schedule.

4.2. Energy Suppliers shall submit Payment Portfolio Data to RECCo no later than the PML Reporting Submission Deadline.

4.3. Where data has not been submitted by Energy Supplier(s), the latest data available for that Energy Supplier will be used for the purposes of reconciliation calculations.

4.4. Non-submission of Payment Portfolio Data by an Energy Supplier will be notified to REC Performance Assurance Board, The Authority and REC Parties.

5 Statements and Payments by Energy Suppliers

5.1. Within 15 Working Days after the PML Reporting Submission Deadline, RECCo shall send to each Energy Supplier a statement in respect of that PML Period showing for that Energy Supplier:

(a) the Payment Method Levelisation Charges payable by the Energy Supplier in respect of the Domestic Consumers paying by direct debit for which it was the Registered Supplier as at the PML Reporting Date for that PML Period;

(b) the Payment Method Levelisation Charges payable to the Energy Supplier in respect of the Domestic Consumers paying by Prepayment for which it was the Registered Supplier as at the PML Reporting Date for that PML Period; and

(c) the difference between the amounts under Paragraph (a) and Paragraph (b), which (if (a) is greater than (b)) is the net amount payable by that Energy Supplier under Paragraph 5.3 , or (if (b) is greater than (a)) is the net amount payable to that Energy Supplier under Paragraph 8.2.

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5.2. 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).

5.3. Each Energy Supplier shall, within 10 Working Days after receipt of a statement under Paragraph 5.1, pay to RECCo the net amount of the Payment Method Levelisation Charges identified in such statement as payable by that Energy Supplier (if any).

5.4. All amounts payable by an Energy Supplier under Paragraph 5.3 must be paid in full without any set-off or withholding.

5.5. Payments under this Paragraph 5 shall be paid to such bank account as RECCo may specify in writing to the Energy Suppliers, subject to change on not less than 5 Working Days' notice.

6 Failure to Pay

6.1. If an Energy Supplier does not pay the amount due and payable under Paragraph 5.3 by the due date for payment, then RECCo shall (on or around the next following Working Day) issue a late payment notice to the Energy Supplier. RECCo shall also notify the REC Performance Assurance Board and the Authority.

6.2. A failure by an Energy Supplier to pay any amount due under Paragraph 5.3 which is not remedied within 21 Working Days after the due date shall be deemed to be an Event of Default.

6.3. In the case of an Event of Default as referred to in Paragraph 6.2, the REC Performance Assurance Board will act in accordance with Clause 16.4 of the main body of this Code.

6.4. Paragraph 6.3 is without prejudice to any other steps which the REC Performance Assurance Board may take in accordance with the Performance Assurance Framework and/or Clause 16 of the main body of this Code.

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7 Disputes

7.1. Subject to Paragraph 7.2, each Energy Supplier:

(a) must pay in full the amount identified by RECCo as payable by that Energy Supplier under Paragraph 5;

(b) can raise a dispute under this Paragraph 7, but must pay the full amount pending resolution of that dispute; and,

(c) that did not submit its Payment Portfolio Data in accordance with Paragraph 4.2, cannot raise a dispute under this Paragraph 7 against an invoice or credit note on the basis of missing or incorrect data being used for its portfolio.

7.2. An Energy Supplier can query the amount identified in a statement of credit advice under Paragraph 5 as manifestly wrong, but any such query must be raised with RECCo prior to the date on which the payment is due under Paragraph 5.3, and will only relieve the Energy Supplier of its payment obligation if RECCo accepts that the amount is manifestly wrong. If RECCo accepts that an amount in a statement is manifestly wrong, then RECCo shall issue an updated statement to which Paragraph 5.3 will then apply.

7.3. Save for queries raised in accordance with Paragraph 7.2, disputes regarding amounts in statements under Paragraph 5:

(a) shall not relieve the Energy Supplier of its payment obligation under Paragraph 5.3;

(b) must be raised within 10 Working Days after the date on which the payment is due under Paragraph 5.3;

(c) can only be raised if the amount in dispute exceeds £1,000 (one thousand pounds) or (if lower) constitutes the entirety of the amount payable under the disputed statement; and

(d) shall be resolved in accordance with a process established by the REC Performance Assurance Board.

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8 Redistribution

8.1. Within 5 Working Days following the payment date under Paragraph 5.3 for a given PML Period, RECCo shall calculate the amount RECCo actually received from Energy Suppliers for the given PML Period by the payment date.

8.2. Within 30 Working Days after the end of each PML Period, RECCo shall pay to each Energy Supplier the net amount (if any) of the Payment Method Levelisation Charges identified in the relevant statement under Paragraph 5.1 as payable to that Energy Supplier (subject to Paragraphs 8.3 and 8.4).

8.3. The aggregate payments which RECCo makes under Paragraph 8.2 in respect of a given PML Period shall not exceed the aggregate amount received by RECCo under Paragraph 5.3 in respect of that given PML Period. If RECCo has only received a percentage of the aggregate amounts due in respect of a given PML Period, then RECCo shall only pay that percentage of the amount that would otherwise have been payable to each Energy Supplier. Where RECCo receives any late payments for a given PML Period, the total funds received for that PML Period will be recalculated and any additional funds owing to Energy Suppliers will be redistributed in the next available set of payments.

8.4. If an Energy Supplier has not paid an amount which is due and payable under Paragraph 5.3 in respect of one or more given PML Periods, then RECCo shall not pay any amounts which would otherwise be payable to that Energy Supplier under this Paragraph 8 for subsequent PML Periods. Instead, RECCo shall withhold payment unless and until the amount payable by that Energy Supplier under Paragraph 5.3 has been settled in full.

8.5. In the event that RECCo determines that any amount owing by one or more Energy Suppliers in accordance with Paragraph 5.3 is not reasonably capable of being recovered, from such Energy Supplier(s) having exhausted all of the options available to it in this Code, and in consultation with the Authority, should be considered to be a bad debt once the Energy Supplier is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986, but as if in that Section the sum of £10,000 was substituted for the sum of £750. The amount associated with that bad debt will be treated as an adjustment, being removed from calculation of credits and invoices for the period to which the debt arose, and RECCo shall issue an updated statement to which Paragraph 5.3 will then apply.

8.6. Paragraph 8.5 is without prejudice to the liability of the original debtor. Any amounts

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subsequently recovered from the original debtor will, if that amount exceeds £1,000 (one thousand pounds) trigger a further adjustment to the statements produced in accordance with Paragraph 8.5, or (if lower) be applied so as to reduce the future Recoverable Costs payable by Energy Suppliers in accordance with Clause 9 of the REC.

8.7. Payments under this Paragraph 8 shall be paid to such bank account as the Energy Supplier may specify in writing to RECCo, subject to change on not less than 5 Working Days' notice.

9 Audit

9.1. RECCo and Energy Suppliers shall co-operate with the Authority or any person appointed by the Authority in relation to any audit of the Payment Method Levelisation Charges.

10 Cessation

10.1. This REC Schedule shall cease to have effect 3 months after the date on which Payment Method Levelisation Charges cease to have effect in accordance with the Energy Supply Licences.

10.2. RECCo shall redistribute in accordance with Paragraph 8 amounts received prior to the end of this 3-month period.

10.3. Any amounts received by RECCo under Paragraph 5 following the end of this 3-month period (or being withheld by RECCo under Paragraph 8.4 at the end of this 3-month period) will be put towards RECCo's general expenditure (to offset costs that would otherwise be recoverable under Clause 9 of the main body of this Code).

10.4. The ending of the application of this REC Schedule under Paragraph 10.1 shall be without prejudice to the obligations of Energy Suppliers to pay amounts under Paragraph 5.3.

10.5. For clarity, there will be no mutualisation in respect of amounts not paid by Energy Suppliers under Paragraph 5.3.

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