RETAIL ENERGY CODE

Payment Method Levelisation ~~Charges~~Reconciliation

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RETAIL ENERGY CODE

SCHEDULE XX

Payment Method Levelisation ~~Charges~~ Reconciliation

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

~~Domestic Suppliers~~	~~Mandatory~~
Gas ~~Non-Domestic~~ Suppliers	Mandatory for Domestic Suppliers N/A for Non-Domestic Suppliers
Electricity ~~Non-Domestic~~ Suppliers	Mandatory for Domestic Suppliers N/A for Non-Domestic Suppliers
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

1 Introduction

1.1. This REC Schedule sets out arrangements concerning Payment Method Levelisation (PML) Reconciliation. This REC Schedule shall come~~, pursuant to Condition XX of the Gas Supply Licence and Condition XX of the Electricity Supply Licence, coming~~ into effect on 01 April 2024, or on such later date as the Authority may specify in writing. This REC Schedule may cease to apply as described in Paragraph 10.

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

2 Payment of PML Reconciliation Amounts~~Payment Method Levelisation Charges~~

2.1. ~~Where an Energy~~Each Domestic Supplier shall ~~is obliged under its Energy Licence to~~

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pay, in accordance with Paragraph 5, the PML Reconciliation Amounts ~~Payment Method Levelisation Charges~~ payable by that Domestic~~, then the Energy Supplier~~Domestic Supplier ~~shall pay those Payment Method Levelisation Charges to RECCo in accordance with Paragraph 5~~.

3 Redistribution of PML Reconciliation Amounts ~~Payment Method Levelisation Charges~~

3.1. Following receipt of PML Reconciliation Amounts ~~Payment Method Levelisation Charges~~ paid by ~~Energy~~ Domestic Suppliers, RECCo shall ~~(on behalf of the liable Energy Supplier~~Domestic Suppliers~~)~~ , in accordance with Paragraph 8, pay PML Reconciliation Amounts ~~the Payment Method Levelisation Charges~~ to those ~~Energy~~ Domestic 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 PML Reconciliation Amounts ~~Payment Method Levelisation Charges~~ payable by and to each ~~Energy~~ Domestic Supplier in accordance with this REC Schedule.

4.2. ~~Energy Supplier~~Each Domestic Supplier~~s~~ shall submit Payment Portfolio Data to RECCo no later than the PML Reconciliation Reporting Submission Deadline.

4.3. RECCo shall use each Domestic Supplier's Payment Portfolio Data for the purposes of the PML Reconciliation calculations under this REC Schedule. Where a Domestic Supplier has not submitted its Payment Portfolio Data to RECCo by the PML Reconciliation Reporting Submission Deadline, RECCo shall use the latest data available to it for that Domestic Supplier~~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. RECCo shall notify the REC Performance Assurance Board, the Authority and REC Parties of any failure by a Domestic Supplier to submit its Payment Portfolio Data by the PML Reconciliation Reporting Submission Deadline~~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 Supplier~~Domestic Suppliers

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

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

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

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

5.2. RECCo shall not send such a statement to ~~an Energy Supplier~~a Domestic Supplier if there is a zero amount payable by and to that ~~Energy Supplier~~Domestic Supplier under both Paragraph 5.1(a) and Paragraph 5.1(b).

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

5.4. All PML Reconciliation Amounts~~amounts~~ payable by ~~an Energy Supplier~~a Domestic Supplier under Paragraph 5.3 must be paid in full without any set-off or withholding. A Domestic Supplier can raise a dispute under Paragraph 7, but must pay the full amount by the due date specified in the statement received under Paragraph 5.3, pending resolution of that dispute.

5.5. A Domestic Supplier may query the amount identified in a statement under Paragraph 5.3, provided that:

(a) any such query must be raised with RECCo prior to the date on which that payment is due; and

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(b) no such query shall relieve the Domestic Supplier of its payment obligation unless RECCo explicitly acknowledges prior to the due date that the amount is manifestly wrong.

~~5.4.~~5.6. Pursuant to Paragraph 5.5(b), if RECCo explicitly acknowledges that an amount in a statement is manifestly wrong, then RECCo shall issue an update to the statement provided to such Domestic Supplier under Paragraph 5.3, and the Domestic Supplier shall pay the amount due under such updated statement within 10 Working Days after receipt.

~~5.5.~~5.7. Payments under this Paragraph 5 shall be paid to such bank account as RECCo may specify in writing to the ~~Energy Supplier~~Domestic Suppliers, subject to change on not less than 5 Working Days' notice.

6 Failure to Pay

6.1. If ~~an Energy Supplier~~a Domestic 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~~Domestic Supplier, and~~.~~ ~~RECCo shall also~~ notify the REC Performance Assurance Board and the Authority.

6.2. Notwithstanding anything contained in Clause 16 of the main body of this Code, ~~A~~a failure by ~~an Energy Supplier~~a Domestic Supplier to pay any amount due under Paragraph 5.3 which is not remedied within 20~~1~~ Working Days after the due date shall be deemed to be an Event of Default. RECCo shall notify the Authority when a Domestic Supplier's aforementioned failure is deemed to be an Event of Default. In any event, the Authority may take any action at its discretion, enforcement or otherwise, including concurrently to any proceedings initiated by the REC Performance Assurance Board or other action or dispute resolution mechanism under the main body of this Code.

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 regarding PML Reconciliation Amounts

7.1. ~~Subject to Paragraph 7.2, e~~Each ~~Energy Supplier~~Domestic Supplier:

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

(b) (subject to sub-paragraph (c) below) can raise a dispute under this Paragraph 7, but must pay the full amount pending resolution of that dispute; and,

(c) cannot raise a dispute under this Paragraph 7 ~~that~~ if it did not submit its Payment Portfolio Data in accordance with Paragraph 4.2 which is relevant to the statement which it wishes to dispute, ~~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.~~7.2. Disputes raised by a Domestic Supplier regarding the PML Reconciliation Amounts ~~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~~Domestic 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 is equal to or 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

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Performance Assurance Board.

8 Redistribution

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

8.2. Within 30 Working Days after the end of each ~~PML Period~~PML Reconciliation Period, RECCo shall pay to each ~~Energy Supplier~~Domestic Supplier the net amount (if any) of the PML Reconciliation Amounts~~Payment Method Levelisation Charges~~ identified in the relevant statement under Paragraph 5.1 as payable to that ~~Energy Supplier~~Domestic 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~~PML Reconciliation Period shall not exceed the aggregate amount received by RECCo under Paragraph 5.3 in respect of that given ~~PML Period~~PML Reconciliation Period. If RECCo has only received a percentage of the aggregate amounts due in respect of a given ~~PML Period~~PML Reconciliation Period, then RECCo shall only pay that percentage of the amount that would otherwise have been payable to each ~~Energy Supplier~~Domestic Supplier. However,w~~W~~here RECCo receives any late payments for a given ~~PML Period~~PML Reconciliation Period, the total funds received for that ~~PML Period~~ PML Reconciliation Period will be recalculated and any additional funds owing to ~~Energy Supplier~~Domestic Suppliers will be redistributed in the next available set of payments.

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

8.5. RECCo shall take all reasonable steps available to it, and in consultation with the Authority, for recovery of PML Reconciliation Amounts owed by a Domestic Supplier. If RECCo determines that the aforementioned amount is not reasonably capable of being recovered, RECCo shall recalculate the credits and debits for the PML

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Reconciliation Period such that any shortfall is to be met by other Domestic Suppliers and issue updated statements under Paragraph 5.1~~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 subsequently recovered from the original debtor will, if that amount is equal to or 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 Supplier~~Domestic 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~~Domestic 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 Supplier~~Domestic Suppliers shall co-operate with any direction in writing by the Authority, or any person appointed by the Authority, in relation to any audit of the PML Reconciliation~~Payment Method Levelisation Charges~~.

10 ~~Cessation~~Termination

10.1. The Authority may, by written notice to RECCo, terminate the application of this REC Schedule. Such termination shall take place either 3 months after receipt of the aforesaid notification, or at such other later date as the Authority may specify in writing. RECCo shall notify all REC Parties of any such termination~~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~~.

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10.2. RECCo shall redistribute in accordance with Paragraph 8 PML Reconciliation Amountsamounts received prior to the end of this 3-month the period applicable under Paragraph 10.1.

10.3. Any PML Reconciliation Amounts amounts received by RECCo under Paragraph 5 or 8.6 or following the end of this 3-month period (or being withheld by RECCo under Paragraph 8.4, at following the end of this 3-monthe period applicable under paragraph 10.1, shall be) 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 SupplierDomestic Suppliers to pay PML Reconciliation Amountsamounts under Paragraph 5.3.

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

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APPENDIX 1 - Supplier Data Reporting Specification

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