RETAIL ENERGY CODE

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01	**Proposal Plan**
02	**Impact Assessment**
03	Consultation
04	Final Recommendation

CHANGE REPORT

R0155 – CHANGE OF TENANCY: EVIDENTIARY STANDARDS AND TIMESCALES

DOCUMENT VERSION	V1.0
PROPOSED IMPLEMENTATION DATE	TBC
IMPLEMENTATION APPROACH	BIG BANG

RESPONSIBLE COMMITTEE	CHANGE PANEL	**CHANGE PATH**	AUTHORITY DETERMINED
PRIORITY STATUS	MEDIUM	**URGENCY**	STANDARD
IMPACTED STAKEHOLDERS	ENERGY SUPPLIERS, THIRD PARTY INTERMEDIARIES (TPIs)		

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OVERVIEW

This Change Proposal seeks to address industry concerns with the Non-Domestic Change of Occupier (CoO) process identified by Non-Domestic Suppliers, Third Party Intermediaries (TPIs) and Consumers to bring improvements to the CoO process.

Whilst the term Change of Tenancy (CoT) and Change of Supplier (CoS) may also be used, the defined terms set out in the REC are Change of Occupier (CoO) and Switch respectively. As such Change of Occupier (CoO) and Switch will be used throughout this document.

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BACKGROUND

1 SUMMARY

This Change Proposal seeks to address industry concerns with the Non-Domestic Change of Occupier (CoO) process identified by Non-Domestic Suppliers, Third Party Intermediaries (TPIs) and Consumers to bring improvements to the CoO process. Such issues have been strongly acknowledged previously but are still being witnessed in the industry.

Previous research, and work, has taken place to explore the issues that all Parties involved in the CoO process have experienced. For example, Ofgem's (Non-domestic market review: Findings and Policy consultation | Ofgem) findings paper sets out a number of issues they identified as part of the CoO process, both where the Consumer seeks to stay with the incumbent supplier and where they seek to move to another supplier. These were further highlighted in "Non-domestic market review: Statutory consultation on licence changes" published 07 December 2023, together with the expectation that these issues would be addressed through the REC.

RECCo also undertook some work to identify potential solutions which were presented at a preliminary workshop in October 2023. The material from which is available on the RECCo Website: Webinar round-up: New Change of Tenancy rules proposed for the non-domestic energy market - Retail Energy Code Company. However, these potential solutions were not taken forward. Instead, this REC Change Proposal was raised, without a solution, to explore the existing issues highlighted by Ofgem and RECCo, amongst other market participants. It would allow the REC, with the engagement of REC Parties, to develop a solution on CoO/CoT evidentiary standards and timescales. The Code Manager facilitated a R0155 Change of Occupier workgroup to allow members from across the industry to contribute their experiences and suggestions. The outcomes from this workgroup have been developed into a proposed solution introducing a list of evidentiary documents, and service level agreements (SLAs) for Energy Suppliers to follow the CoO process.

Further details on the outcomes of the R0155 solution development workgroup, and the proposed solution, are detailed throughout this Change Report.

2 PROBLEM STATEMENT

Non-Domestic Consumers may struggle to quickly and easily update a supplier when they become the new owner/occupier or responsible bill payer for a property. This can include:

- Inconsistent requests from suppliers for proof they are the new owner/occupier or responsible bill payer.
- Inconsistent time taken to have new billing account set up or new contract agreed with the Energy Supplier.
- Inconsistent treatment of request to change Energy Supplier CoO flagged or not flagged, loss request objected to or not objected to).

- Risk of being held responsible for previous owner/occupier or responsible bill payer's debt and contract.
- Risk of being put on deemed prices (on assumption these are more expensive than contract terms).

Suppliers may struggle to quickly and easily update their billing and contractual records for non-domestic properties. This can include:

- Inconsistent updates from Consumers leaving a property.
- Inconsistent updates from Consumers taking over a property.
- Inconsistent quality of evidence provided.
- Risk of invalid/fraudulent requests to avoid debt or leave contracts before the expiry date.

Third Party Intermediaries (TPIs) may struggle to provide Non-Domestic Consumers and Energy Suppliers with a service. This can include:

- Different processes for each Energy Supplier.
- Different evidence available from each Consumer.
- Being stuck in the middle.

3 IMPACTS

CONSUMERS
Microbusiness
Small and Medium Enterprise
Industrial & Commercial (I&C)

REC SERVICE PROVIDERS
Secure Data Exchange Service (SDEP)
Central Switching Services
Central Data Provider Services Provider

RECCO / REC CODE MANAGER
RECCo
REC Code Manager – Performance Assurance
REC Code Manager – Technical Services

REC PARTIES AND SERVICE USERS
Energy Suppliers
Third Party Intermediaries

REC DOCUMENTS / PRODUCTS	
Schedule 1 – Interpretations and Definitions	Schedule 30 – Consumer Facing Switching and Billing Issues
Schedule 23 – Registration Services	Performance Assurance Report Catalogue (PARC)
Schedule 24 – Switching Data Management	TPI Code of Practice

3.1 MARKET WIDE HALF-HOURLY SETTLEMENT

MHHS DESIGN	MHHS DATA SPECIFICATION	MHHS CODE DRAFTING
No impact on MHHS Design.	No Data Specification.	Indirect impact – amendments to Schedule 1 (Interpretations and Definitions) and Schedule 23 (Registration Services).

4 PROPOSAL PLAN

The solution development has now been completed in line with the timescales provided in the previous Change Proposal Plan that was approved on 16 April 2024. This plan can be found here.

Following the completion of the solution development phase, the solution underwent a period of legal review by REC Legal Advisors in July 2024. This has now been completed and the REC Change Panel approved the Code Manager's updated plan for the remainder of the definition phase of this Change Proposal at their meeting on 20 August 2024.

The Party impact assessment will occur between August and September 2024 before a period of solution refinement between September and October 2024. The Code Manager is unable to provide a further plan for the Change Proposal and voting milestones for R0155 until the impacts on Parties have been submitted and reviewed as part of the Party impact assessment and solution refinement activity. The Code Manager will provide an update to panel post Party impact assessment, and once the solution refinement has been completed, the Code Manager will provide a Change Proposal Plan, and report, setting out the plan for the remaining stages of the Change Proposal process.

The remainder of the plan for the definition phase milestone, as approved by the REC Change Panel, can be found in the table below.

Milestone	Activity	From	To
Definition		**19-Dec-23**	**31 Oct-24**
	Solution Development	**Completed**	**Completed**
	Legal Review	**Completed**	**Completed**
	Impact Assessment	August	September
	Solution Refinement	September	October
	Update to Responsible Committee	October	October

5 PLANNED ENGAGEMENT

The Code Manager will issue the Party impact assessment on 23 August 2024 that will be open for five weeks before closing for responses on 27 September 2024. The duration of the Party impact assessment will be extended by the Code Manager beyond usual industry standards to support industry capacity and allow respondents time to thoroughly review the proposed solution that will be provided alongside the Party impact assessment. The draft legal text for the proposed solution will also be provided as part of the Party impact assessment.

The Code Manager will also engage with REC Parties, and other possible respondents, through the publication of further guidance on the process, and how to respond, prior to the Party impact assessment being issued. The Code Manager also intends to provide additional engagement through a pre-recorded Webinar that will set out the proposed solution provided for the Party impact assessment.

6 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	25	50
	Retail Markets Impact	Retail Risk(s)	2	15	30
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	1	5	5
		Legal and Regulatory Compliance	2	13	25
Resource	Complexity / Effort / Duration		1	8	8
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		2	15	15
	Contribution to/ Alignment with RECCo's Forward Work Plan		0		0
Urgency *(The need to progress a change to meet a targeted date)*		Other Planned Activity (High Priority activity)	0	20	0
				Overall Priority Score (rounded)	133

Priority Status	MEDIUM
Change Proposal Type	STANDARD

The priority status for this Change Proposal is medium based on a weighted prioritisation score of 133 and has been assessed as a standard change.

SOLUTION

7 SUMMARY OF ANALYSIS UNDERTAKEN

The Code Manager arranged a solution development workgroup to allow different market participants, including Suppliers, TPIs and Consumer representative groups, to contribute their views and experiences on the CoO process, and their suggestions for a defined solution.

Following a nomination process, including I&C Shippers and Suppliers (ICoSS) and Energy UK, and pre-workgroup webinars to explain the Change Proposal, and the Change Proposal process, the first session of the workgroup took place on 29 February 2024. There were 7 meetings of the workgroup where the following activities and analysis took place either during, or between, the sessions:

- The problem statement was reviewed and broken down separately for Non-Domestic Consumers, Energy Suppliers and TPIs.
- The Code Manager engaged with legal resources to further understand the solution requirements, viability, and to deem what is in scope of R0155.
- A reassessment of the issues with the CoO process, including from a Consumer perspective, and a review of the list of possible evidentiary documents.
- An assessment of the issues within the Switch process.
- Consideration of whether a list of evidentiary items should be provided as a guidance document or incorporated into legal text.

All outputs and additional documents (including agendas, slides and meeting minutes) from the workgroup can be accessed on the REC Portal, here.

8 PROPOSED SOLUTION

The proposed solution for R0155 has focused on an evidentiary list of documents that Energy Suppliers may wish to use to determine if a CoO has taken place, and the required SLAs for Energy Suppliers to review evidentiary documents and communicate the outcome of their review process to the provider of the evidence (either the Consumer or a TPI).

The legal text changes for this proposed solution have been provided by the Code Manager ahead of the Party impact assessment. The relevant proposed changes for the Performance Assurance Reporting Catalogue (PARC) have also been provided. These can be found in section 9 of this Change Report.

The proposed legal text solution is the introduction of a new REC Schedule titled 'Non-Domestic Change of Occupier.' The REC Schedule would only apply to Non-Domestic Premises and would set out obligations for Energy Suppliers in relation to a CoO at a Non-Domestic Premise including:

- Obligations relating to a CoO without a Switch
- Obligations relating to a CoO with a Switch
- A non-exhaustive list of example evidence which Energy Suppliers might seek to rely upon in assessing whether or not there has been a CoO
- The service level agreements (SLAs) for Energy Suppliers upon receiving notification of a CoO, to determine, and communicate to the Consumer, that there has been a CoO, or not, and whether the Energy Supplier has sufficient information to make such a determination, for a CoO without a Switch; and
- The SLAs for a CoO with a Switch whereby the Losing Supplier must determine whether or not, there has been a CoO and notify the Gaining Supplier.

The following table provides a summary of the proposals included in the solution, listing the scenarios (Switch or no Switch) in which they could occur, the Energy Supplier(s) an obligation is placed on, which documents the proposal will be set out in, and any additional supporting documentation that will be provided. Further information on the list of evidentiary documents, and the SLAs for with and without a Switch can be found in sections 8.1-8.3 of this Change Report.

Proposal	Scenario	Obligation on	Where will it be set out	Any supporting documentation
List of evidentiary documents	No switch and with switch	Existing and gaining supplier	New REC Schedule – it will be set out that this is not an exhaustive list	Guidance document – including examples of process and additional documents that could be requested
10 WD SLA for reviewing documents	No switch	Existing supplier	New REC Schedule	Guidance document – including examples of process
Within SLA reach an outcome (accept, reject, request additional information)	No Switch	Existing supplier	New REC Schedule	Guidance document – including examples of process
Within SLA communicate with consumer / whoever submitted evidence	No Switch	Existing supplier	New REC Schedule	Guidance document – including examples of process and potential to also communicate with existing consumer (ie name on live billing record)
On receipt of a switch objection with CoO flagged pass evidence to losing supplier	Switch	Gaining supplier	New REC Schedule	Guidance document – including examples of process
10 WD SLA for reviewing documents (decision required to accept or reject)	Switch	Existing supplier	New REC Schedule	Guidance document – including examples of process
Within SLA communicate decision with existing consumer and gaining supplier	Switch	Existing and gaining supplier	New REC Schedule	Guidance document – including examples of process
Performance assurance – SLAs, communication, SDEP process, evidence of process and justification	No switch and with switch	Existing and gaining supplier	Performance Assurance Reporting Catalogue New REC Schedule – including evidence retention obligations	SDES Definition SDEP User Guide

8.1 LIST OF EVIDENTIARY DOCUMENTS

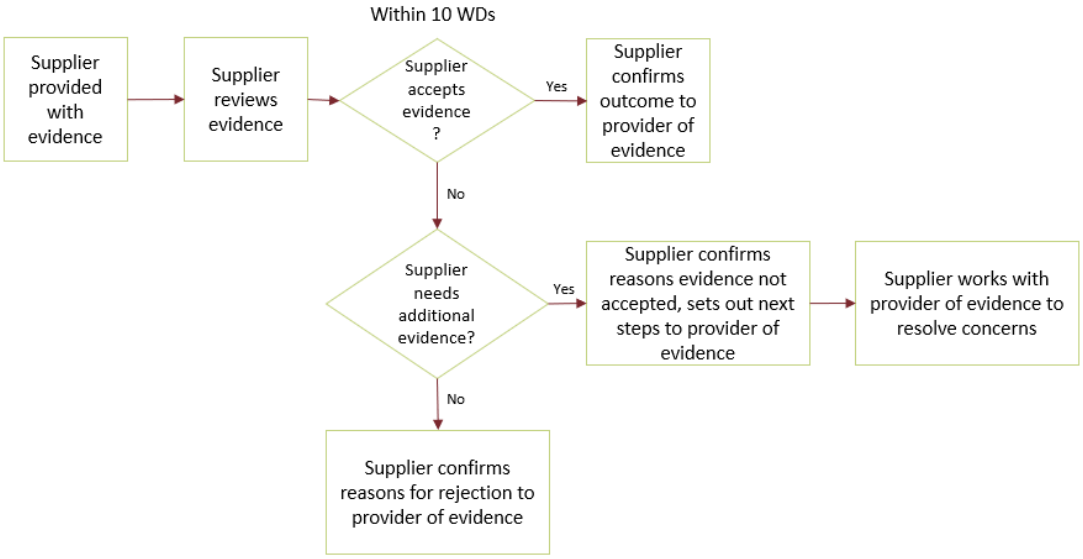
In the draft Schedule there is an appendix with a list of evidentiary documents. The types of evidence provided in the list are non-exhaustive examples of the types of evidence which may be used to demonstrate that there has been a CoO. The existence or absence of the types of evidence in the list may not be conclusive either way, and the evidence available needs to be considered collectively.

Further examples of supporting evidence that may be used will be outlined in a supplementary guidance document that will be published prior to any implementation of R0155.

8.2 SLA WITHOUT A SWITCH

An Energy Supplier would have 10 working days from receipt of documentation to either accept the CoO request, reject the request (for example if it is a duplicate request), or to confirm why documentation has been queried and what additional information is required. This would take place by writing to whoever submitted the evidence (either the Consumer or a TPI). This can also be completed via email if an email address is available. The Energy Supplier would then have an additional 10 working days on receipt of the requested additional evidence to confirm their decision.

The below process map shows the steps taken during a CoO without a Switch.



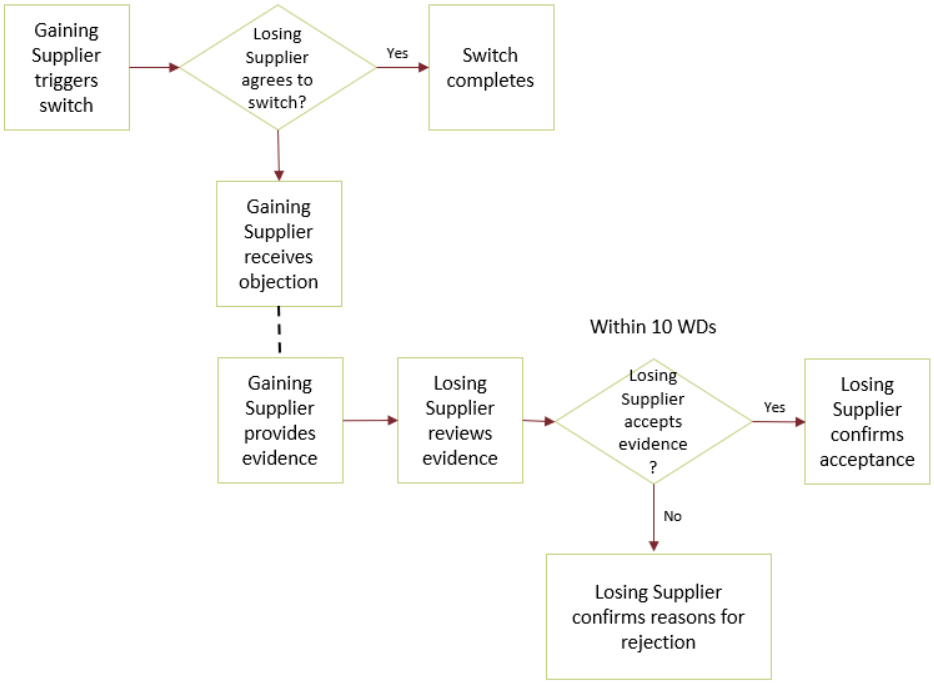
8.3 SLA WITH A SWITCH

When a CoO has taken place with a Switch, the Gaining Supplier would trigger the Switch with the CoO flag set to true, if they have received evidence to confirm a recent CoO has taken place. The Losing Supplier would decide if they agreed with the CoO or not.

If the Losing Supplier does agree, the Switch completes and the Meter Point X Number (MPxN) transfers to the Gaining Supplier. If the Losing Supplier does not agree with the CoO, then they have the right to object to the Switch. If they do object to the Switch, they must write to the Consumer confirming the reason(s) for the Objection. On receipt of the notice of Objection, the Gaining Supplier must decide on what to do next. However, this process is outside of the scope of the REC and has subsequently not been set out within the proposed solution for R0155.

If the Gaining Supplier decides the Switch will continue, then they can use SDEP to facilitate the sharing of the CoO evidence with the Losing Supplier. Evidence will be at a Consumer level but may contain multiple MPxNs. The Losing Supplier will have 10 working days to review the data and decide if they will accept or reject the evidence. The Losing Supplier will then confirm the decision via the same SDEP screen and communicate with the Consumer to set out the reasons for the decision.

The below process map shows the steps taken during a Change of Occupier with a Switch.



8.4 AMENDMENTS TO EXISTING REC SCHEDULES

Paragraphs 2.7 and 6.3 of Schedule 23 – Registration Services will also be amended to reference the new Non-Domestic Change of Occupier Schedule, and to ensure consistency on wording of the timeframes to retain evidence. The proposed, red-lined wording can be found below:

2.7. A Gaining Supplier shall only indicate within the Switch Request that there has been a Change of Occupier where it has reasonable grounds to believe, having made reasonable enquiries of the Consumer, that the Consumer is a new owner or occupier. Where a Gaining Supplier submits a Switch Request which includes a notification that there has been a Change of Occupier, the Gaining Supplier shall keep (for at least 12 months) a record of the evidence relied upon by the Gaining Supplier to support this position. Further details regarding appropriate evidence for a Change of Occupier at a Non-Domestic Premises are set out in the Non-Domestic Change of Occupier Schedule.

6.3. Where a Losing Supplier raises an Objection to a Pending Registration which has been identified by the Gaining Supplier as relating to a Change of Occupier, the Losing Supplier shall keep (for at least 12 months) a record of the evidence relied upon by the Losing Supplier to justify that it has raised the Objection in accordance with its Energy Supply Licence and Schedule X – Non-Domestic Change of Occupier.

An additional Housekeeping Change will also be made by the Code Manager to make an amendment to Schedule 1 – Interpretations and Definitions to update the definition of Non-Domestic Supplier. Currently, the definition of Non-Domestic Supplier refers to suppliers who are not authorised to supply Domestic Consumers. This will be amended to also include those suppliers who are authorised to supply Domestic Consumers when active in relation to Non-Domestic Consumers. The red-lined wording for the Non-Domestic Supplier definition can be found below:

Non-Domestic Supplier -	means an Energy Supplier which is not authorised by its Energy Supply Licence to supply Domestic Premises, or an Energy Supplier which is authorised to supply Domestic Premises when acting in relation to Non-Domestic Premises.

Please note that since the change to Schedule 1 – Interpretations and Definitions will be introduced via a Housekeeping Change, the proposed change to the definition of Non-Domestic Supplier will not be included in the Party impact assessment or future consultation.

9 DRAFT LEGAL TEXT

The legal text to deliver the proposed solution of the Non-Domestic Change of Occupier Schedule for R0155 can be found here.

The legal text for the amendments to Schedule 23 – Registration Services can be found here.

The required changes to the Performance Assurance Reporting Catalogue (PARC) for R0155 can be found here.

10 RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

No risks, assumptions, issues or dependencies have been identified at this stage.

11 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Draft Legal Text Solution (New Schedule) Draft amendments to Schedule 23 – Registration Services Draft Performance Assurance Reporting Catalogue
ANY OTHER DOCUMENTS / LINKS	Previous R0155 Change Proposal Plan

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12 GLOSSARY

TERM	DEFINITION
Change Of Occupier (CoO)	means that the Consumer at a premises has changed (or is due to change).
Consumer	means any person supplied (or seeking a supply) of Energy at an RMP (whether or not that person also exports or is seeking to export electricity at an RMP).
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Gaining Supplier	means, in relation to a proposed Switch (or Switch), the Energy Supplier which is proposing to become the Registered Supplier at an RMP as a result of that proposed Switch (or which has become the Registered Supplier as a result of that Switch).
Losing Supplier	means, in relation to a proposed Switch (or Switch), the Energy Supplier which will cease to be the Registered Supplier at an RMP as a result of that proposed Switch (or which has ceased to be the Registered Supplier as a result of that Switch).
Meter Point X Number (MPxN)	means the collective description of the MPAN and MPRN when used together.
Non-Domestic Consumer	has the meaning given to 'Non-Domestic Customer' in the Energy Supply Licences.
Non-Domestic Premises	means a premises at which a supply of Energy is (or will be) taken wholly or mainly for non-domestic purposes, which is to be interpreted in accordance with the Energy Supply Licences.
Non-Domestic Supplier	means an Energy Supplier which is not authorised by its Energy Supply Licence to supply Domestic Premises
Objection	means a request from the Losing Supplier to block a Switch Request for reasons permitted under the relevant Energy Supply Licence.
Secure Data Exchange Portal (SDEP)	means the portal of that name which forms part of the Secure Data Exchange Service.
Switch	means a change to the Registered Supplier for an RMP.
Third Party Intermediary (TPI)	means a broker or introducer acting between Consumers and Energy Suppliers, including Price Comparison Websites.