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PROPOSED SOLUTION FROM PROPOSER

LEVELISATION RECONCILIATION ELECTRICITY SINGLE-RATE/MULTI-REGISTER SPLIT

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1 PROPOSED SOLUTION

1.1 BACKGROUND

The Change Proposal seeks to update the necessary governance and arrangements in Schedule 31 of the Retail Energy Code (REC), from 1 January 2025 to allow for the processing of two sets of levelisation rates for domestic Electricity portfolios - one each for single-rate and multi-register metering arrangements.

The PML Reconciliation Recalculation, a one-off retrospective recalculation of the months from April 2024 to December 2024 will be required, using

- Domestic Supplier provided single-rate and multi-register electricity meter portfolios; and,
- Ofgem provided single-rate and multi-register electricity standing charges to determine the difference in billing as compared to the base system calculation.

The difference in payments to and from suppliers must be actioned where appropriate by the conclusion of the 2024/25 Financial Year.

RETAIL ENERGY CODE

2 PROPOSED SOLUTION

2.1 RECONCILIATION SOLUTION AMMENDMENT

The solution for the Payment Method Levelisation (PML) Reconciliation multi-register addition builds from the existing process as far as practicable, with adjustments only where needed to accommodate the separation of domestic electricity single-rate and multi-register portfolios:

BASE PRINCIPLE	ALTERATION
The reconciliation system currently calculates the liabilities and credits for each Domestic Supplier (Market Participant ID (MPID) and Supplier Short Code (SSC) level) for each calendar month. The model will use portfolio information from each Domestic Supplier showing their aggregate Domestic Consumer meter points and a breakdown between payment methods. The level of debit and credit between each Consumer category required to achieve a level Standing Charge will be calculated separately and published by Ofgem.	Where Domestic Suppliers previously provided a separate gas and electricity file per MPID and SSC, Domestic Suppliers now will provide a separate single-rate electricity file, multi-register electricity file, and gas file. The data specification for all input files will be updated, including the template for the gas file.
The reconciliation calculation will generate to each Domestic Supplier a monthly statement of the total liabilities and credits under the REC.	Where Domestic Suppliers previously received invoices or credit notes separating gas and electricity liabilities and credits, Domestic Suppliers now will receive single-rate electricity, multi-register electricity and gas liability/credit notes.

2.2 PML RETROSPECTIVE RECALCULATION

NEW PRINCIPLE	NOTES
Domestic Suppliers will be required to provide historical backing data containing accurate portfolio data for single-rate electricity and multi-register electricity for the period between 01 April 2024 to 31 December 2024. This data must be provided by latest 15 January 2025. Ofgem will be required to provide to RECCo as the reconciliation operator historical backing data containing accurate standing charge data for single-rate electricity and multi-register electricity for the period between 01 April 2024 to 31 December 2024. This data must be provided by latest 15 January 2025.	
RECCo will perform a one-off calculation utilising the Domestic Supplier provided historical backing data of single-rate and multi-register electricity portfolios and the Ofgem provided historical single-rate and multi-register electricity standing charges for each month between April 2024 and December 2024 for all Domestic Suppliers. RECCo will then compare the aggregated metering arrangements calculated invoices/credits to the newly recalculated split metering arrangements liabilities/credits to determine where there is a financial difference. RECCo will then, where appropriate, invoice/ credit the difference to the relevant Domestic Suppliers.	

NEW PRINCIPLE	NOTES
The following needs to be completed by 31 March 2025: • Invoices sent • Invoices paid • Credit notes sent and paid	
Any Domestic Supplier failing to pay will be subject to the existing non-payment process	
All Domestic Supplier submitted historical backing data will follow the existing assurance framework, based on a submission deadline of 15 January 2025.	Assurance is on submission of data being completed on time.

3 IMPACT ASSESSMENT

Domestic Suppliers will be required to change their processes to accommodate the change in supplier input. Domestic Electricity Suppliers will be required to update their processes to accommodate the separation of metering arrangements into single-rate and multi-register. Domestic Gas Suppliers will need to alter their process to accommodate minor changes to the supplier input file to accommodate the overall change in input files to account for the metering arrangements separation. Domestic Electricity Suppliers will need to provide historical data for the periods between April 2024 to December 2024 to perform the PML Retrospective Recalculation exercise. Ofgem will need to provide historical standing charges data for the periods between April 2024 to December 2024 to perform the PML Retrospective Recalculation exercise.

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4 APPENDIX - DATA SUBMISSION TEMPLATES

Appendix A – Gas template ‘AAA_YYYYMM_S’

Appendix B – Electricity single-rate template ‘AAAA_YYYYMM_S’

Appendix C – Electricity multi-register template ‘AAAA_YYYYMM_M’