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NON-CONFIDENTIAL CONSOLIDATED IMPACT ASSESSMENT RESPONSES

R0207 – IMPORT/EXPORT MOA CHARGING CLARIFICATION

On 17 October 2024 the Code Manager issued an impact assessment to industry to seek feedback on the proposed solution for R0207 – Import/Export MOA Charging Clarification.

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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RESPONSIBLE COMMITTEE	Metering Expert Panel
LEAD ANALYST	Caroline Freimuller

DATE IMPACT ASSESSMENT ISSUED	17/10/2024
RESPONSE DEADLINE	08/11/2024

Question 1:	Do you have any comments on the proposed solution?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	We are supportive of any measures taken to try to improve the current situation whereby there is a fundamental lack of competition when it comes to suppliers appointing export MOAs. The current requirement to appoint the same agent to an export MPAN as is appointed to the import MPAN for the same metering asset leads to two detrimental outcomes: 1) MOAs refusing to contract/accept appointments at all from suppliers who do not manage the import supply for a given meter; and 2) Where they do, quoting extremely high prices which could render export only services commercially unviable and limiting the choice in export services available to customers who have invested in low carbon technology. The implementation of half hourly settlement compounds this issue – where there is an extremely limited role for an export-only MOA, and it could be argued that any charge – let alone a punitively high one – for these services is simply extracting value which would otherwise be realised for customers. The impact that the present lack of oversight in this area, combined with the increased contribution low carbon microgeneration will need to	Thank you for your comments. It is not within the remit of the REC to introduce legislation saying Export Suppliers should pay no MOA charges in this scenario, but the Code Manager will feed this back to Ofgem.

	make to the UK's electricity system in the future, make action necessary. Our view is that all such costs should be charged through to the import supplier, and the export supplier should not actually be liable at all. However, the proposed text would be an improvement on current arrangements.	
British Gas (Energy Supplier)	Yes, our comments have been included within the below questions.	Thank you for your comments.
SSE Energy Supply Ltd (Energy Supplier)	SSE have no comments to add.	n/a
Scottish Power Energy Retail (Energy Supplier)	We agree with the intention of this proposal for both Import and Export supplier to be charged fairly by the appointed MOA. However, we think that leaving this as a 'fair split of the charges' is too ambiguous and could still see Export suppliers being asked to meet unjustifiably high costs over which they have no right of discretion. We would therefore prefer that REC Schedule 14 (Metering Operations) clearly state what the split of such charges should be. Moreover, we think such a split should reflect an equitable division that accounts for the Export Supplier being far less likely to call upon the services of the MOA, when it can neither request a change nor reconfiguration of the meter. We agree with the proposal for the Energy Suppliers to be able to escalate to the Code Manager via their Operational Account Manager (OAM). If the split was to be explicitly stated within the REC Schedule, it might help to simplify that escalation process; but of course, we	Thank you for your comments. It is not within the remit of the REC to introduce something this prescriptive in terms of charging splits, but the Code Manager will feed this back to Ofgem.

	recognise that such a process will always be fraught in the absence of clear evidence of a breach.	

Question 2:	Do you agree the proposed solution addresses the problem statement? If not, please provide details.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	Provided that MOAs comply with the requirements of the text introduced by R0207; we consider that the problem statement could be addressed. However, we have concerns that there are currently no plans for performance assurance activity in this area, which could make governing compliance with the new requirements difficult. We ask that REC consider if there is a way to routinely assure compliance in a way which is appropriate.	Thank you for your comments. The Code Manager does not feel there is a way to routinely assure this without asking Parties to provide confidential, financial data which this proposal does not warrant at this stage. However, we welcome any other ideas from Parties on how this could be assured. The introduction of the legal text would allow Parties to follow the REC disputes process and escalate any evidence they have of non-compliance to their OAM or REC Performance Assurance.
British Gas (Energy Supplier)	We do not agree that the proposed solution addresses the problem statement. The suggested legal text still allows MOAs to implement limitless passthrough charges, albeit the same for all suppliers. Furthermore, there is no charging mechanism in place for the passthrough charges where no contract has been agreed between parties. When MHHS goes live, whilst the IF-031 Contract Reference field is described as optional for MOA's, Service Providers can insist	Thank you for your comments. It is our understanding of the current MHHS design that when the Export MOA is automatically appointed to match the Import MOA, there is no option for them to reject that appointment.

	that the Contract Reference be provided in order for the appointment request to be accepted, hence causing a problem for Suppliers where no contract exists.	The aim of this legal text is only to stop Export Suppliers being charged extortionately more than Import Suppliers or other Export Suppliers by the same MOA.
SSE Energy Supply Ltd (Energy Supplier)	SSE agree the proposed solution addresses the problem statement.	Thank you for your comments.
Scottish Power Energy Retail (Energy Supplier)	As stated in our answer to the question 1, although we agree with the intention of this proposal for both Import and Export supplier to be charged fairly by the appointed MOA; however, we would like REC Schedule 14 (Metering Operations) to clearly state the split of charges to avoid any misinterpretations by the MOAs. Without including this split within Schedule 14, we believe that the proposed solution does not properly address the problem statement.	Thank you for your comments. It is not within the remit of the REC to introduce something this prescriptive in terms of charging splits, but the Code Manager will feed back this back to Ofgem.

Question 3:	Are there any alternate solutions that would better meet the needs of the problem statement?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	Given the lack of differentiated service which is to be provided by export-only MOAs under future MHHS arrangements, we consider that stronger action could be taken to limit charges. This could include (a) no MOA charging permitted for export appointments, (b) a specified maximum charge, or (c) an agreed split between import and export suppliers which adequately reflects the fact that most MOA roles and responsibilities arise because of their appointment to the import MPAN for a particular asset. We have been informed that this kind of requirement could not be implemented under the REC, but if it is decided that this is possible, it should be investigated.	Thank you for your comments. It is not within the remit of the REC to introduce limitations or caps to charges, but the Code Manager will feed back this back to Ofgem.
British Gas (Energy Supplier)	In order to be supportive of this change, we feel the legal text needs to be explicit and cap the potential passthrough charges from MOA's. Charges should either be levied against the import, so that MOA's must charge the same or charges must be capped against the import contracted price. We are also supportive of the solution raised via R0144 and P459 for the BSC; allowing different supplier agents to be appointed to Import and Export MSIDs.	Thank you for your comments. It is not within the remit of the REC to introduce limitations or caps to charges, but the Code Manager will feed back this back to Ofgem.

SSE Energy Supply Ltd (Energy Supplier)	SSE have no alternate solutions.	Thank you for your comments.
Scottish Power Energy Retail (Energy Supplier)	Yes, including clear and equitable split of charges within the REC Schedule 14 would meet the intention of this proposal for both Import and Export supplier to be charged fairly by the appointed MOA.	Thank you for your comments. It is not within the remit of the REC to introduce something this prescriptive in terms of charging splits, but the Code Manager will feed back this back to Ofgem.

Question 4:	Do you have any comments on the proposed legal text?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	We support the intent of the legal text, however, we do consider that it could be misconstrued. The sentence 'the appointed Meter Operative Agent shall, so far as reasonably practicable, treat all Suppliers in the same manner as regards costs charged by it' could be interpreted in multiple ways. Our interpretation of this is that the MOA should, as far as is practical, treat one export suppliers in the same manner as another export supplier. However, it could be understood as requiring MOAs to treat one export supplier in the same manner as another import supplier. This could lead to MOAs charging export suppliers the same rate as import suppliers, when it will almost certainly be the case that the costs arising for an MOA in fulfilling its responsibilities when appointed to an import MPAN will far exceed those arising when appointed to an export MPAN. The legal text should be adjusted so that it is clear that MOAs are required to treat suppliers the same, for the same kind of service (import or export).	Thank you for your comments. The aim of this legal text is only to stop Export Suppliers being charged extortionately more than Import Suppliers or other Export Suppliers by the same MOA. The legal text has been adjusted in line with this suggestion.

British Gas (Energy Supplier)	We do not feel the proposed legal text is a sufficient amendment to prevent suppliers from being charged uncompetitive rates, it purely calls out the requirement for all Suppliers to be charged the same.	Thank you for your comments.
SSE Energy Supply Ltd (Energy Supplier)	SSE have no comments to add.	n/a
Scottish Power Energy Retail (Energy Supplier)	Proposed legal text: "*Where the same Metering Asset is being utilised for the measurement of Import and/or Export for more than one Metering Point, the appointed Meter Operative Agent shall, so far as reasonably practicable, treat all Suppliers in the same manner as regards costs charged by it.* We would like the legal text to be amended to include an equitable split of charges between the Import and the Export Supplier that more closely accounts for the division of activities undertaken on behalf of each. Proposed legal text: "*Where the same Metering Asset is being utilised for the measurement of Import and/or Export for more than one Metering Point, the appointed Meter Operative Agent shall, split the charges by X% for an Import Supplier and X% for an Export Supplier*.	Thank you for your comments. It is not within the remit of the REC to introduce something this prescriptive in terms of charging splits, but the Code Manager will feed this back to Ofgem.

Question 5:	As an Energy Supplier, do you agree this is an issue you experience? If possible, please provide some detail on how frequently you experience it.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	Yes. In our experience in attempting to develop innovative export tariffs and solutions for customers with microgeneration assets, we have routinely been refused service from MOAs (often where they typically only act for a single, larger supplier), or have been given quotes which far exceed what is reasonable. We have previously been refused terms with MOAs representing a combined 40% of the market. We have been given quotes ranging from £0.00 to more than £15 per meter per year for identical export MOA services.	Thank you for your comments.
British Gas (Energy Supplier)	We currently don't experience this issue, but with the new MHHS processes auto appointing the MOA assigned on the import MPAN, this poses a risk to us due to lack of contracts with all service providers and opening us up to potential passthrough charges.	Thank you for your comments.
SSE Energy Supply Ltd (Energy Supplier)	Currently meter operators that are not in contract with us will reject their appointment, so this is not an issue we currently experience. However, once the MHHS solution is in place we believe these instances could occur.	Thank you for your comments.

Scottish Power Energy Retail (Energy Supplier)	We agree that this is an issue for the Export Suppliers, but we are unable to provide any details on the frequency at this time.	Thank you for your comments.

Question 6:	What lead time would be required for your business to implement the proposed solution? Please provide justification.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	None. We are already ready and have the necessary systems and capability to appoint agents on agreeable commercial terms.	Thank you for your comments.
British Gas (Energy Supplier)	n/a	n/a
SSE Energy Supply Ltd (Energy Supplier)	We do not foresee any changes to our business systems or processes therefore we do not have any comments on a proposed lead time.	Thank you for your comments.
Scottish Power Energy Retail (Energy Supplier)	If our recommendations are considered with regards to stating the split of charges for Import and the Export Supplier, then we would need to introduce some checks in place to ensure that Export Suppliers are being charged accurately by the MOAs. Changes from a Supplier's perspective would be minimal, but we believe that MOAs would need some time to make changes to ensure accurate split of charges between Import and export Suppliers, therefore we suggest that a minimum 6 months implementation timescales for this change.	Thank you for your comments.

Question 7:	Would implementing the proposed solution incur any costs to your business? If so, please provide details.	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	n/a	n/a
British Gas (Energy Supplier)	No.	Thank you for your comments.
SSE Energy Supply Ltd (Energy Supplier)	No costs will be incurred.	Thank you for your comments.
Scottish Power Energy Retail (Energy Supplier)	There would be some operational cost in relation to resource and internal reporting. We estimate the cost to be between £2k-£5k, depending on the solution.	Thank you for your comments.

Question 8:	Do you identify any benefits to your business through the implementation of the proposed solution?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	Yes, if the solution were implemented, complied with and assured, our business and all others seeking to offer export services to customers would benefit, as would those who have invested in low carbon generation technologies.	Thank you for your comments.
British Gas (Energy Supplier)	No.	Thank you for your comments.
SSE Energy Supply Ltd (Energy Supplier)	SSE believe that, following implementation of the MHHS solution, this change could prevent us from receiving unfair charges to our export appointments.	Thank you for your comments.
Scottish Power Energy Retail (Energy Supplier)	Fair charges and possible cost reduction. We are unable to quantify the benefits at this time.	Thank you for your comments.

Question 9:	Taking into consideration both the costs and the benefits seen by your organisation, do you consider this change should be made?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	Yes.	Thank you for your comments.
British Gas (Energy Supplier)	As mentioned above, we feel the legal text needs to be more explicit in terms of either capping the passthrough against the import or the charge to be levied against it. The solution also needs to provide a mechanism for where no contract/contract references exist between the two parties.	Thank you for your comments.
SSE Energy Supply Ltd (Energy Supplier)	SSE are happy for this change is made.	Thank you for your comments.
Scottish Power Energy Retail (Energy Supplier)	We would like this change to be implemented as long as our recommendations are considered, as it would address the problem of unfair charging by the MOAs. We do not support this change based on the current proposal as it does not address the problem statement.	Thank you for your comments.

Question 10:	Do you have any other comments relating to this Change Proposal?	
RESPONDENT DETAILS	**RESPONSE**	**CODE MANAGER COMMENTS**
Good Energy (Energy Supplier)	We consider that where REC and other code bodies consider that it is beyond the scope of industry codes to govern commercial arrangements between parties, that the matter should be referred to DESNZ and Ofgem for their urgent consideration, given the impact this has on the range of products available for renewable generators.	Thank you for your comments.
British Gas (Energy Supplier)	No further comments.	n/a
SSE Energy Supply Ltd (Energy Supplier)	No further comments at this time.	n/a
Scottish Power Energy Retail (Energy Supplier)	We do not have anything else to add.	n/a