RETAIL ENERGY CODE

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01	Proposal Plan
02	Impact Assessment
03	Consultation
04	Final Recommendation

CHANGE REPORT

R0037 – PREPAYMENT CREDIT BALANCE TRANSFER PROCESS

DOCUMENT VERSION	V7.0
PROPOSED IMPLEMENTATION DATE	TBD
IMPLEMENTATION APPROACH	Big Bang

RESPONSIBLE COMMITTEE	Change Panel	CHANGE PATH	Authority Determined
PRIORITISATION CATEGORY	High	URGENCY	Standard
IMPACTED STAKEHOLDERS	Energy Suppliers		

LEAD ANALYST (SOLUTION LEAD)	TECHNICAL LEAD	ASSURANCE LEAD	SUBJECT MATTER EXPERT
FLO MONEA	POPPY PARK	ANTON MODEN	HELEN FOSBERRY
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OVERVIEW

R0037 has been raised to review the mechanisms for the transfer of credit balances as part of a smart prepayment Switch, with the aim of developing a more efficient process.

CODE MANAGER RECOMMENDATION

The Code Manager recommends that the REC Change Panel:

- **APPROVE** the Proposal Plan, including the Responsible Sub-Committee, Change Path, Priority Status, Urgency and timetable.

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BACKGROUND

1 SUMMARY

R0037 has been raised to review the mechanisms for the transfer of credit balances as part of a smart prepayment Switch, with the aim of developing a more efficient process.

Domestic Consumers with Smart Meters operating in Prepayment mode currently have any credit (calculated at the Switch date) included in their final bill by the Losing Supplier. If a refund is required, it can take up to 2 weeks after the final account position is determined - which can be up to 6 weeks after the Switch itself. The Consumer must top up the meter with the Gaining Supplier once the Switch has completed. This can create a short term cashflow issue for Consumers, particularly those in fuel poverty.

This proposal was initially raised in March 2022, to review the process for Domestic debt transfers as part of a Prepayment Switch, and to review the mechanisms for the transfer of credit balances as part of a smart Prepayment Switch, with the aim of developing a more efficient process. An initial solution has been developed by the Code Manager which went through a Service Provider impact assessment and a Party impact assessment. The solution document containing the initial solution can be found on the REC Portal here.

On 07 May 2024, the REC Change Panel agreed to put R0037 on hold due to the Market Half-Hourly Settlement (MHHS) Code Freeze. The proposed solution was impacted by the MHHS Code Freeze due to the amending and creation of new Switching Messages (and associated testing), and consequential restrictions for functionality changes to the Secure Data Exchange Portal (SDES) due to the shared technical architecture with the Electricity Enquiry Service (EES) and the validity of a commercial impact assessment with a long lead time.

Following the end of MHHS Code Freeze, the Code Manager aims to resume the progression of R0037. Following engagement with the proposer, the Code Manager has been notified of a change in scope for this proposal. R0037 will now only seek to develop an enduring solution to allow for transfer of credit balances only as part of a smart Prepayment Switch. Consequentially, the title of the proposal has been amended to reflect this change in scope from '*Prepayment Credit Balance and Debt Transfer Processes*' to '*Prepayment Credit Balance Transfer Process*'

2 PROBLEM STATEMENT

There is currently no mechanism to transfer credit balances when a Switch occurs, and Consumers are having to wait for any credit on their meter to be refunded. This is not occurring until a number of weeks after they have had to top up with their new Supplier, meaning there is a period of time when their money/credit is not available to them.

This proposal seeks to develop a solution that ensures that Consumers maintain access to their money and/or credit as much as possible during a Switch. Under the current economic conditions, with the associated increasing energy prices, this has increased importance.

3 IMPACTS

CONSUMERS
Prepayment Consumers

REC SERVICE PROVIDERS
REC Technical Services

RECCO / REC CODE MANAGER
RECCo
REC Code Manager

REC PARTIES AND SERVICE USERS
Energy Suppliers

REC DOCUMENTS / PRODUCTS
Schedule 11 Prepayment Arrangements

MHHS
No impact identified.

Depending on the solution developed there may be additional impacts to:

- the Central Switching Service (CSS)
- the CSS Service Provider
- the Interpretations and Definitions Schedule
- the Performance Assurance Reporting Catalogue

4 CROSS-CODE IMPACTS

No specific cross code impacts have been identified at this stage.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**28 Jul-26**	**26 Feb-27**
	Solution Analysis	July	November
	Solution Development	November	February

This Proposal Plan submitted to Change Panel only covers the solution analysis and solution development activities as the Code Manager plans to fully assess and scope the size of the problem being addressed under R0037. As part of solution development activities, a Prepayment working group will be stood up to review these processes alongside the progression of REC Issue I0329 – A review of the Misdirected Payments and Debt Assignment Processes.

6 STAKEHOLDER ENGAGEMENT

Throughout the progression of this Issue, the Code Manager and Proposer will engage with industry stakeholders through the Prepayment working group to gather input from REC Parties on the work previously undertaken under R0037, as well as the requirements necessary to support the development of an enduring solution. The working group's outputs will play a key role in the Solution Development stage, helping to ensure that R0037 is subject to a comprehensive review and that any resulting solution is robust, practical, and aligned with industry needs.

7 PRIORITISATION CATEGORY AND URGENCY

7.1 CODE MANAGER REVIEW

The Code Manager is proposing this proposal be given an Urgency Status of Standard and a Prioritisation Category of High.

The Code Manager believes this proposal:

- Does not meet the Ofgem criteria for Urgency;
- Has a strong alignment to the Strategic Direction Statement as it improves protection for all Consumers, particularly those in Vulnerable situations.
- Has high importance as it delivers noticeably greater Consumer, market or regulatory benefit than most other Standard changes; and
- Has a high complexity as it requires complex review followed by the development of an enduring solution.

8 APPENDIX

CHANGE PROPOSAL	Link
RELATED CHANGE(S)	I0329 – A review of the Misdirected Payments and Debt Assignment Processes
ANY OTHER DOCUMENTS	R0037 Solution Document (February 2024)

9 GLOSSARY

TERM	DEFINITION
Central Switching Service (CSS)	means the Systems and processes provided or procured by the CSS Provider for the purpose of providing the Address Management Service and the Registration Service.

TERM	DEFINITION
Domestic Consumer	means a Consumer at Domestic Premises.
Electricity Enquiry Service (EES)	means the service described as such in the EES Service Definition.
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).
Market Half-Hourly Settlement (MHHS)	means market-wide half hourly settlement, which is being introduced pursuant to the BSC (see MHHS Implementation).
Prepayment Meter	has the meaning given in the Energy Supply Licences.
Smart Meter	means a meter which conforms (or is intended to conform) with the SMETS.
Secure Data Exchange Portal (SDES)	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.
Vulnerable	means a Domestic Consumer who, due to their Personal Characteristics or Circumstance, or otherwise being in a vulnerable situation, may require Priority Services or additional support. In which context, Personal Characteristics or Circumstance include: (a) the Domestic Consumer being of Pensionable Age; or (b) the Domestic Consumer being chronically sick, or having an impairment, disability, long term medical condition (including a visual, auditory, literacy or mobility impairment), or severe financial insecurity (such that they are unable to safeguard their personal welfare or the personal welfare or other members of the household). "Vulnerable Consumer", "Vulnerability", "Vulnerable Situation" and other cognate expressions shall be construed accordingly.