RETAIL ENERGY CODE

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01	Initial Assessment Report
02	Preliminary Change Report
03	Final Change Report

CHANGE REPORT

R0119 – ANNULMENT DEFINITION

CHANGE REPORT	FINAL
DOCUMENT VERSION	1.0
ISSUED DATE	05/07/2024
DOCUMENT APPROVAL STATUS	PRE-VOTE

RESPONSIBLE COMMITTEE	CHANGE PANEL	CHANGE PATH	AUTHORITY DETERMINED
PRIORITY STATUS	LOW	URGENCY	STANDARD

DEADLINE FOR ALTERNATIVE CHANGE PROPOSALS	31/05/2024

LEAD CHANGE ANALYST



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CHANGE OVERVIEW

The REC Code Manager has identified Parties using annulments when they should use other processes. The lack of a clear definition of what an annulment is could be a contributing factor to this.

This Change Proposal provides an amendment to paragraphs 10.1 and 10.2 of Schedule 23 – Registration Services to clarify when the annulment process should be used, and the requirements for Suppliers.

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	High Impact: N/A
	Medium Impact: N/A
	Low Impact: Gas and Electricity Suppliers and Consumers, Third Party Intermediaries (TPIs)

CODE MANAGER'S RECOMMENDATION

The Code Manager recommends Change Proposal R0119 is **APPROVED** for implementation on 08 November 2024.

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BACKGROUND

1 SUMMARY

Annulments are referred to in the definitions for Annulled and Annulment Request in Schedule 1 – Interpretations and Definitions as follows:

> 'Annulled means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request. "Annulment" and similar expressions shall be interpreted accordingly.'
>
> 'An Annulment Request means the Registration Service Request from the Losing Supplier to terminate the progress of a Registration in accordance with Paragraph 10 of the Registration Services Schedule.'

Schedule 23 – Registrations Services does not define an annulment but sets out in paragraph 10:

> 'A Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier is permitted to do so in accordance with its Energy Supply Licence.'

The Energy Supply Licence does not refer to annulments which means that this term is not clearly defined. Consequently, the REC Code Manager has identified that Parties are using the term 'annulment' incorrectly and they should be following other processes, such as Switch Request Objections. The lack of clarity around this definition appears to be causing confusion across the industry.

2 PROBLEM STATEMENT

REC Parties are using annulments when they should be using other processes. The lack of a clear definition of what an annulment is, could be a contributing factor to Parties' misuses.

3 USER STORIES

REF.	USER STORIES
CONSUMER USER STORIES	
C1	As a Consumer, I want to ensure that my Energy Supplier takes the correct action is when there is an error in the Switching Process.
C2	As a Consumer, I want any problems to be resolved in a timely manner.
MARKET PARTICIPANT USER STORIES	
M1	As an Energy Supplier, I want to fully understand the processes that I must follow in all circumstances to rectify errors.
M2	As a TPI, I want to fully understand which process I must follow to rectify errors in all circumstances.
M3	As the Code Manager, we must ensure that our Products and Documents are easy to follow, easy to understand, and are unambiguous. .

4 PROPOSED SOLUTION

To rectify the issue raised in this Change Proposal, the Code Manager has identified the need for two further clarifications and obligations in Schedule 23 – Registration Services.

Firstly, an amendment will be made to Schedule 23, paragraph 10.1, to ensure the Losing Supplier has received instructions from the Consumer to object to a Registration request. This will replace the previous wording that stated a Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier is permitted to do so in accordance with its Energy Supply Licence.

Secondly, Schedule 23, paragraph 10.2, will be updated to include an instruction that the evidence required as part of an Annulment Request, must be of explicit consent from the Consumer to submit the annulment.

As part of the proposed solution, the existing assurance process for annulments will continue up until, and after the Switch, and REC Performance Assurance will continue to monitor the frequence of use of these processes and look to identify where the appropriate process has not been followed and will intervene appropriately based on the cause.

4.1 PROPOSED SOLUTION FOR CONSULTATION

The proposed legal text published for Consultation is shown below:

> 10.1. A Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier has received instructions from the Consumer to object to a Registration request. The Losing Supplier may only submit an Annulment request prior to the Registration being Secured Active.
>
> 10.2. A Losing Supplier which submits an Annulment Request must retain (for at least 1 year) evidence of the reason for the Annulment Request. This should be evidence of explicit consent from the Consumer to submit the Annulment Request.

For Schedule 1 – Interpretation and Definitions, there was a proposal to amend the definition of ‘Annulled’ to reflect the clarification to paragraph 10.1 on Schedule 23 – Registration Services as proposed above

The proposed definition was:

> Annulled - means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request where the Losing Supplier has received instructions from the Consumer to object to a Registration request. “Annulment” and similar expressions shall be interpreted accordingly.

4.2 PROPOSED SOLUTION POST-CONSULTATION

A Consultation on the proposed solution was issued by the Code Manager on 31 May 2024. A summary of responses can be found in section 9 of this report.

One respondent stated that although they supported the proposal in principle, they believed that alternative wording should be used in the legal text. These are set out in blue, compared to the original, red-lined proposal, in the table below:

Schedule	Original Proposal	Updated Proposal (submitted by Consultation respondent)
Schedule 1 (Interpretations and Definitions)	Annulled - means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request where the Losing Supplier has received instructions from the Consumer to object to a Registration Request. "Annulment" and similar expressions shall be interpreted accordingly.	Annulled - means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request where the Losing Supplier has received an instruction from the Consumer to terminate the progress of a Registration. "Annulment" and similar expressions shall be interpreted accordingly.
Schedule 23 (Registration Services)	10.1. A Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier has received instructions from the Consumer to object to a Registration Request. The Losing Supplier may only submit an Annulment Request prior to the Registration being Secured Active.	10.1. A Losing Supplier must only submit an Annulment Request in respect of a Registration where the Losing Supplier has received an instruction from the Consumer to terminate the progress of a Registration. The Losing Supplier may only submit an Annulment Request prior to the Registration being Secured Active.
Schedule 23 (Registration Services)	10.2. A Losing Supplier which submits an Annulment Request must retain (for at least 1 year) evidence of the reason for the Annulment Request. This should be evidence of explicit consent from the Consumer to submit the Annulment Request.	10.2. A Losing Supplier which submits an Annulment Request must retain (for at least 1 year) evidence of the reason for the Annulment Request. This evidence should demonstrate the Consumer's clear instruction to the Losing Supplier to terminate the progress of the Registration.

The respondent noted the following:

- that they believed that it would be better to refer to “an instruction” instead of “instructions” from the Consumer, to make clear that a single request from the Consumer to cancel the Switch is sufficient.
- that the request from the Consumer would be to cancel the Switch, and not to “object to a Registration Request”, which is a technical term, which may be unknown to the Consumer. As such, their proposed amendments would reflect the more likely conversation.
- that the proposed addition to Schedule 23, paragraph 10.2 required evidence of “explicit consent from the Consumer to submit the Annulment Request”. However, similarly to the point above it is unlikely that the Consumer will specifically give consent to an Annulment Request , but that the Consumer would request the cancellation of the Switch.
- that the amendment to Schedule 1 did not seek to introduce a definition of the term “Registration Request”, thus making the original proposal unsuitable since it had included a term that is not defined in the REC. As such, their proposed amendments would ensure that a refence to an undefined term is not introduced into the Code.
- that the definition for Annulled in Schedule 1 should be amended to reflect their proposed amendments to Schedule 23 paragraphs 10.1 and 10.2 to promote consistency in the Code.

The respondent’s full explanation of their proposal can be found in the Consultation Consolidated Response document, here.

Following Consultation, the Code Manager sought further legal guidance and reviewed the proposed amendments that had been submitted. After this consideration, the Code Manager agrees with the proposal and justifications provided. The proposed alternative wording has therefore been taken forward as the legal text for the proposed solution for R0119.

4.3 MARKET-WIDE HALF HOURLY SETTLEMENT

MHHS DESIGN	MHHS DATA SPECIFICATION	MHHS CODE DRAFTING
No impact.	No impact.	Indirect impact: Schedule 1 – Interpretations and Definitions Schedule 23 – Registrations Services

There are no expected impacts on the Market-wide Half Hourly Settlement (MHHS) programme design or scope as this is a change to provide clarification to an existing process.

Schedule 23 - Registrations Services is impacted by MHHS code drafting, but paragraphs 10.1 and 10.2 specifically are not. Similarly, although Schedule 1 - Interpretations and Definitions is impacted by MHHS code drafting, neither “Annulled” nor “Annulment Request” definitions are specifically impacted.

5 DRAFT LEGAL TEXT

The updated legal text changes to deliver the proposed solution to R0119 for Schedule 1 – Interpretations and Definitions can be found here.

The updated legal text changes to deliver the proposed solution to R0119 for Schedule 23 – Registration Services can be found here.

6 DELIVERY AGAINST CHANGE PROPOSAL PLAN

To date, all activity has been completed within the planned timescales.

The Change Proposal Plan can be found here.

7 KEY RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

No risks, assumptions, issues or dependencies have been identified.

8 PROPOSED IMPLEMENTATION DATE AND APPROACH

PROPOSED IMPLEMENTATION DATE	08/11/2024

PROPOSED IMPLEMENTATION APPROACH	BIG BANG

The next standard REC Release date has been proposed as this is a legal text only change. This release date should also allow sufficient time for the Authority to make their determination.

9 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 31 May 2024 to obtain views on the Preliminary Change Report. In total 2 responses were received from Energy Suppliers. The responses have been consolidated and comments provided by the Code Manager. This can be found here.

The key themes from these responses have been summarised and set out below.

9.1 SUMMARY OF RESPONSES

9.1.1 COMMENTS ON THE SOLUTION AND LEGAL TEXT

Both respondents agreed with the case for change and the proposal in principle, with one respondent agreeing with the proposed solution and legal text provided for the Consultation.

One respondent, however, believed that alternative wording should be used for the legal text to ensure consistency and clarity throughout the REC, and to ensure Consumers are more easily able to interact with the annulment process.

9.1.2 BENEFITS RELATIVE TO IMPLEMENTATION AND OPERATIONAL COSTS

The respondents stated that they had not identified any operational or financial implications as a result of this change. Further, they noted that the change could assist to prevent switches from being erroneously cancelled by the Losing Supplier. Additionally, since annulments of Registrations are dependent upon the Consumer providing clear instructions to cancel the switch, the change will benefit both Consumers and the industry as a whole.

9.1.3 IMPLEMENTATION APPROACH AND DATE

The respondents agreed with the proposed implementation date and approach with a belief that the implementation of this Change Proposal should occur as soon as reasonably possible.

10 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

DOCUMENT	SECTION	AMENDMENT	REASON
Final Change Report	4. Proposed Solution	New sub-sections to explain a proposed amendment to the solution following the Consultation process.	The Code Manager has amended the proposed solution following a review of the Consultation responses. The changes to the proposed solution have been included in this section of this document.
Final Change Report	5. Draft Legal text	Updated legal text post-Consultation to incorporate the amendments to the solution provided in the updated proposed solution set out throughout section 4 of this report.	Following a review of the Consultation responses, the proposed solution has been amended. The Draft legal text section now includes the updated legal text.
Legal text	Schedule 1	As proposed in section 4.2 of this document.	To ensure consistency and clarity within the REC, and to align with further amendments made to Schedule 23 paragraphs 10.1 and 10.2
Legal text	Schedule 23, paragraph 10.1	As proposed in section 4.2 of this document.	Schedule 23, paragraph 10.1 to refer to “an instruction” instead of “instructions” from the Consumer, to make clear that a single request from the Consumer to cancel the Switch is sufficient.

Legal text	Schedule 23, paragraph 10.2	As proposed in section 4.2 of this document.	Update to the legal text and the proposed solution following Code Manager review of the Consultation responses. To ensure consistency and to give clarity, the submitted proposal includes the requirements included in paragraph 10.1 and states that the evidence should "demonstrate the Consumer's clear instruction to the Losing Supplier to terminate the progress of the Registration."

11 BUSINESS CASE ASSESSMENT

11.1 COSTS

No costs have been identified to deliver the solution for this Change Proposal.

11.2 BENEFITS

11.3

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
INTANGIBLE BENEFITS	• This Change Proposal would ensure that the correct action is taken, and the correct procedure followed when an error occurs in the Switching Process therefore reducing the number of misuses of the Annulment Request process. • A clearer definition and understanding of an Annulment Request, with explicit evidence required from the Consumer, will also ensure any problems will be resolved in a timely manner. • It is important that REC Products and Documents are not open to ambiguity. This Change Proposal will prevent the risk of the Annulment Request process being open to interpretation and ensure that REC Products and Documents remain easy to follow, and easy to understand for all REC Parties stakeholders.

11.4 COST BENEFIT ANALYIS SUMMARY

Since the solution for this change is a legal text change only, and as there are no costs associated with the implementation of this change, the cost benefit analysis relies on the intangible benefits that this change facilitates.

12 CASE FOR CHANGE

12.1 AUTHORITY DETERMINATION

The Code Manager believes that R0119 better facilitates the following REC Objectives:

OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[1]	Positive	In line with the REC Mission Statement, this Change Proposal will deliver positive customer outcomes, as they will experience a more positive Switching process that follows the correct procedures. Similarly, a clearer understanding of what is considered an annulment, and how an annulment request should be carried out, will remove the risk of Parties' misusing the annulment process and will ensure a more efficient and effective running of the retail market, as outlined in the Mission Statement.
To ensure customers interests and data is protected in the operation of the REC	Positive	The amendment to Schedule 23 - Registrations Services will ensure a more positive switching experience for customers, that will increase their trust and ability in their Supplier. Customers interests will be protected, since the Annulment Request will only be able to be submitted if the Supplier has received instructions from the Consumer to object a Registration Request with evidence of explicit consent being required. This will prevent Customers experiencing incorrect processes in their switching experience, reducing unnecessary risks to their interests and their personal data, whilst resolving any problems in a more quick and efficient manner.
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Positive	REC Products and Documents should be easy to follow, easy to understand, and should not be open to ambiguity. Where this is not the case, the Code Manager should seek continuous improvements in the document. This Change Proposal aims to reduce the risk of ambiguity. A more clearly outlined process will also ensure a more efficient operation of the REC.

[1] REC Mission Statement

13 CODE MANAGER'S RECOMMENDATION

The Code Manager's recommendation is that the Change Panel recommends that the Authority:

- **APPROVE** the proposed change solution:
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 08 November 2024.

14 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Updated Schedule 1 (at FCR) Updated Schedule 23 (at FCR) Previous Schedule 1 Draft (at PCR) Previous Schedule 23 Draft (at PCR)
CONSOLIDATED CONSULTATION COMMENTS AND CODE MANAGER'S RESPONSES	Link

15 GLOSSARY

TERM	DEFINITION
Annulled	means that a Registration has been annulled by the Losing Supplier pursuant to an Annulment Request. "Annulment" and similar expressions shall be interpreted accordingly.
Annulment Request	means the Registration Service Request from the Losing Supplier to terminate the progress of a Registration in accordance with Paragraph 10 of the Registration Services Schedule.
Authority-Approved Change	means a Change Proposal which satisfies one or more of the criteria set out in Paragraph 9 of the Change Management Schedule.
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).

TERM	DEFINITION
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Energy Supply Licence	means an Electricity Supply Licence or a Gas Supply Licence.
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).
Registration Service	means the component of the Central Switching Service which records Switching Operation Data and manages switches, as further described in the Switching Data Management Schedule and the Registration Services Schedule.
Registration Service Request	means a Switch Request, an Initial Registration Request, an Annulment Request, an Objection Response, a Withdrawal Request, a Registration Deactivation Request, or a Registration Event Request.