RETAIL ENERGY CODE

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

CHANGE REPORT

R0207 – IMPORT / EXPORT MOA CHARGING CLARIFICATION

DOCUMENT VERSION	V1.0
PROPOSED IMPLEMENTATION DATE	27 June 2025
IMPLEMENTATION APPROACH	Big Bang

RESPONSIBLE COMMITTEE	Metering Expert Panel	**CHANGE PATH**	Authority Determined
PRIORITY STATUS	Medium	**URGENCY**	Standard
IMPACTED STAKEHOLDERS	Energy Suppliers, MOAs		

LEAD ANALYST (SOLUTION LEAD)	SUBJECT MATTER EXPERT
CAROLINE FREIMULLER	LORNA MALLON
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OVERVIEW

BSC Mod P459 and REC CP R0144 were raised to allow different Meter Operator Agents (MOAs) to be appointed for the Import and Export MPANs on a shared meter. One of the justifications for this was to stop Export Suppliers being charged uncompetitive rates. Both changes have been placed on hold due to the Market-wide Half-Hourly Settlement (MHHS) Programme, so this change has been raised to specifically resolve the charging issue.

CODE MANAGER RECOMMENDATION

The Code Manager recommends that the Metering Expert Panel recommend that the Authority:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 27 June 2025.

RETAIL ENERGY CODE

CONTENTS

Code Manager Recommendation 1
1 Summary 3
2 Problem Statement 3
3 Impacts 3
4 Cross-Code Impacts 4
5 Proposal plan 4
6 Priority Status and Urgency 4
7 Proposed Solution 5
8 Draft Legal Text 5
9 Summary of Impact Assessment Activity 6
10 Risks, Assumptions, Issues and Dependencies 7
11 Business Case Assessment 8
12 Case for Change 9
13 Summary of Consultation Responses 10
14 Summary of Amendments Made Following Consultation 11
15 Appendix 12
16 Glossary 12

RETAIL ENERGY CODE

BACKGROUND

1 SUMMARY

This change has been raised to solve part of the problem statement for R0144 - Allowing different Metering Equipment Managers (MEMs) to be appointed to Import and Export Metering Points, which is on hold due to MHHS.

R0144 is looking to resolve two problems raised by the Proposer:

1. That it is easy for the Export Supplier to accidentally become non-compliant, if the MOA on the Import MPAN is changed and they are unaware of this. This should be resolved by the MHHS design.
2. That because the Export Supplier has no choice in which MOA they appoint, they must have contracts with every MOA in the market to match the Import MOA. As this reduces competition for Export Suppliers, the Proposer states that they are receiving unfair/inflated charging from Export MOAs.

R0207 has been raised to attempt to solve the second of these points.

2 PROBLEM STATEMENT

Where the same electricity Metering Asset is being used for the measurement of Import and Export for more than one Metering Point, the Export MOA must be the same as the Import MOA. This may result in uncompetitive charging by the MOA, as the Export Supplier has no choice in their appointment.

3 IMPACTS

CONSUMERS
Indirect – Export Consumers

REC SERVICE PROVIDERS
Energy Suppliers (Export)
MOAs

REC DOCUMENTS / PRODUCTS
Schedule 14 – Metering Operations

MHHS DESIGN
No impact

MHHS DATA SPECIFICATION
No impact

MHHS CODE DRAFTING
Indirect impact.

There is indirect impact to the MHHS Code Drafting as this change proposes to add additional wording to Schedule 14 – Metering Operations but does not directly touch or impact the MHHS drafting.

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4 CROSS-CODE IMPACTS

There are no cross-code impacts identified with this change.

5 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**29-Aug-24**	**15-Nov-24**
	Code Manager Assessment	August	October
	Impact Assessment	October	November
	Business Case Assessment	November	November
Change Proposal		**16-Nov-24**	**11-Mar-25**
	Solution Refinement	November	January
	Consultation	January	February
	Final Determination	February	March
Voting		**12-Mar-25**	**12-Mar-25**
	Issued for Authority Determination	13-Mar-25	13-Mar-25

6 PRIORITY STATUS AND URGENCY

PRIORITISATION MATRIX

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Indirect	1	27	27
	Retail Markets Impact	Innovation and Market Arrangements	2	17	33
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	2	7	13
		Legal and Regulatory Compliance	2	14	28
Resource	Complexity / Effort / Duration		1	9	9
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		0	17	0
	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	0	10	0
				Overall Priority Score (rounded)	111

Priority Status	MEDIUM
Change Proposal Type	STANDARD

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SOLUTION

7 PROPOSED SOLUTION

The proposed solution is to introduce new legal text into Schedule 14 Metering Operations, which is intended to ensure that both the Import and Export Energy Supplier are charged fairly by the MOA.

At present there are no Performance Assurance requirements for this change as the Code Manager does not feel there is an appropriate way for this to be routinely assured without Parties having to submit confidential, financial data. However, Energy Suppliers will be able to escalate to the Code Manager via their Operational Account Manager (OAM) if they have evidence that MOAs are not compliant with the legal text. This is as per existing REC processes. This will be monitored by the Code Manager and revisited if required.

8 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0207 can be found here.

It proposes the insertion of the sentence “Where the same electricity 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 when providing the same type of service.”

The legal text has been slightly amended from feedback received at Party impact assessment, introducing the added caveat of “when providing the same type of service”. This is to avoid implications that the Import and Export Supplier should be charged in line with each other when the MOA will be providing a reduced service to the Export Supplier.

The intention of the legal text is that MOAs should, so far as is reasonably practicable, charge Export Suppliers in line with each other. This should resolve the problem statement where Export Suppliers are receiving uncompetitive charges when they have no choice in the appointment of the MOA.

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PRELIMINARY ASSESSMENT

9 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

9.1 SERVICE PROVIDER IMPACT ASSESSMENTS

No Service Provider impact assessment was required as part of this change.

9.2 REC PARTY IMPACT ASSESSMENTS

A Party impact assessment was conducted from 17 October to 08 November. A total of six responses were received, from five Energy Suppliers and one Metering Equipment Manager. Two of these responses were submitted confidentially. The public responses have been published here.

ENERGY SUPPLIERS	• Four of five Energy Suppliers were supportive of the change, with three Suppliers wanting the change to go further with suggestions of a cap on charges, no charges for the Export Supplier or a defined split of charges between the Import and Export Suppliers. These are outside the remit of the REC but have been fed back to Ofgem. • The fifth Energy Supplier was not supportive of the change, but the Code Manager cannot provide further details as their response was submitted confidentially. • The legal text has been adjusted following feedback from one Energy Supplier who noted it was possible for the wording to be interpreted as the Import and Export Supplier should be charged in line with each other. • Four of five Energy Suppliers either agreed this was an issue they see currently, or this is an issue they expect to increase in frequency after the implementation of MHHS where the MOA will not be able to reject their appointment on Export MPANs and there is no contract in place between that MOA and Export Supplier. • One Energy Supplier stated they believed a six month lead time would be required, all others stated they required minimal to no lead time. • One Energy Supplier stated they expected minimal costs of £2,000 - £5,000 depending on the solution for resource and reporting, all others who responded to this question stated they would incur no costs. • Three Energy Suppliers confirmed they saw benefits in implementing the solution, one particularly stating they saw increased benefits for after the implementation of MHHS. • Three Energy Suppliers were supportive of the change being implemented, with one further stating they wanted the solution to be explicit in terms of capping charges.

METERING EQUIPMENT MANAGERS	• The MEM who responded to this impact assessment was not supportive of the change and felt it should not be implemented. The full response was submitted confidentially and has been considered by the Code Manager when conducting the business case assessment. • The MEM did identify costs to their business from the implementation of this change but did not provide any values (high level or detailed).

10 RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

10.1 RISKS AND ISSUES

The Code Manager has not identified any risks or issues with this Change Proposal.

10.2 ASSUMPTIONS AND DEPENDENCIES

The Code Manager has not identified any dependencies with this Change Proposal.

NO.	ASSUMPTION	NOTES	HOW/WHEN TO VALIDATE
R0207.A01	The frequency of MOAs charging Export Suppliers out of contract rates will increase with the implementation of MHHS.	The implementation of MHHS means that the MOA on the Export MPAN will be automatically appointed by the Registration Service, with no option for the MOA to reject that appointment. If the Export Supplier has no contract with that MOA, they will be charged out of contract rates.	During Party impact assessment – validated, Energy Suppliers agreed they felt this would be issue.
R0207. A02	The number of Metering Assets being used to measure Import and Export energy will increase.	As the number of Smart Meters installed increases and the amount of microgeneration equipment available for Consumers increases (e.g. solar panels, small wind turbines), an increased number of Metering Assets will be used to measure Export as well as Import energy.	n/a

11 BUSINESS CASE ASSESSMENT

11.1 COSTS

There are no costs associated with Service Providers for this change proposal.

One Energy Suppliers identified costs of £2,000 to £5,000 for resourcing and reporting, others stated they expected no to minimal costs.

The MEM also identified costs to their business but did not provide any monetary values.

11.2 BENEFITS

INTANGIBLE BENEFITS	BENEFITS DESCRIPTION
REDUCTION IN UNCOMPETITIVE CHARGING FROM MOAS TO EXPORT SUPPLIERS	The legal text aims to prevent uncompetitive charging by MOAs to Export Suppliers where the same Metering Asset is being used to measure the Import and Export energy, as Export Suppliers have no choice in the appointed MOA. Export Suppliers have flagged they expect to see an increase in frequency of MOAs being appointed to MPANs they do not have a contract in place with, as after the implementation of MHHS, MOAs will no longer have the ability to reject the appointment due to lack of contract. The implementation of this change aims to prevent the MOA charging unfair out of contract rates in this situation. It also aims to prevent MOAs quoting extremely high prices to the Export Supplier when that Supplier only has a small number of assets they wish to contract for with that MOA, which some Energy Suppliers have reported occurring.
REDUCTION IN RISK OF PASSTHROUGH CHARGES FROM EXPORT SUPPLIERS TO EXPORT CONSUMERS	A reduction in charges from the MOA to the Export Supplier could potentially lead to a reduction in the risk of passthrough charges from the Export Supplier to the Export Consumer. As domestic microgeneration and the percentage of Domestic Consumers with a Smart Meter increase, it is a reasonable assumption that the number of assets measuring both Import and Export energy will also increase. As the introduction of MHHS removes the ability for the MOA to reject an appointment where there is no contract, it is also a reasonable assumption that the risk of passthrough charges from MOAs to Export Suppliers will increase in frequency (unless Export Suppliers have contracts in place with every MOA in the market). Export Domestic Consumers are not protected from these passthrough charges, as the Ofgem Energy Price Cap is only applicable to Import charges. The implementation of this change aims to prevent the MOA charging disproportionate out of contract rates that may be passed through to the Consumer.

11.3 COST BENEFIT ANALYSIS

The Code Manager believes the cost and effort of implementation is proportionate to the benefits being brought by the proposed solution. The solution incurs no costs to central systems or Service Providers, minimal costs to REC Parties and sees benefits to both Parties and Consumers.

12 CASE FOR CHANGE

The Code Manager believes that R0207 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	RECCo's mission is to "facilitate the efficient and effective running of the retail energy market, including its systems and processes, through promoting innovation, competition, and delivering positive customer outcomes". The Code Manager believes this change delivers a positive Consumer outcome in aiming to prevent disproportionate charges from the MOA to the Export Supplier being passed on to the Consumer.
To ensure customers interests and data is protected in the operation of the REC	Positive	The Code Manager believes this change will have a positive impact to the REC Objectives as it will help ensure Consumers interests are protected, in aiming to prevent extortionate charges from the MOA to the Export Supplier being passed on to the Consumer.
To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs	Neutral	The implementation of R0207 will neither add nor detract efficiencies within the REC and the central systems it governs as they will be largely unaffected by it.

[1] REC Mission Statement

13 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 09 January 2025 to obtain views on the Change Report (For Consultation). In total eight responses were received from five Energy Suppliers and three Metering Equipment Managers (MEMs). One of these responses was submitted anonymously and one confidentially. The public version of the responses has been published here. The key themes from these responses have been summarised and set out below.

13.1 SUMMARY OF RESPONSES

All five Energy Suppliers and one of three MEMs were supportive of this change, while two of three MEMs were not supportive of this change.

13.2 COMMENTS ON THE SOLUTION AND PROPOSED LEGAL TEXT

The respondents who were supportive of the change were broadly supportive of the proposed legal text.

One Energy Supplier raised a concern of the use of the phrase “reasonably practicable”, but the REC Legal Team has confirmed this is the best phrase to use and it is already used throughout the REC.

One Energy Supplier suggested further legal text specifying that the MOA should be obligated to provide a detailed breakdown of charges to Suppliers to allow Suppliers to verify the fairness of charges. However, the Code Manager does not believe it is within the remit of the REC to specify what must be provided in contracts, but for Parties to decide what is an adequate amount of detail from them to sign a contract.

One of the MEMs who is not supportive raised the following points.

- Firstly, it is unclear how significant an issue this is. The Code Manager has captured an assumption in section 10 of this report that this could impact a Consumer whose property uses a single Metering Asset to measure their Import and Export energy, and this is expected to increase in prevalence as micro-generation becomes more commonplace.
- Secondly, that the Code Manager does not have the authority to intervene if there is a dispute. Clause 21.5.1 of the Consolidated Metering Code of Practice (CoMCoP) states “the DNO shall, so far as practicable, treat all MOAs (including its own MOA/EMO business) in the same manner as regards costs charged by it” so the Code Manager is of the view it is already within our remit to make judgements on fair charging.
- Thirdly, that this legal text does not have sufficient protection against allegations of collusion, price fixing or cartel-like behaviour for participants. The Code Manager again references CoMCoP clause 21.5.1 - this legal text has never led to allegations of collusion, price fixing or cartel-like behaviour.
- Lastly, why this activity requires a legal text change. Having the legal text in the code provides Export Suppliers a way to escalate to the Code Manager, when they have evidence it is not being followed. This will allow them to use the REC disputes process

via their OAMs, and in extreme cases where it is warranted escalate to the Performance Assurance Board.

13.3 CODE MANAGER'S RECOMMENDATION

All five Energy Suppliers who responded and one of three MEMs agreed with the Code Managers recommendation to approve this change.

The other two MEMs who responded did not agree and believe this change should be rejected.

13.4 IMPLEMENTATION DATE AND APPROACH

Of the respondents who were supportive of the change, all were supportive of the proposed implementation date (27 June 2025), the proposed implementation technique (big bang) and that the Metering Expert Panel should be the responsible committee.

One respondent said they felt this change should be self-governance rather than Authority determined. However, the REC Legal team has advised this change should be Authority determined due to the unusual nature of Codes touching upon charging. The Authority have agreed with this assessment in conversations with the Code Manager. As such, the Code Manager continues to support the assessment that this change should be Authority determined.

14 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

No amendments have been made following consultation.

15 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Link
CONSOLIDATED IMPACT ASSESSMENT RESPONSES	Link
CONSOLIDATED CONSULTATION COMMENTS	Link

16 GLOSSARY

TERM	DEFINITION
Energy Supplier	means a person which is either or both an Electricity Supplier and/or a Gas Supplier.
Export	means electricity which is exported from a Premises.
Export Metering Point	means a Metering Point which identifies exports from a Location.
Import	means electricity which is imported to a Premises.
Meter Operator Agent (MOA)	means a Party which has Qualified in that role under the Qualification and Maintenance Schedule. Where used in respect of a particular Metering Point, it means the MOA Appointed by an Electricity Supplier in accordance with the Metering Operations Schedule. The MOA is accountable for the installation, replacement, repair and maintenance of electricity Metering Equipment (either itself or by an EMO), and the MOA must also therefore be Accredited under the Metering Accreditation Schedule.
Meter Point Administration Number (MPAN)	means the unique reference number used to identify electricity Metering Points.