RETAIL ENERGY CODE

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STATUS	For Information

I0194 - ISSUE CLOSURE

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1 PURPOSE

This document seeks to provide REC Technical Expert Panel (RECTEP) with an update on I0194 - CSS Change to Allow Prevent of Registration by Market Segment that the Issue is resolved and should not be progressed further.

2 BACKGROUND

I0194 was raised by Elexon to support the decision to allow Energy Suppliers to be exempt from Qualifying in certain Market Segments under the MHHS arrangements. This would allow a supplier, that does not have the system, processes or controls in place to meet Qualification obligations, to operate in a certain Market Segments without incurring costs associated to Design, Test and Build for a Market Segment they will not operate in.

Under the new MHHS arrangements, Electricity Suppliers will be able to seek an exemption from Qualification in the Smart or Unmetered Market Segments. Exemptions will be managed by the Performance Assurance Board (PAB) for the Balancing and Settlement Code (BSC), following the implementation of P476 - Exemption from MHHS Requirements for SMS Supplier Qualification under the BSC and the Retail Energy Code (REC) PAB through REC Derogation RECDER_23 - MHHS Supplier Exemptions. Currently there are no system restrictions that would stop a supplier registering, in error, a Metering Point in a Market Segment for which they are not Qualified.

This Issue has been raised to identify a technical solution that will ensure that such Registrations cannot be progressed. The Proposer suggested a high-level solution within the Central Switching Service (CSS), where a list of qualified Electricity Suppliers is maintained by Market Segment type and only those suppliers can register Metering Points for the relevant segment/s. This would prevent suppliers not Qualified to supply in the Smart or Unmetered Market Segments from breaching their Qualification conditions. Without a technical solution to restrict Registrations, monitoring would be required to ensure no Registrations have taken place in error.

3 PROPOSED SOLUTION

This change seeks to introduce a method to prevent Energy Suppliers operating outside their Market Segment based on the Qualifications or exemptions that the supplier has undertaken. This will ensure that these suppliers comply with the terms of their Qualification status.

A solution was initially explored within CSS to address this Issue but due to the complexity and cost of the solution, a reporting-based solution is now being pursued. The proposed solution will aim to leverage existing market data to monitor compliance of suppliers effectively.

Further detail can be found in the attached I0194 - Solution Report v1.0 23.04.2025.

No changes to the REC are required to support the proposed monitoring solution being put in place, therefore a Change Proposal is not required. If required a Category 3 Change Proposal will be progressed separately once confirmed.

4 STAKEHOLDER ENGAGEMENT

Conclusions from solution development and impact assessment have been discussed with the Proposer, who supports that a technical solution will not be progressed. Similarly to the REC Code Manager, Elexon will look to put in place a monitoring solution for Smart and Unmetered Market Segment exemptions.

Technical Expert Panel members were provided with an update at the meeting on 26 March 2025, where they provided support that the technical solution in CSS should not be progressed.

Change Issues Group were updated and given the opportunity to provide feedback at the meeting on 03 April 2025.

5 CODE MANAGER RECOMMENDATION

In consideration of the Solution Development Report conclusion and that no legal text changes are required to the REC, the Code Manager recommendation is that the REC Issue I0194 is resolved and should not progressed further.

6 NEXT STEPS

The Code Manager Performance Assurance team will put in place an operational process, ready for use once any exemptions are approved through the REC Derogation process.

7 COMMITTEE ACTIONS

Committee Members are invited to take the following actions:

- **NOTE** the contents of the paper; and
- **NOTE** the Code Manager conclusion that the Issue is resolved and will not be progressed further.