RETAIL ENERGY CODE

Market Stabilisation Charge

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SCHEDULE 22

Market Stabilisation Charge

Version: 1.2 Effective Date: 06 December 2023

Domestic Suppliers	Mandatory
Non-Domestic Suppliers	N/A
Gas Transporters	N/A
Distribution Network Operators	N/A
DCC	N/A
Metering Equipment Managers	N/A
Non-Party REC Service Users	N/A

Change History

Version Number	Implementation Date	Reason for Change
1.0	14 April 2022	Initial version for Change Proposal R0034
1.1	30 June 2022	Expanded schedule to incorporate administrative arrangements as set out in Change Proposal R0035
1.2	06 December 2023	R0136

1 Introduction

1.1. This REC Schedule sets out arrangements concerning payment of Market Stabilisation Charges in relation to Domestic Consumer Switches, including receipt of payments by RECCo from Gaining Suppliers and the redistribution of those payments by RECCo to Losing Suppliers (on behalf of Gaining Suppliers).

1.2. The obligation to pay Market Stabilisation Charges (and the methodology regarding their calculation) is provided for in Condition 24A of the Gas Supply Licence and Condition 24A of the Electricity Supply Licence.

1.3. RECCo shall procure, implement and thereafter maintain such services as it considers necessary to administer the Market Stabilisation Charges pursuant to this REC Schedule.

2 Payment of Market Stabilisation Charges

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2.1. Where a Gaining Supplier is obliged under its Energy Licence to pay Market Stabilisation Charges in respect of a Switch, then the Gaining Supplier shall pay those Market Stabilisation Charges to RECCo in accordance with Paragraph 5.

3 Redistribution to Losing Suppliers

3.1. Following receipt of Market Stabilisation Charges paid by Gaining Suppliers in respect of Switches, RECCo shall (on behalf of the Gaining Suppliers) pay the Market Stabilisation Charges to the Losing Suppliers in accordance with Paragraph 8.

4 Data and Reporting

4.1. RECCo shall secure the provision of such data as it may reasonably need to calculate the Market Stabilisation Charges payable by and to each Energy Supplier in accordance with this REC Schedule.

5 Statements & Payments by Gaining Suppliers

5.1. Within 15 Working Days after the end of each MSC-4-Week Cycle, RECCo shall send each Energy Supplier a statement in respect of that MSC-4-Week Cycle (or, as the case may be, in respect of the period from 14 April 2022 to the end of the first MSC-4-Week Cycle to follow the implementation of version 1.1 of this Schedule) showing for each relevant MPID registered to that Energy Supplier:

(a) the Market Stabilisation Charges payable by the Energy Supplier (as a Gaining Supplier) in respect of Switches which occurred during that MSC-4-Week Cycle;

(b) the Market Stabilisation Charges which are payable to that Energy Supplierr (as a Losing Supplier) in respect of Switches which occurred during that MSC-4-Week Cycle; and

(c) the difference between the amounts under Paragraph (a) and Paragraph (b), which (if (a) is greater than (b)) is the net amount payable by that Energy Supplier under Paragraph 5.3, or (if (b) is greater than (a)) is the net amount payable to that Energy Supplier under Paragraph 8.2.

5.2. RECCo shall not send such a statement to an Energy Supplier if there is a zero amount payable by and to that Energy Supplier under both Paragraph 5.1(a) and Paragraph 5.1(b).

5.3. Each Energy Supplier shall, within 10 Working Days after receipt of a statement under Paragraph 5.1, pay to RECCo the net amount of the Market Stabilisation Charges identified in such statement as payable by that Energy Supplier.

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5.4. All amounts payable by an Energy Supplier under Paragraph 5.3 must be paid in full without any set-off or withholding.

5.5. Payments under this Paragraph 5 shall be paid to such bank account as RECCo may specify in writing to the Energy Suppliers, subject to change on not less than 5 Working Days' notice.

6 Failure to Pay

6.1. If an Energy Supplier does not pay the amount due and payable under Paragraph 5.3 by the due date for payment, then RECCo shall (on or around the next following Working Day) issue a late payment notice to the Energy Supplier. RECCo shall also notify the REC Performance Assurance Board (REC PAB).

6.2. A failure by an Energy Supplier to pay any amount due under Paragraph 5.3 which is not remedied within 21 Working Days after the due date shall be deemed to be an Event of Default.

6.3. In the case of an Event of Default as referred to in Paragraph 6.2, the REC PAB shall instruct the CSS Provider to suspend new Registrations in accordance with Clause 16.4 of the main body of this Code.

6.4. Paragraph 6.3 is without prejudice to any other steps which the REC PAB may take in accordance with the Performance Assurance Framework and/or Clause 16 of the main body of this Code.

7 Disputes

7.1. Subject to Paragraph 7.2, each Energy Supplier:

(a) must pay in full the amount identified by RECCo as payable by that Energy Supplier under Paragraph 5; and

(b) can raise a dispute under this Paragraph 7, but must pay the full amount pending resolution of that dispute.

7.2. An Energy Supplier can query the amount identified in a statement or credit advice under Paragraph 5 as manifestly wrong, but any such query must be raised with RECCo prior to the date on which the payment is due under Paragraph 5.3, and will only relieve the Energy Supplier of its payment obligation if RECCo accepts that the amount is manifestly wrong. If RECCo accepts that an amount in a statement is manifestly wrong, then RECCo shall issue an updated statement to which Paragraph 5.3 will then apply.

7.3. Save for queries raised in accordance with Paragraph 7.2, disputes regarding amounts

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in statements under Paragraph 5:

(a) shall not relieve the Energy Supplier of its payment obligation under Paragraph 5.3;

(b) must be raised within 10 Working Days after the date on which the payment is due under Paragraph 5.3;

(c) can only be raised if the amount in dispute exceeds £1,000 (one thousand pounds) or (if lower) constitutes the entirety of the amount payable under the disputed statement; and

(d) shall be resolved in accordance with a process established by the REC PAB.

8 Redistribution

8.1. Within 5 Working Days following the payment date under Paragraph 5.3 for a given MSC-4-Week Cycle, RECCo shall calculate and publish the amount RECCo actually received from Energy Suppliers for the given MSC-4-Week Cycle by the payment date.

8.2. Within 30 Working Days after the end of each MSC-4-Week Cycle, RECCo shall pay to each Energy Supplier the net amount (if any) of the Market Stabilisation Charges identified in the relevant statement under Paragraph 5.1 as payable to that Energy Supplier (subject to Paragraphs 8.3 and 8.4).

8.3. The aggregate payments which RECCo makes under Paragraph 8.2 in respect of a given MSC-4-Week Cycle shall not exceed the aggregate amount received by RECCo under Paragraph 5.3 in respect of that given MSC-4-Week Cycle. If RECCo has only received a percentage of the aggregate amounts due in respect of a given MSC-4-Week Cycle (as published under Paragraph 8.1), then RECCo shall only pay that percentage of the amount that would otherwise have been payable to each Energy Supplier. Where RECCo receives any late payments for a given MSC-4-Week Cycle, the total funds received for the given MSC-4-Week Cycle will be recalculated and any additional funds owing to relevant Energy Suppliers will be redistributed in the following invoice cycle.

8.4. If an Energy Supplier has not paid an amount which is due and payable under Paragraph 5.3 in respect of a MSC-4-Week Cycle, then RECCo shall not pay any amounts which would otherwise be payable to that Energy Supplier under this Paragraph 8 for subsequent MSC-4-Week Cycles. Instead, RECCo shall withhold payment unless and until the amount payable by that Energy Supplier under Paragraph 5.3 has been paid in full.

8.5. Payments under this Paragraph 8 shall be paid to such bank account as the Energy Supplier may specify in writing to RECCo, subject to change on not less than 5

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Working Days' notice.

9 Audit

9.1. RECCo and Energy Suppliers shall co-operate with the Authority or any person appointed by the Authority in relation to any audit of the Market Stabilisation Charges.

10 Cessation

10.1. This REC Schedule shall cease to have effect 12 weeks after the date on which Market Stabilisation Charges ceases to have effect in accordance with the Energy Supply Licences.

10.2. RECCo shall redistribute in accordance with Paragraph 8 amounts received prior to the end of this 12-week period.

10.3. Any amounts received by RECCo under Paragraph 5 following the end of this 12-week period (or being withheld by RECCo under Paragraph 8.4 at the end of this 12-week period) will be put towards RECCo's general expenditure (to offset costs that would otherwise be recoverable under Clause 9 of the main body of this Code).

10.4. The ending of the application of this REC Schedule under Paragraph 10.1 shall be without prejudice to the obligations of Energy Suppliers to pay amounts under Paragraph 5.3.

10.5. For clarity, there will be no mutualisation in respect of amounts not paid by Energy Suppliers under Paragraph 5.3.

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