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Dear REC Metering Expert Panel Secretary,

Ofgem decision to Send back R0207: Import / Export MOA Clarification

On 13 March 2025, the Final Change Report (FCR) for Retail Energy Code (REC) modification R0207 was submitted to the Authority¹ for decision. We have decided that we are unable to form an opinion on R0207 based on the FCR as submitted to us and are therefore sending the proposal back for further work.

Background

Historically, Suppliers appointed as Export Suppliers have faced challenges due to the lack of flexibility in appointing Meter Operator Agents² (MOAs). Unlike Suppliers appointed as an Import Supplier, who can choose their MOA based on competitive rates and service quality, Export Suppliers have an obligation under REC³ Schedule 14 Metering Operations to accept the MOA appointed by the Import Suppliers. This lack of choice may lead to inflated charges and a possible lack of engagement between the Import appointed MOA and the Export Supplier, ultimately disadvantaging Export Suppliers and potentially impacting

¹ References to the "Authority", "Ofgem", "we", and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² Meter Operator Agents as defined in [REC Schedule 9 - Qualification and Maintenance](#)

³ [REC Schedule 14 Metering Operations](#) paragraph 2.4

consumers through higher passthrough charges or lower than anticipated export rates for the energy the consumer has exported.

In August 2023, the Balancing and Settlement Code (BSC) modification P459⁴ and the Retail Energy Code (REC) modification R0144⁵ were raised to try and address the issues faced by Export Suppliers and potentially allow the appointment of different MOAs for Import and Export Metering Points on a shared meter. These modifications aimed to resolve two key issues:

1. **Non-compliance Risk:** Export Suppliers could accidentally become non-compliant with Schedule 14 of the REC if the MOA on the Import Metering Point Administration Number (MPAN) changed without their knowledge. It is currently possible for an Importer Supplier's appointed MOA to reject appointment by the Export Supplier.
2. **Contract Requirement:** Export Suppliers have no choice in appointing their MOA, leading to potentially uncompetitive contract rates or high out of contract charges. To avoid this an alternative approach for Export Suppliers may be to have contracts with every MOA in the market to match the Import MOA, also reduces competition and can result in unfair/inflated charges from Export MOAs.

Both modifications were placed on hold due to the implementation of the Market-wide Half-Hourly Settlement (MHHS) Programme and have subsequently been withdrawn.

With the implementation of the MHHS Programme, which aims to modernise and improve the accuracy of electricity settlement processes, MOAs will be automatically appointed by the registration service for Export Meter Point Account Numbers (MPAN), eliminating the option for MOAs to reject appointments due to lack of contracts. However, the second issue which P459 and R0144 sought to resolve will still remain an issue for Export suppliers.

Under both current arrangements and future MHHS arrangements, there is no requirement for the Import Supplier appointed MOA to enter into a commercial contract with the Export Supplier if they are different from the Import Supplier. MOAs are free to set the rates by which they charge Export Suppliers for their services, which may be equal to or higher than the charges for Import Suppliers. Export Suppliers may have no choice but to agree to these rates or face out-of-contract prices if they are unable to negotiate a more favourable rate with the MOA. It is also possible for a MOA to charge lower rates to Export suppliers freely or through a negotiated commercial contract compared to their charges for an Import Supplier.

⁴ [Balancing and Settlement Code modification P459 Allowing different Supplier Agents to be appointed to Import and Export MSIDs](#)

⁵ [Retail Energy Code modification R0144 Allowing different Metering Equipment Managers \(MEMs\) to be appointed to Import and Export Metering Points](#)

The alternative option would be for suppliers to have contracts in place with all MOA's, regardless of whether they are the MOA for any Export MPAN they are the Export Supplier for in anticipation of an Import Supplier appointing that agent.

Reasons for our decision

We have identified the following deficiencies in the FCR.

The Code Manager has used a comparison between Distribution Network Operators (DNOs) charging MOAs on a non-discriminatory basis under Section 21.5.1 of the Consolidated Metering Code of Practice to support this modification. However, DNOs are regulated and price-controlled monopolies, whereas MOAs are unregulated and can set their own prices without restriction. Within the REC both DNOs and MOAs have a clear dispute process overseen by the REC Performance Assurance Board should there be any disagreement over DNO charges.

This modification aims to ensure that MOAs, so far as is reasonably practicable, charge Export Suppliers in line with each other and that commercial agreements between Export Suppliers and MOAs are fair compared to those between Import Suppliers and MOAs. These agreements are often commercially sensitive and confidential. There is concern that if an Export Supplier disputes the costs charged by a MOA, there would be no way to verify these are economical without disclosing the agreement between the Import Supplier and MOA or between the MOA and other Export Suppliers, who are not part of the dispute. If any dispute is raised by the Export Supplier without producing sufficient evidence of non-compliance, this would sit with the parties REC Operational Account Manager (REC OAM) to resolve with no clear path to escalate this further. However, without oversight beyond the REC OAM, it is unclear how disputes would be resolved if parties cannot reach an agreement with the help of the REC OAM. This could be further complicated by the confidentiality of costs between Import Suppliers and MOAs, potentially resulting in MOAs being unable to properly evidence the costs charged to Export Suppliers are reasonable, and with no mechanism to compel them to do so.

When this modification was discussed prior to voting at the REC Metering Expert Panel, it was noted that the Consolidated Metering Code of Practice (CoMCoP) states "Additionally, the REC Performance Assurance Board will be responsible for the operational governance of the CoMCoP, including investigating alleged matters of non-compliance, but not for arbitration of any subsequent commercial disputes"⁶. As any non-compliance is likely to

⁶ [Consolidated Metering Code of Practice section 2.1 Overall Responsibilities](#)

involve disclosure of confidential contracts and a commercial dispute regarding the terms of the Export Supplier's contracts it is unclear who would have overall responsibility for the solution for this modification which will sit within Schedule 14 Metering Operations. We believe this should have been considered before submitting the modification for panel consideration and voting. This highlights the advantage and insights which can be gained in the code manager engaging with panels and expert groups early in the modification process to leverage their expertise.

There is also a risk that Export Suppliers who have negotiated lower rates with MOAs than Import Suppliers or other Export Suppliers could see these charges increase to match Import Supplier rates for the same type of service which may be possible within the scope of this modification. This could further reduce competition, which is already limited as the Export Supplier must use the Import Suppliers chosen MOA, An obligation on MOAs to treat all Suppliers in the same manner as regards costs charged by it when providing the same type of service may lead to Export Suppliers losing the ability to negotiate MOA rates and instead have them dictated by other Suppliers.

Direction

We therefore direct that additional steps are undertaken to address these deficiencies. A revised FRC should –

- Consider how any solution could be implemented while avoiding the need for any party to disclose details of their commercial agreements which may be confidential.
- The potential risks raised by REC by potentially arbitrating commercial disputes or making decisions on the content of commercial agreements between parties.
- If necessary, engagement with expert panels and groups at an early stage of the modification to help ensure any deficiencies are identified prior to resubmitting this for Authority approval.
- Ensuring that so far as reasonably practicable, any solution promotes competition and ensures that the interest of consumers, particularly in relation to passthrough charges is protected.

After addressing the issues discussed above and reviewing and/or revising the Code Manager Recommendation and FCR accordingly, the REC Panel should re-submit it to us for decision as soon as reasonably practicable.

Yours sincerely,

Michael Walls

Head of Retail Market Operations and Smart Metering

Retail Systems and Processes

Signed on behalf of the Authority and authorised for that purpose