
Charging Methodology



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SCHEDULE 10

~~REC Charging Methodology~~ Code Manager Cost Recovery Methodology

Version: ~~43.01~~ Effective Date: Code Manager Licence Commencement Date
4 November 2022

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

Change History

Version Number	Implementation Date	Reason for Change
0.1	1 September 2021	Initial version
2.2	31 January 2022	R0012 R0020
3.0	18 July 2022	Switching SCR Modification R0041
3.1	4 November 2022	R0036
<u>4.0</u>	<u>Code Manager Licence Commencement Date</u>	<u>Alignment with Code Reform changes</u>

1 Introduction

- 1.1. This Schedule continues the [REC Charging Methodology](#) for the period before the Cost Recovery Transition Date and, from and including the Cost Recovery Transition Date, shall constitute the Code Manager Cost Recovery Methodology for the purposes of standard condition 22 (Code Manager Cost Recovery Methodology) of the Code Manager Licence.
- 1.2. During the period before the Cost Recovery Transition Date, references in this Code, the REC Charging Statement, any invoice or any access agreement to the REC Charging Methodology shall be read as references to this Schedule, unless the context otherwise requires. From and including the Cost Recovery Transition Date, references to the REC Charging Methodology shall be read as references to the Code Manager Cost Recovery Methodology.
- 1.3. This Schedule sets out, in a complete, coherent and consistent manner, the methods, principles and assumptions that apply for the purpose of determining the Core Charges payable for the performance of the Code Manager Business.
- 1.4. This Schedule also identifies the circumstances in which RECCo may apply Usage-based Charges. RECCo may only issue a Usage-based Charge where permitted by this Code, this Schedule, the Code Manager Cost Recovery Statement and standard condition 24 (Usage-based charging) of the Code Manager Licence.
- 1.5. RECCo shall apply this Schedule so as to avoid double recovery. Where a cost is recovered through a Usage-based Charge, a direct charge, a Performance Assurance Schedule charge or any other specific recovery route, that cost shall not also be recovered through Core Charges except to the extent necessary to recover any remaining unrecovered Recoverable Costs.
- 1.6. Except where the Authority consents otherwise, RECCo shall comply with this Schedule when determining Core Charges and when determining whether any Usage-based Charge may be included in the Code Manager Cost Recovery Statement
- ~~1.1. sets out the basis on which RECCo will apply discrete charges to REC Service Users or other relevant parties, where RECCo reasonably considers that such a charge would better facilitate the objectives set out in Clause 10.3 of the main body of the Code. Any RECCo costs that are not recovered directly through charges pursuant to this REC Schedule will be recovered in accordance with Clause 9 of the main body of this Code.~~
- ~~1.2. This REC Charging Methodology will apply to the REC Services referenced below, and in accordance with the decision of the Authority that charges for those services should as far as practicable be a continuation of the arrangements immediately prior to the Retail Code Consolidation date, and until such time as they may be subject to~~

~~an approved Change Proposal.~~

2 REC Charging Statement and Code Manager Cost Recovery Statement

~~2.1. Before the Cost Recovery Transition Date, RECCo shall prepare, publish and may from time to time revise a REC Charging Statement in accordance with this Schedule and Clause 10 of the main body of this Code. Before the Retail Code Consolidation date and thereafter before the start of each Financial Year, RECCo will publish (and may from time to time revise) a REC Charging Statement.~~

~~2.2. The REC Charging Statement will set out charges that reflect the application of this Schedule to the the REC Charging Methodology to the RECCo budget, as approved by the REC Board in accordance with Clause 9 of the main body of this Code, together with any charges which are dependent on usage or otherwise payable under this Schedule.~~

~~2.3. From and including the Cost Recovery Transition Date, the REC Charging Statement shall constitute the Code Manager Cost Recovery Statement for the purposes of standard condition 23 (Code Manager Cost Recovery Statement) of the Code Manager Licence. Before the start of each Financial Year, and otherwise in accordance with Clause 10 of the main body of this Code and standard condition 23 (Code Manager Cost Recovery Statement) of the Code Manager Licence, RECCo shall prepare and publish a Code Manager Cost Recovery Statement on the REC Portal.~~

~~2.4. The Code Manager Cost Recovery Statement shall apply this Code Manager Cost Recovery Methodology to the Annual Budget and Work Plan then in force and shall set out the basis on which Core Charges and, where appropriate, Usage-based Charges are calculated and payable to RECCo for the performance of the Code Manager Business.~~

~~2.5. The Code Manager Cost Recovery Statement shall be presented in a user-focused form which enables each Charging Party, REC Service User or other person liable to pay a charge to identify the charges payable by it, the basis on which those charges are calculated, when they will be invoiced, when they are payable, and whether any reconciliation or adjustment may apply.~~

~~2.6. The Code Manager Cost Recovery Statement shall be maintained, reviewed, amended and published in accordance with Clause 10 of the main body of this Code and the Code Manager Licence, including any requirement for Authority approval of its structure and form.~~^F

3 Core Charges

~~3.1. For the purposes of this Schedule, Core Charges include the charges payable by Energy Suppliers and Distribution Network Operators for the recovery of Recoverable Costs, except to the extent that such costs are recovered through~~

Usage-based Charges or another specific recovery route provided for in this Code.

3.2. Core Charges are the charges issued by RECCo in accordance with this Schedule and the Code Manager Cost Recovery Statement for the performance of the Code Manager Business, except for Usage-based Charges.

3.3. Subject to the specific provisions of this Schedule, the amount to be recovered through Core Charges for each Financial Year shall be determined by reference to the Annual Budget, the Work Plan and any revised Annual Budget or revised Work Plan then in force, adjusted as appropriate to take account of Underspend, Overspend, any amount recovered or expected to be recovered through Usage-based Charges, and any other adjustment required by this Code, the Code Manager Licence or the Code Manager Cost Recovery Statement.

3.4. Unless this Code provides otherwise, Energy Suppliers shall be the Charging Parties for Core Charges. Distribution Network Operators shall also be Charging Parties for the Core Charges payable by them in respect of the Electricity Enquiry Service under Paragraph 5.

3.5. RECCo may invoice Core Charges in advance, in arrears, or on the basis of estimates, forecasts or other assumptions, where this is provided for in the Code Manager Cost Recovery Statement. Any reconciliation shall be carried out in accordance with Clause 9 of the main body of this Code and the Code Manager Cost Recovery Statement.

4 Core Charges - Energy Suppliers

2.2.4.1. Each Energy Supplier shall be liable to fund the Core Charges to be recovered from Energy Suppliers in respect of each Financial Year in accordance with the following formula:

$$\text{Energy Supplier Contribution} = \text{MP} \times \text{C} / \text{TMP}$$

Where:

MP $\equiv$ the average number of RMPs for which the Energy Supplier was the Registered Supplier on the 15th day of each month of the Financial Year;

C $\equiv$ the amount to be recovered from Energy Suppliers as Core Charges for that Financial Year in accordance with the Annual Budget, the Work Plan, this Schedule and the Code Manager Cost Recovery Statement, excluding amounts recovered or to be recovered from Distribution Network Operators under Paragraph 5, through Usage-based Charges, under the Performance Assurance Schedule, or through any other specific recovery route; and

TMP $\equiv$ the average number of RMPs across all Registered Suppliers that existed on the 15th day of each month of the Financial Year.

4.2. The data used for the purposes of MP and TMP shall be the most recent relevant registration data provided to RECCo in accordance with Clause 9 of the main body of this Code, unless the Code Manager Cost Recovery Statement specifies another reasonable basis for estimation or reconciliation.

35 Core Charges: Distribution Network Operators

~~3.4.5.1.~~ Each [DNO](#) shall be obliged to pay towards the cost incurred by [RECCo](#) for the provision of the Electricity Enquiry Service in accordance with the most recent approved [RECCo](#) budget. The [DNO](#) contribution shall in aggregate amount to one third of the annual cost to [RECCo](#) to operate the [Electricity Enquiry Service](#), less any amount recovered or expected to be recovered in respect of the Electricity Enquiry Service through Usage-based Charges or another direct recovery route. The Distribution Network Operator contribution shall be apportioned on a quarterly basis as set out in this Paragraph 5, ~~charges described in paragraph 3.4 below, to be apportioned on a Quarterly basis as follows:~~

~~3.2.5.2.~~ For [DNOs](#) who have less than 750,000 [Metering Points](#) registered on their network:

PP	=	(M x D) / T
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Where

PP	=	the amount due from the DNOs ;
M	=	average number of Metering Points on a DNO 's network across the last three months for which reports have been submitted to the Code Manager pursuant to Clause 9.23 of the main body of this Code , which shall be determined by summing the number contained in those three reports and dividing that number by three;
D	=	is the estimated total DNO contribution to Electricity Enquiry Service costs for the Quarter ; and
T	=	the average number of Metering Points contained on all DNOs ' networks across the last three months for which have been submitted to the Code Manager pursuant to Clause 9.23 of the main body of this Code , which shall be determined by summing the total number of Metering Points for all DNOs contained in those three reports and dividing that number by three.

~~3.3.5.3.~~ For [DNOs](#) who have more than 750,000 [Metering Points](#) registered on their network:

PP	=	(D - B) / F
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Where

PP	=	the amount due from the DNOs ;
D	=	is the estimated total DNO contribution to Electricity Enquiry Service costs for the Quarter ;
B	=	the total amount due from those DNOs who have less than 750,000 Metering Points on their network; and
F	=	the total number of DNOs who have more than 750,000 Metering Points registered on their networks.

5.4. The remaining costs incurred by RECCo for the provision of the Electricity Enquiry Service, less any charges described in Paragraph 7 below, shall be recovered from Energy Suppliers in accordance with Clause 9 of the main body of this Code.

6 Usage-based Charges

6.1. ~~RECCo~~RECCo may include a Usage-based Charge in the Code Manager Cost Recovery Statement only where the requirements of this Paragraph 6 and standard condition 24 (Usage-based charging) of the Code Manager Licence are satisfied.

6.2. Where a Usage-based Charge is to be applied, the Code Manager Cost Recovery Statement shall identify the charge, the person by whom it is payable, the basis on which it is calculated, and the timing and manner of invoicing and payment. Where it is not practicable to specify a fixed charge in advance, the Code Manager Cost Recovery Statement may provide for RECCo to recover reasonable and cost reflective charges quoted or agreed in advance or calculated by reference to the costs actually and reasonably incurred by RECCo.

3.4.6.3. Any costs recovered through Usage-based Charges shall be excluded from Core Charges to the extent necessary to avoid double recovery.

The remaining costs incurred by RECCo for the provision of the Electricity Enquiry Service, less any charges described in Paragraph 3.5 below, shall be recovered from Energy Suppliers in accordance with Clause 9 of the main body of this Code.

47 Usage-based Electricity Enquiry Service charges

7.1. The costs incurred by RECCo for the provision of the Electricity Enquiry Service shall be recovered through Core Charges in accordance with Paragraphs 4 and 5, except to the extent recovered through Usage-based Charges or another direct recovery route in accordance with this Schedule and the Code Manager Cost Recovery Statement.

4.4.7.2. All charges associated with the granting of access to the [Electricity Enquiry Service](#), provision of data, and auditing its usage in the event that an applicant becomes an [Electricity Enquiry Service User](#) shall, for certain [EES User Categories](#) where specified in the [REC Charging Statement](#), be met by that

applicant. A schedule of charges shall be provided to and agreed by the applicant prior to it being granted access. Certain initial charges will be payable, for certain [EES User Categories](#) where specified in the [REC Charging Statement](#), prior to its application being progressed. Further details of any applicable standard charges are published in the [REC Charging Statement](#) as appropriate.

58 Gas Enquiry Service

~~5.1.8.1.~~ The costs incurred by [RECCo](#) for the provision of the [Gas Enquiry Service](#), less any charges described in Paragraph ~~84.2~~ below, shall be recovered from [Energy Supplier](#)s in accordance with Clause 9 of the main body of this [Code](#).

~~5.2.8.2.~~ Any charges associated with the granting of access to the [Gas Enquiry Service](#), provision of data, and auditing its usage in the event that an applicant becomes a [Gas Enquiry Service User](#) shall, for certain [GES User Categories](#) where specified in the [REC Charging Statement](#), be met by that applicant. A schedule of charges shall be provided to and agreed by the applicant prior to it being granted access. Certain initial charges, for certain [GES User Categories](#) where specified in the [REC Charging Statement](#), shall be payable prior to its application being progressed. Further details of any applicable standard charges are published in the [REC Charging Statement](#) as appropriate.

69 Centralised Registration Service

~~6.1.9.1.~~ The costs of operating and maintaining the [Centralised Registration Service](#) shall be recovered from [Energy Suppliers](#) in accordance with Clause 9 of the main body of this [Code](#). However, [RECCo](#) reserves the right to charge the [CSS User](#) the reasonable costs associated with any investigation or audit that may be undertaken to investigate any potential misuse and/or generally ensure compliance with the terms of this [Code](#).

~~6.2.9.2.~~ A [Switching Data Service Provider](#) shall be liable for the cost of each additional licence that it has obtained to use the [Switching Service Management System](#) as described in the [Switching Service Management Schedule](#).

~~6.3.9.3.~~ Any charges associated with the audit requirements (including the [Information Security and Data Protection Assessment](#)) for Non-REC [Parties](#), including [CSS Interface Providers](#) in respect of their use of the [Centralised Registration Service](#) will be met by that party, where this is specified for that party in the [REC Charging Statement](#).

710 Metering Accreditation and Audit

Metering Equipment Manager and AMR Service Provider Accreditation

~~7.1.10.1.~~ [RECCo](#) shall contract with one or more service providers for provision

of independent audits in accordance with the [Metering Accreditation Schemes Schedule](#).

~~7.2.~~10.2. Each [Metering Equipment Manager](#), [Meter Installer](#) or [AMR Service Provider](#) shall pay the cost of any initial assessment, surveillance visit or audit, including any reassessment or follow-up audit that may be required.

~~7.3.~~10.3. A schedule of charges shall be provided to each party in advance of any work being undertaken and will, as far as practicable, follow standard charges to be published in the [REC Charging Statement](#).

Smart Meter Installation

~~7.4.~~10.4. Unless previously subject to an audit of compliance under the [Smart Metering Installation Code of Practice](#) or this [Code](#), upon reaching the thresholds set out in [Smart Meter Installation Schedule](#), each [Energy Supplier](#) shall undergo a compliance audit, to provide assurance that processes are in place to enable compliance with all relevant aspects of that [Smart Meter Installation Schedule](#).

~~7.5.~~10.5. [RECCo](#) shall contract with one or more service providers for provision of the independent audit of compliance in accordance with Paragraph 5 of [Smart Meter Installation Schedule](#).

~~7.6.~~10.6. A schedule of charges shall be provided to each party in advance of any work being undertaken and will, as far as practicable, follow standard charges to be published in the [REC Charging Statement](#).

811 Secure Data Exchange Service

~~8.1.~~11.1. The costs of establishing, operating, and maintaining the [Secure Data Exchange Portal](#) shall be recovered from Suppliers in accordance with Clause 9 of the main body of this [Code](#). However, [RECCo](#) reserves the right to charge the [SDES User](#) the reasonable costs associated with any investigation or audit that may be undertaken to investigate any potential misuse and/or generally ensure compliance with the terms of this [Code](#).

912 Green Deal Arrangements

~~9.1.~~12.1. The core cost to [RECCo](#) of operating and maintaining the [Green Deal Central Charging Database](#) Service shall be recovered from [Energy Suppliers](#) in accordance with Clause 9 of the main body of the [Code](#).

~~9.2.~~12.2. Where the REC Performance Board determines that an audit of an [Electricity Supplier](#)'s Quarterly Compliance Statement is required, and that Quarterly Compliance Statement is subsequently found to be inaccurate, [RECCo](#) may invoice the relevant [Electricity Supplier](#) for the cost of that audit in accordance with the [Green Deal Arrangements Schedule](#).

Paragraph 23.12.

~~9.3.12.3.~~ Where a user of the [Green Deal Central Charging Database](#) service requests the [Code Manager](#) to rectify data in the [GDCC](#) database and that is required through means of a manual retrospective amendment, the cost of such amendments will be calculated and [RECCo](#) may at its sole discretion seek to recover those costs directly from GDCC User.

4013 [Energy Theft Tip-Off Service](#)

~~13.1.~~ The core cost to RECCo of operating and maintaining the Energy Theft Tip-Off Service shall be recovered from Energy Suppliers as Core Charges in accordance with Paragraph 4, except to the extent recovered through Usage-based Charges or another direct recovery route in accordance with this Schedule and the Code Manager Cost Recovery Statement.

~~10.4.13.2.~~ Where an ETTOS Recipient requests an additional service, account, report or other activity in respect of the Energy Theft Tip-Off Service, RECCo may agree to provide that service, account, report or activity ~~Any requests for additional services which the Code Manager does not consider to be reasonable may nonetheless be granted,~~ subject to the [ETTOS Recipient](#) agreeing to pay the relevant charges for those additional accounts, at a rate that is reflective of the cost to [RECCo](#).