
Market Stabilisation Charge

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SCHEDULE 22

Market Stabilisation Charge

Version: 4.04-2

Effective Date: CML 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
<u>4.0</u>	<u>CML effective date</u>	<u>Part of whole of REC update as part of Code Reform, removal of obsolete text</u>

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

- 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 Supplier](#) (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](#).

- 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 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 [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 Supplier](#)s under Paragraph 5.3.