REC Change Proposal R0332

FAQs

July 2026

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Overview

REC Change Proposal R0332 Amend the REC to permit RECCo to undertake additional code manager activities was raised in June 2026 to expand RECCo's vires to allow RECCo to apply for and hold the licence to be Code Manager for the Electricity Commercial Code (ECC), which is to be created in Phase II of Ofgem's Code Reform programme.

R0332 is progressing as an Urgent CP, and is being issued for consultation – we welcome your responses.

This document seeks to answer questions you may have about the changes proposed under R0332 to support the consultation. If you have further comments or queries, please contact the REC Service Desk.

FAQs

What is the background to R0332?
Ofgem concluded in August 2024 that the existing electricity commercial codes, Distribution Connection and Use of System Agreement (DCUSA) and Connection and Use of System Code (CUSC), should be consolidated into a single code - the Electricity Commercial Code (ECC). The RECCo Board recognised that RECCo's experience supporting the successful consolidation and implementation of the Retail Energy Code (REC) may provide relevant insight and capability to support the delivery of the ECC, and submitted a response to Ofgem's Expression of Interest (EoI) in March.

Ofgem accepted the EoI submission and has invited RECCo to participate in the Licensing Assessment phase for the ECC Code Manager role on a non-competitive basis. To ensure that RECCo operates within its vires a change is required to the REC to allow for Additional Code Manager Activities.

These ECC Additional Code Manager Activities are spread across 4 phases:

Expression of Interest: This was completed in Q2 2026. The costs incurred were notional and were funded from the current 2026-27 contingency budget.

Licensing Assessment Phase: This will be completed in Q3 2026. The RECCO Board has approved the use of £350k from the current 2026-27 contingency budget for this work.

Implementation and Assurance Phase: This is from the end of the Licencing Assessment Phase (November 2026) through to ECC Licence Award. The costs for this phase are yet to be determined. For the period to March 2027, we currently anticipate that they will be funded through a RECCo Board approved use of 2026-27 contingency budget. For the period beyond April 2027 a cost allocation will be made in the 2027-28 budget which is explicitly for Additional Code Manager Activities.

ECC Code Manager Operation: All ECC Code Manager operational delivery costs will be recovered from ECC Parties in accordance with the charging arrangements set out in that Code. It is our intention to work with Ofgem to seek to develop a solution for full recovery by RECCo of its transition costs.

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Why does RECCo need to fund these costs from the 2026-27 Budget?
RECCo is funded by REC Parties and has no access to funding other than from its approved budget. As above, we're using Board-approved contingency funds currently, as we would for other activities that hadn't been foreseen and planned for. This approach means we do not compromise any of our other budget allowances, be that REC Service costs or REC related projects. The RECCo Board is overseeing the Licensing Assessment delivery including closely monitoring expenditure.

In our 2027-28 Budget we will include full transparency of costs incurred in 2026-27 and the budget included explicitly for Additional Code Manager Activities. The draft 2027-28 Budget will be provided to REC Parties in December 2026 and then formally consulted on in February 2027.

Will the cost be reimbursed to REC Parties from the new Code, and when?
This is our absolute intent. We've incorporated the possibility of future reimbursement into the legal text. We are actively engaged with Ofgem seeking to develop a solution that will enable full reimbursement, including an appropriate cost of capital charge, of such transition costs. We are working with the intent that REC Parties are made whole for any transition funding arrangements that they incur and this would be as early as is feasible e.g. in the first year of live operation of the ECC (expected from early 2028).

Will funding for current REC activities be impacted?
No. The CP allows us to use the contingency fund and any funds that are no longer required for previously planned REC activities. For example, where an item was approved in the Budget but the costs are lower than anticipated, that sum becomes available to fund ECC activity.

Will the governance of the REC be impacted?
No. The RECCo Board remains responsible for fully delivering the provisions of the REC in accordance with the REC Objectives, and the need to deliver the applicable elements of Ofgem's Strategic Direction Statement.

Will REC costs reduce if delivery resources are shared with the ECC?
It is not possible to say at this early stage in the ECC development project. The RECCo Board and Executive have an obligation to deliver services that are economical, efficient, and meet the current and future needs of REC Service users. Any opportunities to share resources or take advantage of economies of scale across any Code Manager Activities would be considered in the context of delivering the specific requirements of each Code, ensuring compliance with the Code Manager Licences, and maintaining integrity and security.

What other Additional Code Manager Activities are planned?
No other Additional Code Manager Activities are planned. We have incorporated this new definition in the REC to be forward-looking. Any Additional Code Manager Activities that emerge in the future would be incorporated through a CP, which would seek to add the explicit activity to the REC under this heading, running through the change process with REC Party, industry and Ofgem scrutiny.

More information

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- Announcement - RECCo to participate in Ofgem's Electricity Commercial Code (ECC) Code Manager Licensing Assessment Phase - June 2026
- Ofgem publication - Determination of the basis of selection of code manager candidates – June 2026

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