RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination and publication.

| | |
|---|---|
| 01 | Proposal Plan |
| 02 | Consultation |
| **03** | **Final Recommendation** |

# CHANGE REPORT

## R0332 – AMEND THE REC TO PERMIT RECCO TO UNDERTAKE ADDITIONAL CODE MANAGER ACTIVITIES

| | |
|---|---|
| **DOCUMENT VERSION** | V1.1 |
| **PROPOSED IMPLEMENTATION DATE** | 01 October 2026, subject to receiving the Authority's determination by 28 September 2026, or the next appropriate implementation date a week after receiving the Authority's determination. |
| **IMPLEMENTATION APPROACH** | Big Bang |

| | | | |
|---|---|---|---|
| **RESPONSIBLE COMMITTEE** | Change Panel | **CHANGE PATH** | Authority Determined |
| **PRIORITY STATUS** | N/A | **URGENCY** | Urgent |
| **IMPACTED STAKEHOLDERS** | RECCo | | |

| LEAD ANALYST (SOLUTION LEAD) | TECHNICAL LEAD | ASSURANCE LEAD | SUBJECT MATTER EXPERT |
|---|---|---|---|
| BELA ASHWORTH | POPPY PARK | ANTON MODEN | GLENN SHEERN |
| Click to send an email | Click to send an email | Click to send an email | Click to send an email |

## OVERVIEW

The REC currently frames RECCo's objective and permissible activities by reference to the REC only. This creates a vires issue where RECCo needs to undertake activities connected with an Energy Code other than the REC, whether directly, through a subsidiary or in partnership with another organisation.

## RESPONSIBLE COMMITTEE DECISION

On 25 August 2026, in line with the Code Manager's recommendation, the Change Panel voted to recommend that the Authority:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation date of 01 October 2026, subject to receiving the Authority's determination by 28 September 2026, or the next appropriate implementation date a week after receiving the Authority's determination.

RETAIL ENERGY CODE

CONTENTS


Responsible Committee Decision ..... 2
1 Summary ..... 4
2 Problem Statement ..... 4
3 Impacts ..... 4
4 Cross-Code Impacts ..... 5
5 Proposal Plan ..... 5
6 Prioritisation Categorisation and Urgency ..... 5
7 Proposed Solution ..... 6
8 Draft Legal Text ..... 7
9 Summary of Impact Assessment Activity ..... 8
10 Risks, Assumptions, Issues and Dependencies ..... 8
11 Business Case Assessment ..... 8
12 Case for Change ..... 10
13 Summary of Consultation Responses ..... 11
14 Summary of Amendments Made Following Consultation ..... 12
15 Appendix ..... 13
16 Glossary ..... 13

# BACKGROUND

## 1 SUMMARY

Further to Ofgem's request for expressions of interest in becoming a Code Manager for the new codes to be created as part of Code Reform phase 2, RECCo submitted a contingent expression of interest to be considered for the Electricity Commercial Code (ECC) Code Manager role. The ECC is expected to consolidate the Connection and Use of System Code (CUSC) and the Distribution Connection and Use of System Agreement (DCUSA).

On 1 June 2026, Ofgem confirmed that RECCo would be taken forward on a non-competitive basis but would nonetheless need to participate in Ofgem's licensing assessment process, develop a credible delivery and transition plan, and undertake preparatory activities for potential award of the ECC Code Manager licence.

The Code currently frames RECCo's objective and permissible activities by reference to the REC only. This creates a vires issue where RECCo needs to undertake activities connected with an Energy Code other than the REC, whether directly, through a subsidiary or in partnership with another organisation. R0332 seeks to amend the Code to allow RECCo to proceed with, authorise expenditure for, or implement activities required to support the ECC Code Manager licensing assessment and any subsequent transition or delivery model.

R0332 is an Urgent Change Proposal that will be progressed on an expedited timeline to align with RECCo's deadline of 01 September 2026 to provide Ofgem with their delivery plan for managing the ECC.

## 2 PROBLEM STATEMENT

The REC currently frames RECCo's objective and permissible activities by reference to the REC only. This creates a vires issue where RECCo needs to undertake activities connected with an Energy Code other than the REC, whether directly, through a subsidiary or in partnership with another organisation.

## 3 IMPACTS

| RECCO / REC CODE MANAGER |
|---|
| RECCo |

| REC DOCUMENTS / PRODUCTS |
|---|
| Main Body |
| Schedule 1 – Interpretations and Definitions |
| Schedule 4 – Company Governance |

| MHHS |
|---|
| There are no identified impacts to MHHS delivery. |

## 4 CROSS-CODE IMPACTS

There are no cross-code impacts identified with this Change Proposal. However, R0332 will expand RECCo's vires to allow them to conduct other Code Manager activities beyond the REC. The immediate context for the change is the ECC, which is expected to consolidate CUSC and DCUSA. The legal drafting limits this change to the ECC as the only permitted additional Code Manager activity and creates a forward-looking structure to allow the incorporation of other activities through future Change Proposals.

## 5 PROPOSAL PLAN

| Milestone | Activity | From | To |
|---|---|---|---|
| **Definition** | | **11 Jun-26** | **29 Jul-26** |
| | Code Manager Initial Assessment | June | June |
| | Legal Review | June | July |
| **Change Proposal** | | **29 Jul-26** | **21 Aug-26** |
| | Consultation | July | August |
| | Final Determination | August | August |
| **Voting** | | **21 Aug-26** | **28 Aug-26** |
| | Issue for Authority Determination | 01 September | 01 September |

This is an Urgent Change Proposal to be issued to the Authority ahead of RECCo's submission of their ECC licensing assessment to Ofgem on 01 September. This milestone plan takes into account that R0332 will likely need an ex-Committee vote triggered on 21 August and provides Change Panel with the standard 5 Working Days to reach a quorate vote. The 01 September date listed to issue R0332 for Authority Determination takes into account the UK bank holiday on 31 August.

In supporting this Plan, RECCo's ECC delivery project team have liaised separately with Ofgem, providing early view of the legal text and timeline of R0332.

As an Urgent Change Proposal, and in order to align with the project's timelines, the Code Manager will issue the consultation for a shortened window of 10 Working Days.

## 6 PRIORITISATION CATEGORISATION AND URGENCY

The Code Manager is proposing this Change Proposal be given an Urgency Status of Urgent because it is linked to an imminent issue that if not urgently addressed may cause RECCo to be in breach of their legal requirements under the REC. The licensing assessment phase will run up to September 2026, with a deadline of 01 September for RECCo to submit their plan for the ECC code manager process. R0332 is required to address the vires issue in order for RECCo to proceed within the licensing assessment process, or any other activity necessary to support Ofgem's timeline. Delays in implementing R0332 will create a material risk that RECCo cannot lawfully nor practically participate in the licensing assessment process.

RETAIL ENERGY CODE

# SOLUTION

## 7 PROPOSED SOLUTION

The proposed solution under R0332 is to introduce the concept of 'Additional Code Manager Activity Objectives', which apply to the 'Additional Code Manager Activities'. These objectives are separate to the existing REC Objectives. Other references to REC Objectives (for example, in clause 7.3, 7.7 and 10.3 of the REC Main Body, or in Schedule 5 – Change Management) continue to refer only to the REC Objectives, and are not applicable to other Code Manager activities beyond the REC.

The REC Main Body will be amended to introduce the concept of 'Additional Code Manager Activities' and 'Additional Code Manager Activity Objectives' into clause 5.4, 5.26 and 5.27 – the latter clauses will be introduced to define 'Additional Code Manager Activities' and broaden RECCo's current vires to allow RECCo, to the extent considered appropriate by the REC Board, to apply to be appointed as Code Manager licensee for the ECC, participate in activities pursuant to that appointment, and accept, hold and comply with a Code Manager licence for the ECC. These activities can be carried out through a subsidiary, partnership or other arrangement.

Clauses 9.35 and 9.36 will also be introduced to the Main Body to clarify that Additional Code Manager Activity can only be funded from contingency or other budget provision approved in accordance with the REC, without diverting funding from identified REC workstreams unless that funding is no longer required for the originally identified purpose within that year. The proposed changes will require costs, liabilities, recoveries and reimbursements connected with Additional Code Manager Activity to be separately identifiable and applied for the benefit of REC Parties where appropriate.

REC Schedule 1 – Interpretations and Definitions will be amended to introduce the new defined terms of 'Additional Code Manager Activities', 'Additional Code Manager Activity Objectives', 'Electricity Commercial Code' and RECCo Objectives. RECCo Objectives means the REC Objectives and the Additional Code Manager Activity Objectives, thus retaining REC Objectives as a separate defined term meaning the objectives set out as such in Condition 11B of the Electricity Supply Licences and Condition 11 of the Gas Supply Licences.

Finally, R0332 proposes an amendment to the definition of 'Objective' within Schedule 4 – Company Governance to mean the same as RECCo Objective.

The Code Manager believes these amendments will support an efficient route for RECCo to participate in the ECC Licensed Code Manager process, as well as provide sufficient protection for REC Consumers and Parties by ensuring Code Manager activity is Board-approved, transparently controlled, separately identifiable for cost purposes and does not dilute funded REC delivery.

## 8 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0332 can be found here:

- R0332 – Draft Main Body
- R0332 – Draft Schedule 1
- R0332 – Draft Schedule 4

RECCo has also provided a FAQs document which includes questions on funding, governance and Additional Code Manager Activities, for RECCo's activities pursuant to the ECC Code Manager licence. This is available here.

# PRELIMINARY ASSESSMENT

## 9 SUMMARY OF IMPACT ASSESSMENT ACTIVITY

### 9.1 SERVICE PROVIDER IMPACT ASSESSMENTS

No Service Provider impact assessment was required as part of this change.

### 9.2 REC PARTY IMPACT ASSESSMENTS

No Party impact assessment was required as part of this REC change.

## 10 RISKS, ASSUMPTIONS, ISSUES AND DEPENDENCIES

No risks, issues, or assumptions have been identified as part of this change.

| NO. | DEPENDENCY | NOTES | STATUS |
|---|---|---|---|
| D01.R0332 | Ofgem to review and approve RECCo's ECC licensing assessment form. | The Code Manager intends to issue the Change Report (Final Recommendation) for Authority Determination by 01 September. This aligns with RECCo's 01 September deadline to submit their ECC licensing assessment form. Thereby, Ofgem will simultaneously review R0332 for approval and RECCo's ECC submission. | Open |

## 11 BUSINESS CASE ASSESSMENT

### 11.1 COSTS

No costs have been identified as part of implementing this change. However, R0332 will introduce cost recovery provisions for RECCo's activities pursuant to the ECC Code Manager licence, as described in section 7 above. For further information, RECCo will provide a FAQs document which will be issued to industry alongside the consultation.

## 11.2 BENEFITS

| INTANGIBLE BENEFITS | BENEFITS DESCRIPTION |
|---|---|
| **CLEAR LEGAL DRAFTING AROUND THE SCOPE OF RECCO'S ROLE** | The REC currently restricts RECCo's objective and activities to delivering the REC only. This prevents RECCo from participating in other Code Manager activities, including in the licensing assessment process, preparing the required plan, or progressing any associated governance or corporate model for another Energy Code other than the REC. R0332 proposes amendments to the Code to expand RECCo's vires to allow them to undertake such activities, with clear governance and separation of REC and non-REC activities. Without a clear REC basis for these activities, REC Parties may be exposed to uncertainty about the scope of RECCo's role and the use of contingency or other budgetary provision. The implementation of R0332 should also improve stakeholder confidence around cost allocation/reimbursement and provide transparency in RECCo's activities. |
| **PROTECTS REC CONSUMERS AND PARTIES BY SAFEGUARDING COST RECOVERY MECHANISMS** | All REC Parties have a vested interest in the proposed amendments because it affects RECCo's permitted activities, governance controls and potential use of budgetary provision. The implementation of R0332 will provide certainty to Consumers and REC Parties around RECCo's expenditure and working-capital controls so that additional Code Manager activity can only be funded from contingency or other budget provision approved in accordance with the REC. R0332 will ensure that costs are separately identifiable between REC and additional Code Manager activities, and that budgetary provisions are clearly defined to avoid adverse impact on REC delivery. |

## 11.3 COST BENEFIT ANALYSIS

There are no central systems costs, no expected costs to Parties and two intangible benefits associated with this Change Proposal. As such, the Code Manager believes that there is a positive case for change.

## 12 CASE FOR CHANGE

### AUTHORITY DETERMINATION

The Code Manager believes that R0332 better facilitates the following REC Objectives:

| OBJECTIVE | IMPACT TYPE | DESCRIPTION AND JUSTIFICATION |
|---|---|---|
| To ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement[1] | Positive | The implementation of R0332 will positively impact this objective as it will provide clear legal drafting around the REC's operational activities, clearly delineating them from the activities that the RECCo Board may undertake in pursuant of the ECC Code Manager licence. By providing further transparency around the Code's governance structure and cost allocation, R0332 will ensure the REC continues to operate in a manner that facilitates the efficient and effective running of the retail energy market. |
| To ensure customers interests and data is protected in the operation of the REC | Neutral | The implementation of R0332 will not have direct impact on Consumers but will ensure that Consumer interests under the REC continue to be protected by providing certainty around cost allocation for additional code manager activities. Additionally, clear drafting around RECCo's remit will also provide transparency over RECCo's activities, providing Consumers and industry participants confidence that this change should not detrimentally impact Consumers. |
| To drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs | Positive | The implementation of R0332 will positively impact this objective as it ensures clear separation between the operations of the REC and RECCo's responsibilities to achieving REC objectives, and RECCo's activities pursuant to the ECC licence. R0332 should not directly impact the efficiencies of the REC's operations, but rather provide assurance that RECCo has the remit to conduct activities for another Energy Code other than the REC. |

[1] REC Mission Statement

# 13 SUMMARY OF CONSULTATION RESPONSES

A consultation was circulated on 28 July until 11 August 2026 to obtain views on the Change Report (For Consultation). In total four responses were received from three Energy Suppliers and one Distribution Network Operator (DNO). The key themes from these responses have been summarised and set out below. The non-confidential responses have been published here.

## 13.1 SUMMARY OF RESPONSES

All respondents were supportive of the Change Proposal and proposed solution and believed it should be implemented.

## 13.2 COMMENTS ON THE SOLUTION AND PROPOSED LEGAL TEXT

All respondents were supportive of the proposed solution and agreed R0332 is a necessary change to allow RECCo to participate in the ECC Code Manager licensing assessment.

One respondent noted that they supported the proposed solution, subject to clear conditions on the scope being limited to the ECC, REC funding protection, cost transparency and future governance. Following further engagement with the Code Manager, the respondent was supportive that the proposed solution would introduce the necessary governance and funding arrangements to allow RECCo to undertake additional Code Manager activities, beyond the REC, but limited to the ECC at this stage. Activities pursuant to another future Energy Code would be subject to the formal change process, allowing for appropriate consultation with REC Parties, industry and the Authority.

## 13.3 BENEFITS RELATIVE TO IMPLEMENTATION AND OPERATIONAL COSTS

All respondents agreed with the Code Manager's assessment of the costs and benefits for this Change Proposal. One Supplier and one DNO requested further clarification that funding safeguards would be maintained, particularly that costs associated with additional Code Manager activities would not detrimentally impact the delivery of REC activities.

The Code Manager has confirmed that the proposed amendments under R0332 will introduce funding arrangements that ensure 'Additional Code Manager Activities' can only be funded from contingency or other budget provision approved in accordance with the REC, without diverting funding from identified REC workstreams unless that funding is no longer required for the originally identified purpose within that year. The proposed changes will require costs, liabilities, recoveries and reimbursements connected with Additional Code Manager Activity to be separately identifiable and applied for the benefit of REC Parties where appropriate. As per RECCo's FAQ document, RECCo are actively engaging with Ofgem in seeking to develop a solution that will enable full reimbursement, including an appropriate cost of capital charge, of such transition costs. RECCo 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).

### 13.4 CASE FOR CHANGE AND CODE MANAGER'S RECOMMENDATION

All respondents agreed with the Code Manager's assessment of the case for change and the Code Manager's recommendation to approve R0332 for implementation.

### 13.5 IMPLEMENTATION DATE AND APPROACH

All respondents agreed with the proposed approach of big bang and implementation date of 01 October, subject to receiving the Authority's determination by 28 September 2026, or the next appropriate implementation date a week after receiving the Authority's determination.

## 14 SUMMARY OF AMENDMENTS MADE FOLLOWING CONSULTATION

No amendments were made following impact consultation.

## 15 APPENDIX

| | |
|---|---|
| **CHANGE PROPOSAL** | Link |
| **CONSOLIDATED CONSULTATION RESPONSES** | Link |
| **LEGAL DRAFTING** | R0332 – Draft Main Body<br>R0332 – Draft Schedule 1<br>R0332 – Draft Schedule 4 |
| **ANY OTHER DOCUMENTS** | Ofgem – Determination of the basis of selection of code manager candidates<br>Ofgem - Determination pursuant to regulation 3(8) of the code manager selection regulations 2024 of the basis of selection of code manager for the consolidated Electricity Commercial Code<br>RECCo – Participation in Ofgem's Electricity Commercial Code (ECC) Code Manager Licensing Assessment Phase<br>RECCo – R0332 FAQs |

## 16 GLOSSARY

| TERM | DEFINITION |
|---|---|
| Distribution Connection and Use of System Agreement | means the agreement of that name maintained pursuant to the Electricity Distribution Licences. |
| Energy Codes | means a multilateral code or agreement maintained pursuant to one or more of the Energy Licences. |
| REC Objectives | means the objectives set out as such in Condition 11B of the Electricity Supply Licences and Condition 11 of the Gas Supply Licences, which are: a) to ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement; b) to ensure customers interests and data is protected in the operation of the REC; and, c) to drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs. |