RETAIL ENERGY CODE

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CHANGE PROPOSAL FORM (COPY)

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1 PERSONAL DETAILS

PROPOSER NAME *(Mandatory)*	Elizabeth Lawlor
COMPANY *(Optional)*	Retail Energy Code Company Ltd (RECCo)
COMPANY TYPE *(Optional)*	REC Code Manager
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2 CHANGE PROPOSAL SUMMARY

CHANGE PROPOSAL TITLE *(Mandatory)*	Amend REC Company Governance Schedule to permit RECCo to undertake additional code manager activities
WHAT IS THE ISSUE YOU ARE SEEKING TO SOLVE? *(Mandatory)*	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 CUSC and 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. REC Schedule 4 (Company Governance) 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.

	The issue is not limited to the ECC. Further Energy Codes may be developed in the future, and RECCo may have a legitimate interest in supporting or managing those codes where this is approved by the RECCo Board and consistent with REC delivery, licence compliance, independence and cost-control requirements.
WHAT IMPACT IS THIS HAVING? *(Mandatory)*	Unless the REC is amended, RECCo may be unable 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. This could prevent RECCo from providing Ofgem with a credible plan by the expected 1 September 2026 deadline and may remove a potentially efficient option for code reform delivery. The vires uncertainty also creates avoidable governance and director-risk issues, and may make it difficult to manage stakeholder confidence, cost allocation, reimbursement 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. For consumers and industry, the impact is the potential loss of a faster and more cost-effective transition route for the ECC and other future codes, including the ability to leverage RECCo's code management capability, stakeholder engagement model, change governance, digitalisation and cross-code experience.
WHAT OUTCOMES DO YOU CONSIDER ARE NEEDED TO ACHIEVE AN EFFECTIVE SOLUTION? *(Mandatory)*	The REC should be amended urgently to give RECCo clear authority to undertake Board-approved additional code manager activities in relation to Energy Codes other than the REC. The solution should: • introduce a defined term for "Additional Code Manager Activity"; • amend RECCo's Objective and activity restriction in Schedule 4 so that RECCo may prepare for, participate in, apply for, accept, hold or perform additional code manager roles, including through a subsidiary, partnership or other arrangement; • preserve the independence of RECCo from its shareholders and prohibit shareholder interference with approved Additional Code Manager Activity; • include 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, without diverting funding from identified REC workstreams unless approved through the proper budget process; • 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; and • be progressed as an urgent change, with Ofgem/Authority approval and implementation no later than 1 September 2026. The solution should not be time-limited, because the vires issue is capable of arising for future Energy Codes, not only the ECC.

IS THERE ANY BACKGROUND INFORMATION OR CONTEXT TO THE CHANGE PROPOSAL THAT WOULD BE USEFUL? *(Optional)*	Ofgem issued an invitation for expressions of interest from persons interested in becoming code manager candidate for the ECC or the Gas Network Code. The ECC is intended to consolidate CUSC and DCUSA. RECCo submitted a contingent expression of interest for the ECC on 20 March 2026, with the Board having agreed that RECCo should retain optionality and continue to explore whether it could support code governance reform as an established code manager. RECCo's supporting material identifies a strong strategic rationale for RECCo involvement in the ECC: RECCo was established to deliver code management and consolidation, has experience in code administration, change governance, stakeholder management and complex project delivery, and is well placed to support speed of delivery and value for money. The materials also identify benefits from closer working between REC and ECC across consumer protection, consumer-led flexibility, Net Zero and cross-code change. The governance options review identifies that changes to REC Schedule 4 are required if RECCo is to proceed with activities related to ECC Code Manager licensing assessment and future delivery models. This Change Proposal therefore seeks a targeted amendment to Schedule 4, with appropriate controls, so that RECCo can lawfully and transparently undertake additional code manager activities where approved by the RECCo Board.

3 CONSUMER IMPACTS

WHICH CONSUMER TYPES WILL BE IMPACTED BY THIS CHANGE PROPOSAL? *(Mandatory)*	• Electricity • Other - electricity network users, future Energy Code parties and consumers indirectly affected by Energy Code governance
WHAT IMPACT WILL THIS CHANGE PROPOSAL HAVE FOR THESE CONSUMERS? *(Mandatory)*	• Trust and confidence • Safety • Security of supply • Other - indirect benefits from efficient, independent and joined-up code governance, including support for consumer-led flexibility, Net Zero and better cross-code coordination
ADDITIONAL INFORMATION *(Optional)*	The direct legal effect is on RECCo's governance and vires. Consumer impacts are indirect but important. The proposal supports an efficient route for RECCo to participate in ECC and future code manager processes, enabling experienced code governance to be applied to arrangements that affect electricity connections, network use, charging, consumer data, flexibility, safe isolation and related consumer-facing outcomes. The proposal is also designed to protect REC consumers by ensuring that any additional code manager activity is Board-approved, transparently controlled, separately identifiable for cost purposes and does not dilute funded REC delivery unless authorised through the proper REC budget process.

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4 CODE IMPACTS

Does this Issue relate to or impact:

THE REC OR REC SCHEDULES? *(Optional)*	• Main Body • Interpretations and Definitions Schedule • Company Governance Schedule
ADDITIONAL INFORMATION *(Optional)*	The principal impact is on Schedule 4 (Company Governance). This makes a consequential reference to the budget arrangements in Clause 9 of the main body, but no change to Clause 9 is expected at this stage. There may appropriately be new defined terms inserted into Schedule 1. The proposed legal drafting is included as clearly labelled excerpts in the supporting information section of this form. The drafting is intended to amend the definition of RECCo's Objective, the restriction on RECCo activities, shareholder non-interference provisions and working capital/cost-control provisions. The drafting should be subject to legal review and REC drafting quality assurance through the change process, but is intended to be sufficiently developed to support urgent progression and Authority approval.

THE DATA SPECIFICATION? *(Optional)*	☐ Data Item Catalogue ☐ Market Message Catalogue ☐ Data Access Matrix ☐ Standards Definition
ADDITIONAL INFORMATION *(Optional)*	No direct impact expected. Any data specification impacts would arise only through separate future changes connected with a specific Energy Code activity or service design.

CENTRAL SYSTEMS OR REC SERVICES? *(Optional)*	☐ Electricity Enquiry Service ☐ Central Data Service Provider Further Services ☐ Secure Data Exchange Service ☐ Green Deal Central Charging Database ☐ Central Switching Service (CSS) ☐ CSS Certificate Authority ☐ Switching Operator ☐ Gas Retail Data Service ☐ Electricity Retail Data Service ☐ Gas Enquiry Service ☐ Energy Theft Tip Off Service (ETTOS)
ADDITIONAL INFORMATION *(Optional)*	No direct change to REC Services or Central Systems is proposed. The change is to RECCo's governance and vires. Future service impacts, if any, would be developed and assessed separately.

REC PARTIES AND/OR MARKET PARTICIPANTS? *(Optional)*	• Energy Suppliers • Distribution Network Operators • Gas Transporters • Metering Equipment Managers • Meter Asset Providers • AMR Service Providers • Other - REC shareholders, Ofgem, potential ECC parties, CUSC/DCUSA parties and other Energy Code stakeholders
ADDITIONAL INFORMATION *(Optional)*	All REC Parties have an interest in the proposed amendment because it affects RECCo's permitted activities, governance controls and potential use of budgetary provision. The change may also be relevant to electricity network operators and current CUSC/DCUSA stakeholders because the immediate trigger is the ECC Code Manager process. The proposal includes protections to avoid adverse impact on REC delivery and to ensure separate identification of costs and recoveries.

OTHER INDUSTRY CODES? *(Optional)*	☐ BSC ☒ DCUSA ☐ SEC ☐ UNC ☐ IGT UNC ☒ Other - CUSC and the future Electricity Commercial Code; future Energy Codes where RECCo Board-approved Additional Code Manager Activity is proposed
ADDITIONAL INFORMATION *(Optional)*	The immediate context is the ECC, which is expected to consolidate CUSC and DCUSA. The drafting is deliberately not limited to the ECC because the same vires issue could arise for future Energy Code manager roles or related preparatory activities.

DOES THIS CHANGE PROPOSAL IMPACT A SIGNIFICANT CODE REVIEW? *(Optional)*	No, not to our knowledge. The proposal supports Ofgem's wider energy code reform programme and the code manager selection process, but it is not understood to be part of a Significant Code Review.
ADDITIONAL INFORMATION *(Optional)*	If the Authority considers the change to be sufficiently connected to the code reform implementation programme, this should be taken into account when setting the urgent timetable and approval route.

5 CHANGE PROGRESSION

DO YOU BELIEVE THIS CHANGE PROPOSAL MEETS THE CRITERIA FOR 'URGENCY' AND SHOULD BE PROGRESSED	Yes. This Change Proposal should be progressed as urgent because RECCo understands that Ofgem expects a plan for the ECC Code Manager process by 1 September 2026. The proposed change is required to address the vires issue before RECCo can confidently proceed with or implement the activities

UNDER AN URGENT TIMETABLE? **IF SO, PLEASE PROVIDE JUSTIFICATION?** *(Optional)*	necessary to support that timetable. Delay would create a material risk that RECCo cannot lawfully or practically participate in the licensing assessment process, prepare the required plan, or progress any associated governance or corporate model.
ARE THERE ANY REQUIRED TIMESCALES FOR THE DEVELOPMENT OR IMPLEMENTATION OF THIS CHANGE PROPOSAL? *(Optional)*	Target implementation date: no later than 1 September 2026. The change should be progressed on an expedited basis to allow sufficient time for impact assessment, legal review, Change Panel consideration, stakeholder engagement proportionate to urgency, Authority approval and implementation before the Ofgem plan deadline.
ARE YOU AWARE OF ANY DEPENDENCIES ASSOCIATED WITH THE CHANGE PROPOSAL WHICH MAY IMPACT ITS PRIORITY OR PROGRESSION TIMETABLE? *(Optional)*	Dependencies include: Ofgem's ECC Code Manager selection and licensing assessment timetable; Authority approval of this REC change; legal review of the drafting; RECCo Board approvals for any Additional Code Manager Activity and associated expenditure; budget/contingency availability and approvals under REC Clause 9; stakeholder engagement; and any subsequent corporate, subsidiary, partnership or cost-recovery arrangements required for the relevant Energy Code activity.
DOES THIS CHANGE PROPOSAL RELATE TO AN EXISTING OR PREVIOUS CHANGE PROPOSAL? *(Optional)*	Not aware of any existing or previous REC Change Proposal that directly addresses this vires issue. This proposal is related to RECCo's ECC expression of interest, the ECC Code Manager licensing assessment process and the wider energy code reform programme.

6 ATTACHMENTS

ATTACH/PROVIDE ANY SUPPORTING DOCUMENTS TO BE SUBMITTED WITH THE FORM	**Supporting information and proposed legal drafting excerpts** The following excerpts are proposed for inclusion in Schedule 4 (Company Governance). They are included for the purposes of this Change Proposal and should be finalised through legal review, REC drafting quality assurance and the impact assessment process. . **New definition: Additional Code Manager Activity** Additional Code Manager Activity means any activity undertaken by RECCo in connection with preparing for, participating in any process relating to, applying for, accepting, holding or performing the role of Code Manager for an Energy Code other than the Retail Energy Code, whether directly, in partnership with another organisation or through a subsidiary. **Amended definition: Objective** Objective means: (a) acting as the corporate vehicle through which RECCo carries out its rights, obligations, functions and activities under this Code; (b) giving effect to decisions of the RECCo Board and any other person or body to the extent that this Code requires or permits RECCo to give effect to those decisions; and (c) undertaking any Additional Code Manager Activity approved by the RECCo Board, including, where relevant, establishing, procuring or using a subsidiary, entering into any partnership or other

	arrangement, and exercising any rights as shareholder or participant in connection with that Additional Code Manager Activity. **Paragraph 4.1: RECCo's Objective** The Shareholders and RECCo acknowledge and agree that RECCo shall not undertake any activities other than: (a) those that are reasonably necessary for carrying out the Objective; (b) any Additional Code Manager Activity approved by the RECCo Board; and (c) any activities that are reasonably necessary or incidental to any Additional Code Manager Activity approved by the RECCo Board. **Paragraph 4.2: shareholder non-interference** Each Shareholder acknowledges and agrees that RECCo will have complete independence from its Shareholders in its operations and undertakes not to take any action which obstructs or interferes with, or seeks to obstruct or interfere with, the carrying out of the Objective or any Additional Code Manager Activity approved by the RECCo Board (provided that this Paragraph 4.2 shall not restrict the exercise of Shareholder rights in order to comply with the requirements of this REC Schedule). **Paragraphs 9.4 and 9.5: expenditure, cost separation and recoveries** 9.4 RECCo may incur costs in connection with Additional Code Manager Activity only to the extent that such costs can be met from any contingency provision included in the Annual Budget or from any other provision expressly included in, or approved in accordance with, the budget arrangements in Clause 9 of the main body of this Code. RECCo shall not use or reallocate amounts included in the Annual Budget or Work Plan for other identified activities, projects or workstreams for the purpose of funding Additional Code Manager Activity, unless that use or reallocation has been approved in accordance with Clause 9 of the main body of this Code. 9.5 RECCo shall maintain arrangements designed to ensure that any costs, liabilities, expenses, recoveries, reimbursements or other amounts relating to Additional Code Manager Activity are separately identifiable. To the extent that any amount spent on Additional Code Manager Activity and recovered from Parties under this Code is subsequently reimbursed or otherwise recovered, RECCo shall apply that amount so as to reduce future amounts otherwise recoverable under this Code, or otherwise for the benefit of Parties as approved by the RECCo Board. **Source documents referenced in preparing this proposal** • Notice seeking expressions of interest for the Electricity Commercial Code or Gas Network Code Code Manager role, dated 26 January 2026. • Notice of intent to progress RECCo through to ECC licence assessment