RETAIL ENERGY CODE

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

# CHANGE REPORT

## R0348 – ENERGY CODE REFORM - CONSEQUENTIAL CHANGES TO THE REC

| | |
|---|---|
| DOCUMENT VERSION | V1.0 |
| PROPOSED IMPLEMENTATION DATE | Code Manager Licence Commencement Date |
| IMPLEMENTATION APPROACH | Big Bang |

| | | | |
|---|---|---|---|
| RESPONSIBLE COMMITTEE | Change Panel | CHANGE PATH | Self-Governance |
| PRIORITISATION CATEGORY | High | URGENCY | Standard |
| IMPACTED STAKEHOLDERS | REC Service Providers, REC Code Manager, RECCo and users of affected REC products. | | |


| LEAD ANALYST (SOLUTION LEAD) | SUBJECT MATTER EXPERT | MARKET DESIGN LEAD |
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## OVERVIEW

On 04 September 2026, Ofgem published a Statutory consultation to seek views on proposed amendments to the Retail Energy Code (REC) and affected licences required to implement the new governance framework. The proposals address the principal changes required to introduce the new code governance arrangements, including the revised Code Modification process, the Stakeholder Advisory Forum (SAF), changes to existing governance arrangements and transitional provisions.

A review of the wider REC baseline has identified that implementation of those changes has consequential impacts on other REC Schedules and subsidiary REC products which are not, or are not fully, addressed by Ofgem's proposed statutory modifications.

R0348 therefore makes the additional consequential amendments needed across the wider REC baseline so that the REC operates consistently when the new governance arrangements take effect. As part of the review of the affected REC baseline, a small number of minor housekeeping amendments to existing REC Schedules have also been identified. These amendments do not arise from Energy Code Reform and are not required as a consequence of

Ofgem's proposed changes. However, it is considered appropriate and proportionate to progress these minor corrections through R0348.

## CODE MANAGER RECOMMENDATION

The Code Manager recommends that the REC Change Panel:

- **APPROVE** the Proposal Plan, including the Responsible Sub-Committee, Change Path, Priority Status, Urgency and timetable: and
- **APPROVE** that this Change Report contains sufficient information to proceed to Consultation, noting the Code Manager Minded-to Position below.

## CODE MANAGER MINDED-TO POSITION

The Code Manager recommends that the Change Panel:

- **APPROVE** the proposed change solution;
- **APPROVE** the proposed implementation approach; and
- **APPROVE** the proposed implementation the date at which RECCo are awarded a Code Manager license (i.e., the Code Manager Licence Commencement Date).

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# BACKGROUND

## 1 SUMMARY

Under new powers created by the Energy Act 2023, Ofgem are responsible for selecting and licensing Code Managers. Licensed Code Managers will undertake responsibilities under the new statutory governance framework, including responsibilities relating to the development and modification of their respective codes and delivery against Ofgem's Strategic Direction Statement.

RECCo is currently undergoing the selection process to become the Code Manager for the REC and is progressing through the arrangements required for the REC to transition to the new Licensed Code Manager governance framework. On 04 September 2026, Ofgem published a Statutory consultation to seek views on proposed amendments to the REC and affected licences required to implement the new governance framework. The proposals address the principal changes required to introduce the new code governance arrangements, including the revised Code Modification process, the SAF, changes to existing governance arrangements and transitional provisions.

A review of the wider REC baseline has identified that implementation of those changes has consequential impacts on other REC Schedules and subsidiary REC products which are not, or are not fully, addressed by Ofgem's proposed statutory modifications.

The review has also identified a small number of minor housekeeping changes to existing REC Schedules. These Schedule amendments are not consequential to Energy Code Reform and are not required to implement Ofgem's proposed changes. They address existing drafting, cross-reference and other minor issues within the current baseline. As these documents have already been reviewed as part of this exercise, R0348 provides an appropriate opportunity to make those amendments alongside the Code Reform changes.

This proposal therefore seeks to progress the additional consequential changes required through the REC Change process. The purpose of R0348 is to ensure that, when the new governance arrangements take effect, the wider REC baseline does not retain outdated terminology, responsibilities, governance bodies or processes that are inconsistent with the reformed REC. The proposal is not intended to revisit or amend the substantive Code Reform policy decisions being implemented by Ofgem.

## 2 PROBLEM STATEMENT

Without corresponding consequential amendments, parts of the REC baseline could retain references, responsibilities, governance arrangements or processes that are inconsistent with reformed REC arrangements.

This could create ambiguity over which governance arrangements apply, where responsibilities sit and which process should be followed. It would also mean that different REC products could describe the same arrangements inconsistently.

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## 3 IMPACTS

| REC SERVICE PROVIDERS |
| --- |
| Indirect impact to all REC Service Providers |

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

| REC DOCUMENTS / PRODUCTS |
| --- |
| Schedule 7 - Energy Theft Reduction |
| Schedule 8 - Unbilled Energy Code of Practice |
| Schedule 9 - Qualification and Maintenance |
| Schedule 15 - Metering Accreditation |
| Schedule 19 - Market Exit and Supplier of Last Resort |
| Electricity Enquiry Service Definition |
| Central Data Service Provider Further Services Definition |
| Secure Data Exchange Service Definition |
| Green Deal Central Charging Database Service Definition |
| Gas Enquiry Service Definition |
| Electricity Retail Data Service Definition |
| Gas Retail Data Service Definition |
| Switching Operator Service Definition |
| Central Switching Service Definition |
| CSS Certificate Authority Service Definition |
| Stakeholder Advisory Forum Terms of Reference (new) |
| Consolidated Metering Code of Practice (CoMCoP) |
| Change Panel Terms of Reference (removal) |
| Performance Assurance Board Terms of Reference |
| Performance Assurance Report Catalogue |

| MHHS |
| --- |
| There no impacts to MHHS. |

## 4 CROSS-CODE IMPACTS

The Balancing and Settlement Code (BSC) is also included in phase one of Code Reform and will be undergoing its own transition to the new governance arrangements. This Change Proposal has no impact or dependency on the BSC or other codes.

## 5 PROPOSAL PLAN

| Milestone | Activity | From | To |
| --- | --- | --- | --- |
| **Change Proposal** | | **28 Sep 26** | **16 Nov 26** |
| | Consultation | October | October |
| | Solution Refinement | October | November |
| | Final Determination | November | November |
| **Voting** | | **17 Nov 26** | **17 Nov 26** |
| | Appeal Window | 18 November | 01 December |

The timetable is intended to allow the consequential amendments to be approved and ready to take effect alongside the wider Energy Code Reform changes to the REC. The timetable will be kept under review against Ofgem's confirmed implementation arrangements.

## 6 PRIORITISATION CATEGORY AND URGENCY

### 6.1 PROPOSER REVIEW

The Proposer of this Change Proposal has provided a review stating this Change Proposal:

- Does not meet the criteria for Urgency;
- The proposal directly supports Section 11.2 of the Strategic Direction Statement: Reform energy code governance to enable faster, more strategically aligned rule changes across the sector which includes:
    - Implement Ofgem’s new strategic functions and transition to Code Manager arrangements – phase 1; and
    - Simplification of the codes.
- Delivers a significant regulatory and governance benefit by ensuring that the wider REC baseline is capable of operating consistently with the new governance framework from implementation, this delivers noticeably greater regulatory benefit than most other Standard changes; and

- Is expected to have low implementation complexity because the changes are principally amendments to REC documentation and governance products and are not expected to require participant system changes. The proposal is broad in scope because a number of REC products require consequential amendment to support Code Reform and a small number of additional Schedule housekeeping amendments are being progressed at the same time.

### 6.2 CODE MANAGER REVIEW

The Code Manager agrees with the proposer's assessment and is proposing this Change Proposal be given an Urgency Status of Standard and a Prioritisation Category of High.

The Code Manager considers a priority of High to be appropriate because the changes are required to support the effective implementation of Energy Code Reform and need to be in place when the new REC governance arrangements take effect.

# SOLUTION

## 7 PROPOSED SOLUTION

All REC documents categorised in the Baseline Statement have been reviewed and updated accordingly, to reflect the new arrangements being introduced as part of Energy Code Reform.

This Change Proposal contains two distinct types of amendment:

1. Code Reform consequential amendments - changes required to align affected REC products with the new Code Manager governance arrangements, modification process and associated governance changes being implemented by Ofgem; and
2. Housekeeping amendments - limited to minor drafting, cross-reference, terminology and similar corrections to existing REC Schedules.

The Code Reform consequential amendments are intended to ensure that affected subsidiary products:

- reflect the new Code Manager governance arrangements and associated responsibilities;
- reflect the revised REC modification and decision-making arrangements;
- remove or replace obsolete references to existing governance bodies, roles and processes;
- remain internally consistent with the REC provisions modified by Ofgem; and
- take effect in a coordinated manner with the implementation of the new Code Reform arrangements.

These changes are consequential to, or being progressed alongside, the implementation of Code Reform and do not seek to alter the substantive policy decisions made by Ofgem. The minor housekeeping changes identified through the review do not change existing obligations or policy.

## 8 DRAFT LEGAL TEXT

The legal text changes to deliver the proposed solution to R0348 can be found here.

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# PRELIMINARY ASSESSMENT

## 9 BUSINESS CASE ASSESSMENT

### 9.1 COSTS

There are no costs to implement this Change Proposal, as it is an update to legal text only.

### 9.2 BENEFITS

This Change Proposal will facilitate in the realisation of the benefits of Energy Code Reform as set out by Ofgem. These are to facilitate the transition to net zero and ensure that the codes evolve in the best interests of Consumers by

- making it easier for Market Participants to engage with the codes;
- facilitating the delivery of strategic change within the codes; and
- supporting the implementation of the new code governance arrangements.

More specifically, this Change Proposal will:

- provide a coherent REC baseline when the new governance framework takes effect;
- remove obsolete governance references, reduce ambiguity about decision-making responsibilities and resolve minor drafting errors;
- ensure consistent use of the new modification procedures terminology and processes across affected REC products;
- make clear where responsibilities sit with RECCo and where they sit with the Licensed Code Manager;
- support the transition from the existing Change Panel and expert panel arrangements to the new governance model, including the SAF; and
- reduce the risk of users relying on outdated or inconsistent REC provisions after implementation.

## 10 CASE FOR CHANGE

### SELF GOVERNANCE

The Code Manager believes there is a positive case for change, as:

- the proposed solution appropriately resolves the original Problem Statement;
- the cost and effort of implementing and operating the proposed solution is proportionate and cost-effective; and
- has a strong alignment with Ofgem's Strategic Direction Statement to reform Energy Code governance to enable faster, more strategically aligned changes across the sector.

## 11 APPENDIX

| | |
|---|---|
| **CHANGE PROPOSAL** | Link |
| **LEGAL DRAFTING** | Link |

## 12 GLOSSARY

| TERM | DEFINITION |
|---|---|
| Office of Gas and Electricity Markets (Ofgem) | Ofgem is the regulator for Britain's gas and electricity industries, overseen by the Gas and Electricity Markets Authority (the Authority) |
| Code Manager | means the person described in Clause 7 of the main body of this Code. |
| Balancing and Settlement Code (BSC) | means the Balancing and Settlement Code, as defined in the Electricity Supply Licences. |