

Modification proposal:	Retail Energy Code (REC) R0041: REC V3.0		
Decision:	The Authority ¹ has decided to approve ² this modification ³		
Target audience:	REC Board, REC Parties and other interested parties		
Date of publication:	29 June 2022	Implementation date:	CSS Go-Live Date ⁴

This is our decision to approve Retail Energy Code (REC) code modification proposal R0041: REC V3.0, with an implementation date of the “CSS Go Live Date” as defined in the REC.

We had previously approved this modification on 17 June (the “17 June Decision”).⁵ Subsequent to us making that decision to approve the modification, the RECCo made us aware of some errors in the versions of the legal text contained in certain schedules to the REC linked to the modification proposal, whereby the text did not fully correspond with the content of the correct versions as baselined at Regulatory Group (RG). This has been attributed to an administrative error in managing the REC V3.0 text on the RECCo website. We therefore then revoked the 17 June Decision under electricity and gas supply standard licence condition 2.7, such revocation being on the basis that the modification as approved did not contain the intended and correct versions of the legal text as baselined at RG.⁶

This is our subsequent decision to re-approve the REC code modification proposal R0041: REC V3.0 with the correct versions of the schedules as baselined at RG linked. We are making this decision to approve R0041 in response to the new recommendation provided as part of the Final Change Report dated 29 June 2022 from the REC Change Panel.

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.

³ ‘Change’ and ‘modification’ are used interchangeably in this document.

⁴ CSS Go-Live Date, as defined by the Retail Energy Code, means the time and date designated as such by the Authority. The CSS Go-Live Date is currently expected to be, and will not be earlier than, 18 July 2022.

⁵ Link [here](#) to the 17 June decision to approve R0041 on the Ofgem website

⁶ Link [here](#) to the decision made on 29 June to revoke the 17 June decision to approve R0041, on the Ofgem website

Background

We launched the Switching Significant Code Review (SCR) in November 2015 in order to introduce the necessary changes required to the licence and code framework for the Switching Programme.⁷ The objective of the Switching Programme is to improve consumers' experiences of switching, leading to greater engagement in the retail energy market by designing and implementing a new switching process that is reliable, fast and cost-effective. This will build consumer confidence and facilitate competition, delivering better outcomes for consumers.

The SCR mechanism allows Ofgem to holistically manage complex changes to multiple industry codes and licence conditions. The Switching SCR will bring about significant changes to the Retail Energy Code (REC) as part of the Switching Programme, introducing REC version 3.0. This will support the introduction of faster and more reliable switching through a new Centralised Switching Service (CSS).

These changes to the REC require consequential changes to be made to a number of affected codes to reflect the new arrangements. Our update,⁸ published on 31 January 2022, set out the proposed processes and timelines for this suite of industry code modification proposals required for REC version 3.0, including this modification to the REC.

In line with the Switching SCR, we raised the REC code modification proposal R0041 on 7 April 2022 to allow for the efficient and timely implementation of REC version 3.0 by the CSS Go-Live Date. The modification was raised with a proposed implementation date of the CSS Go-Live Date. The CSS Go-Live Date will be confirmed by the Authority at a later date (expected to be shortly after the date of the Go Live decision), and is currently expected to be 18 July 2022.

The modification proposal

On 7 April 2022, REC modification proposal R0041 (the Proposal) was raised by the Authority as an Authority Change Proposal under the Switching SCR and pursuant to paragraph 9.3 (Change Paths) of the Change Management Schedule of the REC.⁹ We also issued a direction

⁷ Link [here](#) to the Switching SCR launch statement on the Ofgem website.

⁸ Link [here](#) to the update

⁹ Further details about R0041 can be found on the Retail Energy Code website, [here](#).

under paragraph 9.9(a) of the Change Management Schedule of the REC, which set out the timetable for the relevant party (in this case, the Code Manager¹⁰) to progress the Proposal.

The Proposal seeks to introduce the processes, obligations and provisions underpinning the new switching arrangements into the REC from the Go-Live for CSS. The Authority will determine and designate the exact date of CSS Go-Live in due course; as noted above, this is expected to be the same day as the Go Live decision.

REC Change Panel¹¹ recommendation

At the REC Change Panel meeting on 07 June 2022, the REC Change Panel unanimously considered that R0041 would better facilitate three REC Objectives, and the REC Change Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 29 June 2022. We have concluded that:

- implementation of the modification proposal will better facilitate the three REC objectives (a), (b) and (c); and
- approving the modification is consistent with our principal objective and statutory duties.¹²

Reasons for our decision

We consider this modification proposal will better facilitate REC Objectives (a), (b) and (c), and has a neutral impact on the other relevant Objectives.

(a) to ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement

¹⁰ As defined in the REC

¹¹ The REC Change Panel is established and constituted pursuant to and in accordance with [Standard Condition 11B.8\(a\) of the Electricity Supply Licence](#) and [Standard Condition 11.8\(a\) of the Gas Supply Licence](#).

¹² The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 and the Gas Act 1986.

The Switching Programme's overall objective is to improve consumers' experiences of switching, leading to greater engagement in the retail energy market, by designing and implementing a new switching process that is reliable, fast and cost-effective. This will build consumer confidence and facilitate competition, delivering better outcomes for consumers.

The implementation of the new and updated REC products, which set out the obligations and processes for the governance and operation of the new switching arrangements, is essential to the successful delivery of Ofgem's Switching SCR and the enduring operation of these new switching arrangements.

The implementation of this modification proposal will ensure that the REC operates and evolves in a manner that facilitates the achievement of its mission statement as it will ensure the successful introduction of the obligations, processes and provisions for the new switching arrangements. As such, we consider it better facilitates REC Objective (a).

(b) to ensure customers interests and data is protected in the operation of the REC

This modification proposal will amend REC Schedules and set out new procedures for data handling, including data access and data management. These will ensure that customer interests and data are protected in the operation of the REC. As such, we consider it better facilitates REC Objective (b).

(c) to drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructure it governs

This modification proposal will set out new procedures for governing switching, to support the introduction of faster and more reliable switching through a new CSS. This modification proposal will therefore ensure that REC central systems and communication infrastructure follow processes and systems approaches that are more efficient than alternative arrangements. As such, we consider it better facilitates REC Objective (c).

Decision notice

Pursuant to and in accordance with (1) Standard Condition 11B of the Electricity Supply Licence and Standard Condition 11 of the Gas Supply Licence, (2) paragraph 21.2 of the Change Management Schedule of the REC and (3) the Switching SCR, the Authority hereby approves REC Change Proposal 'R0041: REC V3.0' (Modification R0041). Pursuant to paragraph 25.1 of the Change Management Schedule of the REC, the Code Manager must now implement Modification R0041 so that it takes effect on the date that version 3.0 of the REC comes into effect, which is also the CSS Go-Live Date as defined in the REC. This date will be determined and designated by Ofgem at a later date, and is currently expected to be 18 July 2022.

We expect this to be the last decision in respect of the REC under the Switching SCR. However, if circumstances change before the end of the Switching SCR, which necessitate further Authority-led modification proposals in respect of the REC, we will consult further. In due course, we will confirm when we have made our decision on the final Authority-led modification proposal under the Switching SCR and, accordingly, when the Switching SCR as a whole has ended.



Nicola Garland

Head of Switching Programme

Signed on behalf of the Authority and authorised for that purpose