
Ofgem decision to Reject R0216: Retail Energy Code (REC) Changes to tie in with DCP419

Decision: The Authority¹ has decided to reject² this change proposal³

Target audience: REC Board, REC Parties and other interested parties

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Background

When a power outage affecting a smart meter occurs lasting more than three minutes, the Data Communications Company (DCC) is required by the Smart Energy Code (SEC) to send Power Outage Alerts (POAs) to Distribution Network Operators (DNOs) within 60 seconds after the initial three minutes of the outage.

These alerts can sometimes be generated through planned or unplanned metering activity taking place on behalf of energy suppliers. In other circumstances these could be generated erroneously by smart meters or as the result of a genuine power outage. DNOs may not have the ability to determine remotely if a POA represents a genuine loss of power or a false positive.

There are currently no obligations in any industry codes which require or provide a method for energy suppliers or metering agents to notify a DNO they intend to carry out de-energisation of a smart meter triggering a POA. Without this type of notification, it could result in DNOs contacting consumers to verify if a POA is genuine, and if intervention is needed.

Under the Regulatory Instructions and Guidance (RIGs) for RIIO-ED2⁴ within Annex F the following guidelines are in place for DNOs *"Where an outage alert is received from a smart*

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 [Electricity distribution price control 2023 to 2028 \(RIIO-ED2\) | Ofgem](#)

meter, the DNO should contact the customer as soon as reasonably practicable thereafter to check whether the customer is without power". However, the RIGs also make clear that single premises power outage alerts originating from a smart meter are not reasonably expected to indicate no supply.

As the planned phase out of 2G and 3G networks progresses, existing smart meter communications hubs using these technologies will need replaced with 4G or other solutions. This activity will cause an increase in the number of single premises POAs which DNOs receive.

The change proposal

R0216 was raised by the Retail Energy Code (REC) (the Proposer) on 16 October 2024. This modification was initially developed under Distribution and Charging Use of System Agreement (DCUSA) as DCP419⁵ Pre-Notifications of Planned Supply De-Energisations which was raised in September 2023. Following the solution development in the REC, which began in October 2024, the REC became the lead code at present no solution has been developed for DCP419.

R0216 seeks to introduce a new Market Message requiring suppliers and meter operators to notify DNOs ahead of a planned de-energisation or communications hub work at sites with smart meters. This could result in a reduction of unnecessary consumer contact by DNOs when POAs are triggered during these planned activities.

The solution would involve sending a notification via the Data Transfer Network (DTN) at least one working day before the planned visit. Where received, DNOs would not need to contact the consumer to confirm the authenticity of the POA.

Unplanned metering work such as emergency meter exchanges and same day appointments would be exempt from the requirement to send notification in advance of the de-energisation taking place.

Responsible Committee⁶ recommendation

⁵ DCUSA DCP419 **Pre-Notifications of Planned Supply De-Energisations**

⁶ The REC Metering Expert Panel is established and constituted pursuant to and in accordance with the REC.

At the REC Metering Expert Panel (RECMEP) on 10 September 2025, the RECMEP considered that R0216 would not better facilitate the REC Objectives and therefore did not recommend its approval.

Our decision

We have considered the issues raised by the change proposal and the Final Change Report (FCR) dated 11 September 2025. We have considered and taken account of the responses to the industry consultation(s) which are attached to the FCR.⁷ We have concluded that:

- implementation of the change proposal will not better facilitate the achievement of the REC Objectives⁸

Reasons for our decision

Regulatory Instructions and Guidance (RIGs)

The Code Manager believes a more appropriate solution to this issue can be found through amendments to the RIGs. We have not considered how this could be implemented when making our decision on this modification as no solution has been developed for the RIGs yet. The RIGs are not intended to provide DNOs with a process to follow upon receipt of POAs. Although the Code Manager has suggested this as an alternative, no further detail has been provided as to how this could be achieved. However, this does not mean that there are not alternatives to this issue which can be found through the RIGs. It remains open for DNOs to engage with Ofgem through the annual RIGs review process to look at alternative solutions.

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

⁷ REC change proposals, change reports and representations can be viewed on the [REC Portal](#).

⁸ As set out in [Standard Condition 11B.6 of the Electricity Supply Licence](#) and [Standard Condition 11.6 of the Gas Supply Licence](#).

The Proposer believes that R0216 will have a neutral impact on relevant objective (a). While the Proposer considers that this modification could bring efficiency and process improvements for DNOs through not having to contact consumers for every POA. They also note that the solution could risk the operational flexibility of suppliers and metering agents gained through same day and appointments which aren't preplanned.

Some stakeholders expressed, via the consultation, agreement with the Proposer's view that this modification would not better facilitate relevant objective (a). They highlighted that they felt benefits were limited to DNOs and were unlikely to result in any measurable benefits for consumers or Suppliers. However, a small number of respondents felt that the introduction of a new Market Message under this modification would improve operational efficiencies for DNOs and reduce unnecessary consumer contact.

We consider that R0216 is unlikely to better support and will instead have a neutral impact on relevant objective (a). While the proposal aims to improve operational processes for DNOs, it does not materially simplify market arrangements. The introduction of a new Market Message would likely add complexity to existing processes and impose costs and restrictions on suppliers and meter operators without delivering proportionate benefits. While the market message may bring benefits to DNOs, given that same day appointments, which some suppliers have said can make up to 35% of their daily activity are out of scope of this change, it is likely the benefit will be limited.

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

The proposer considers that the modification will have a neutral effect on relevant objective (b). They believe that the proposal will not materially support the simplification of market arrangements or deliver tangible benefits for consumers. While it may offer operational improvements for DNOs, the proposer considers these are not seen as sufficiently significant to support a positive impact on relevant objective (b). The additional complexity and associated costs for suppliers and meter operators are unlikely to provide proportionate advantage for these parties.

Several consultation responses agreed with the proposer's view that the modification would not better facilitate the achievement of the relevant objective (b). These respondents largely

echoed the sentiment that the benefits of the proposal appeared limited to DNOs and were unlikely to translate into measurable improvements for consumers. They agreed that, while the proposal might streamline certain operational processes for DNOs by reducing the need for consumer contact where a POA is the result of supplier led metering works, it would simultaneously reduce the operational flexibility currently enjoyed by suppliers and metering agents, particularly with respect to same-day and unplanned appointments. As a result, these respondents felt that any operational efficiencies gained for DNOs would be outweighed by the added complexity and costs imposed on suppliers and metering agents, thus not justifying a positive impact on the broader REC objectives.

Conversely, a small number of respondents did not share the proposer's view and believed that the introduction of a new market message under this modification could lead to improved operational efficiencies for DNOs. These respondents highlighted that the reduction in unnecessary consumer contacts would provide tangible benefits potentially enhancing the effectiveness of DNO operations. However, even among this group, there was recognition that the scope of the proposed benefits, particularly with same-day appointments being excluded, might limit the overall impact, and that the advantages for suppliers and metering agents were less clear. As such, while some saw merit in the proposal's intent, they acknowledged that its benefits may not be sufficiently widespread to fully meet all REC objectives.

We agree with the proposer and code manager that the modification is unlikely to have a positive impact on relevant objective (b). This is primarily due to the limited benefits for DNOs and the risk of significant reduction in supplier and metering agent flexibility they can provide to consumers. While the proposal may streamline certain operational processes for DNOs by reducing unnecessary consumer contacts, the scope of these improvements is narrow, particularly given the exclusion of same-day appointments which can constitute a substantial portion of supplier activity.

We acknowledge the operational needs of DNOs and recognise the intent to drive efficiencies; however, these gains are unlikely to be sufficient to outweigh the increased complexity and costs imposed on suppliers and metering agents, nor do they deliver tangible benefits to consumers. Existing obligations under the RIGs already require DNOs to act promptly on outage alerts, and the proposed notification process is unlikely to materially improve this.

However, it should be emphasised that the RIGs specify: “Single premises power outage alerts originating from a smart meter are not reasonably expected to indicate no supply.” During the consultation, one DNO respondent noted that not all consumers are contacted upon receipt of every POA. Although this feedback reflects the approach of only one DNO and may not represent the practices of all, it remains the responsibility of individual DNOs to determine their response to POAs, and any actions deemed necessary. Nonetheless, it is essential that DNOs continue to comply with both code and licence requirements. While we acknowledge the perspectives shared by DNOs, overall, we conclude that the proposal does not better support the achievement of the relevant REC objectives and would not provide a proportionate benefit across the market.

We have considered stakeholder responses and recognise the concerns expressed by DNOs. However, the evidence provided does not demonstrate that the proposed change would materially improve outcomes for consumers or the market as a whole. In the absence of such evidence, we cannot conclude that the proposal better facilitates the relevant objective (b).

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

The proposer considers that the modification will have a neutral effect on REC objective (c). They argue that, while the change may yield some operational efficiencies for DNOs, it does not create a more level playing field for all market participants. Several respondents echoed this view, noting that the proposal predominantly benefits DNOs and does not extend similar advantages to suppliers, metering agents, or consumers.

The majority of stakeholders expressed concern that the additional complexity and associated costs imposed on suppliers and meter operators could, in fact, hinder effective competition by increasing operational burdens for these parties without delivering offsetting benefits. Conversely, a small minority of respondents suggested that the proposal could marginally improve competition by reducing unnecessary consumer contacts and freeing up DNO resources to focus on other core activities. However, even among these respondents, there was broad acknowledgement that the exclusion of same-day and unplanned appointments from the scope of the change would significantly limit any competitive benefits, as these appointments form a substantial element of supplier activity. As such, the operational gains

for DNOs are not considered sufficient to drive meaningful improvements in competition across the market.

On balance, we agree with the proposer and the majority of respondents that the modification is unlikely to better facilitate the achievement of relevant objective (c). The proposal does not materially enhance the competitive landscape; rather, it risks creating further disparity between DNOs and other market participants by introducing additional process requirements and costs for suppliers and metering agents without delivering proportionate benefits.

We therefore consider that the proposal does not better facilitate relevant objective (c) and drive improvement within the market.

Decision notice

In accordance with Standard Condition 11B of the Electricity Supply Licence and Standard Condition 11 of the Gas Supply Licence, the Authority has decided not to approve REC Change Proposal R0216 Changes to tie in with DCP419

Michael Walls

Head of Smart Metering and Retail Market Operations

Signed on behalf of the Authority and authorised for that purpose