

Annex H: Legal drafting of code modification prioritisation procedure – Retail Energy Code (REC)

We have set out below the specific sections of the Retail Energy Code (REC)^{1, 2} that we are modifying using our transitional powers contained in schedule 12 to the Energy Act 2023. Deletions are shown in strike-through, and new text is double underlined. Text in red³ shows changes that we have made to the code text contained in the [November 2025 statutory consultation](#), which include changes to take into account stakeholder feedback to our consultation and changes to reflect the current published version of the REC.⁴ For brevity, we have not reproduced entire sections of the code in this annex. Instead, we have included only the parts of the code that are changing, along with other parts we consider most relevant to understanding those changes.

Retail Energy Code

Standard condition 11B.1 of the Electricity Supply Licence⁵ ([Electricity Supply Licence](#)) and standard condition 11.1 of the Gas Supply Licence⁶ ([Gas Supply Licence](#)) place an obligation on licensees to be a party to, comply with and maintain the Retail Energy Code (REC), as set out further in the Electricity Supply Licence ([Electricity Supply Licence](#)) and the Gas Supply Licence ([Gas Supply Licence](#)). These obligations include, among other things that the code must provide for a code manager, whose powers, duties or functions shall facilitate the procedures for making a modification to the REC. Furthermore, standard conditions 11B.98 of the Electricity Supply Licence and standard condition 11.98 of the Gas Supply Licence set out requirements around the procedures for modifying the codes. Standard condition 11B.8 states that the REC must provide for a ~~person or body~~ panel body to perform the role of code manager (the REC manager)

¹ The REC, along with all the documents maintained in accordance with electricity standard condition 11B and Gas standard condition 11, has been designated as a ‘qualifying document’ by the Secretary of State as part of the [Designation Notice \(amended and consolidated\) under paragraphs 1\(1\)\(b\) and 1\(5\) of Schedule 12 to the Energy Act 2023 designating certain documents and central systems for the purposes of Schedule 12 to the Energy Act 2023](#)

² The prioritisation policy that we propose to introduce through this consultation relates to code processes before code manager appointment. We intend to keep the provisions under review, and if amendments are required in the future to account for the introduction of a code manager, a consultation will be carried out.

³ Where additional accessibility provisions are required, please contact industrycodes@ofgem.gov.uk

⁴ the REC refers to the version as of 5 March 2026 against which these changes were checked.

⁵ [Electricity Supply Licence](#)

⁶ [Gas Supply Licence](#)

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who shall facilitate the procedures for making a modification to the REC. Paragraph 6.1 of the REC states that “The REC Board may establish such sub-committees from time to time...”. Paragraph 6.2 states that the Change Panel is a sub-committee, and that “Each Sub-Committee shall be subject to such written terms of reference and such procedures as the REC Board may determine” (paragraph 6.5). Therefore, we have set out our proposed changes to the relevant paragraphs of the Terms of Reference⁷ ([Terms of Reference](#)) document below.

Schedule 1 - Interpretations and Definitions⁸ ([Schedule 1 - Interpretations and Definitions](#))

Prioritisation Criteria has the meaning given to that term by the Authority Guidance on Code Modification Prioritisation.

Prioritisation Category has the meaning given to that term by the Authority Guidance on Code Modification Prioritisation.

Authority Guidance on Code Modification Prioritisation means the guidance published by the Authority from time to time on code modification prioritisation.

Schedule 5 - Change Management⁹ ([Schedule 5 – Change Management](#))

4. Change Register

4.1. The Code Manager shall establish and maintain a register of all current and past Issues and Change Proposals (referred to as the Change Register).

4.6. The Code Manager shall publish

- (a) Whether each Issue or Change Proposal has been determined to be an Urgent Issue or Change Proposal, or, where each Proposal ~~has been determined to not be~~ is not an Urgent Issue or Change Proposal or a Housekeeping Change Proposal, its Prioritisation Category; and
- (b) the reasons for the Code Manager’s determinations where they have been made in regard to the Prioritisation Category of each Issue or Change Proposals; and:
- (c) where the Prioritisation Category of an Issue or Change Proposal is changed, confirmation of the change alongside the reasons for the change this change should be reflected within the Change Register alongside the reasons for its change.

⁷ [Terms of Reference](#)

⁸ [Schedule 1 - Interpretations and Definitions](#)

⁹ [Schedule 5 – Change Management](#)

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7 Submitting Issues and Change Proposals

7.2. The Code Manager may prescribe what information will be required to support the Issue or Change Proposal, in accordance with best practice and consistent with any requirements of the Code Administration Code of Practice. The Issue or Change Proposal must include an assessment by the Proposer of the issue or change against the Prioritisation Criteria, and other information prescribed by the Code Manager. The Code Manager shall set out the requirements, and publish accompanying guidance on the submission and treatment of Issues or Change Proposals, on the REC Portal.

9 Initial Assessment

Urgent Change Proposals and Prioritisation Category

9.5. The Code Manager shall make the initial determination of whether an Issue or Change Proposal is to be an Urgent Issue or Change Proposal, based on the criteria for urgency published by the Authority from time to time. For the avoidance of doubt, the Code Manager shall not determine a Prioritisation Category for Urgent Issues or Change Proposals and accordingly no Urgent Issue or Change Proposal shall have a Prioritisation Category.

9.5A ~~Unless Where~~ an Issue or Change Proposal has been determined to ~~not~~ be an Urgent Issue or Change Proposal, or a Housekeeping Change Proposal, the Code Manager shall make the determination of the Prioritisation Category of the Issue or Change Proposal, by assessing it against the Prioritisation Criteria as compared with other Issues or Change Proposals, taking into account the Proposer's opinion provided pursuant to paragraph 7.2.

Responsible Sub-Committee

9.6. The Code Manager shall make the initial determination of which Responsible Sub-Committee is to make the decision for a Change Proposal under Paragraph 20, by reference to the REC Baseline Statement. Where a Change Proposal affects more than one part of this Code, and the different parts are identified in the REC Baseline Statement as the responsibility of different Sub-Committees, then the Change Panel shall make the decision.

Proposal Plan

9.7. The Code Manager shall draft the initial Change Report (Proposal Plan) for each Issue or Change Proposal, and may make amendments to each such plan from time to time (in each case subject to Paragraph 9.9).

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9.8. The Change Report (Proposal Plan) for each Issue or Change Proposal shall set out:

- (a) the timetable and priority of the Issue or Change Proposal.
- (b) whether the Issue or Change Proposal is:
 - (i) sufficiently developed and/or urgent to warrant it going straight to the Change Report (For Consultation) (under Paragraph 18); or
 - (ii) in need of further development by the Code Manager and/or Subject Matter Experts, and/or of an impact assessment by the Parties and/or one or more REC Service Providers; and
- (c) whether the Issue or Change Proposal has cross-code impacts such that it needs to be progressed in conjunction with the Cross Code Steering Group; and
- (d) where the Issue or Change Proposal has been determined to not be an Urgent Issue or Change Proposal, or a Housekeeping Change Proposal, the Prioritisation Category of the Issue or Change Proposal, and the reasons for its determination as such.

9.9. In determining the prioritisation and timetable to be followed in respect of each Issue or Change Proposal, the Code Manager shall:

- (a) (subject to (b) below) determine a reasonable timetable, having regard to the Prioritisation Criteria, and whether the Issue or Change Proposal has been determined to be an Urgent Issue or Change Proposal, or, where it ishas determined to not be an Urgent Issue or Change Proposal, or a Housekeeping Change Proposal, the Issue's or Change Proposal's complexity, importance and Prioritisation Category relative to other ongoing Issues or Change Proposals, where they are also not Urgent Issues or Change Proposals, or Housekeeping Change Proposals and time-sensitivity; and
- (b) in the case of Authority Issues or Change Proposals and Urgent Issues or Change Proposals, determine a timetable consistent with any relevant timetable issued by the Authority.

10 Proposal Plan Progression

10.3. The Code Manager's initial determination under Paragraph 9 of the applicable Change Path, urgency-status, Responsible Sub-Committee, and Proposal Plan shall apply unless and until over-turned by:

- (a) the Code Manager, who shall keep the relevant issues under consideration, and who may make changes as circumstances dictate;

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(b) the Change Panel, when considering the report provided under this Paragraph 10 or following the application of a Party, the Consumer Representative or a REC Service Provider (but the Change Panel cannot overrule the REC Board or the Authority);

(c) the REC Board, in respect of plans to refer an Issue or Change Proposal to a Subject Matter Expert or to a REC Service Provider; and/or

(d) the Authority, at its own volition or (where the issue has previously been determined by the Change Panel or the REC Board) following the application of a Party, the Consumer Representative or a REC Service Provider.

18 Change Report (For Consultation)

18.3. The Change Report (For Consultation) for each Change Proposal shall set out:

(a) a description and analysis of the Change Proposal;

(b) the proposed legal text, as required, to change this Code in order to give effect to the Change Proposal;

(c) the proposed implementation date(s) for the implementation of the Change Proposal;

(d) for Self-Governance Changes, the business case for the Change Proposal, and the Code Manager's minded to position as to whether or not the Change Proposal should be approved;

(e) for Authority-Approved Changes, an assessment of the Change Proposal against the REC Objectives, and the Code Manager's minded to position as to whether or not the Change Proposal should be approved;

(f) where relevant, the assessment of the REC Service Providers as to whether implementation of the Change Proposal would require changes to their Systems, and (if so) the likely cost of such changes, and the time period required for the design, build and delivery of the changes;

(g) where relevant, the outcome of any Party impact assessment undertaken by the Code Manager; ~~and~~

(h) where relevant, a summary of any input given by the Cross Code Steering Group; and

(i) where it has been determined, a description of the determination of the Modification Proposal's Prioritisation Category.

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25 Housekeeping Change Proposals

25.2A For the avoidance of doubt, the Code Manager shall not determine a Prioritisation Category for Housekeeping Change Proposals and accordingly no Housekeeping Change Proposal shall have a Prioritisation Category.

29 Review of Prioritisation Category of Modification Proposals

29.1. The Code Manager shall review the Prioritisation Category of Modification Proposals on a bi-annual basis and adjust the relevant modification timetable for each Modification Proposal accordingly.

REC Change Panel – Terms of Reference¹⁰ ([REC Change Panel – Terms of Reference](#))

1 ESTABLISHMENT AND ROLE

1.2 The Change Panel shall discharge the functions and responsibilities assigned to it by the REC, in particular the Change Management Schedule, or otherwise required by RECCo. These functions and responsibilities will include:

- Approval of the determination by the Code Manager of the Prioritisation Category of an Issue or Change Proposal against the Prioritisation Criteria, where this has been carried out pursuant to paragraph 9.5A;
- Approval of Change Plans (including Terms of Reference and timetable) for the development of required REC Change Proposals **or REC Change Issues;**
- Receive **preliminary** Change Reports from the Code Manager and confirm the plan for consultation;
- Vote to approve or reject (or recommend approval of rejection to the Authority, where relevant) REC Change Proposals, taking into account the recommendation of the Code Manager; and
- Consideration of issues escalated to the Change Panel by its sub-committees including the Metering Expert Panel **and;** Technical Expert Panel. **and Green Deal Panel.**

¹⁰ [REC Change Panel – Terms of Reference](#)