

Retail Energy Code (REC) R0316: Clarification to Data Items within the Payment Method Levelisation Supplier Data Reporting Specification

Decision: The Authority¹ has decided to approve² this Change Proposal³

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

Date of publication: [19 May 2026]

Implementation date: [26 June 2026]

Background

The definitions of certain data items within REC Schedule 31 – Payment Method Levelisation Reconciliation⁴ are currently ambiguous and open to misinterpretation by Energy Suppliers, which may result in inconsistent data submissions and a consequential variation in the allocation of scheme debits and credits.

Currently, some Energy Suppliers are submitting data based on Primary Related Metering Points only, whereas other Energy Suppliers are submitting data based on total Related Metering Points, including Secondary Related Metering Points within their portfolio data submissions. While both approaches are understandable in the absence of clear direction

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 [REC Schedule 31 – Payment Method Levelisation Reconciliation](#)

the inconsistency is not aligned with the original intent of the Payment Method Levelisation (PML) scheme and risks uneven allocation of scheme debits and credits.

Ofgem and RECCo have provided supporting guidance⁵ for Energy Suppliers on the scheduled changes to REC Schedule 31.

The Change Proposal

REC Schedule 31 is proposed to be amended to clarify the labelling of data items and the eligible Metering Points to be included in the Energy Supplier's portfolio submission count for the purposes of PML. This clarification is intended to ensure that all Energy Suppliers have clear and consistent guidance when preparing and submitting portfolio data, thereby supporting accurate and aligned reporting across the PML scheme. This clarification is intended to apply on a forward-looking basis only.

This issue was identified by the Authority, and the Retail Energy Code Company (RECCo) Code Manager raised the proposal to the REC Change Panel on 4th March 2026.

The Code Manager believes the following objectives⁶ will be better facilitated by the proposal:

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

The proposer states that the implementation of this Change will deliver positive outcomes and improve compliance with Ofgem's PML scheme. Misinterpretations among Energy Suppliers over definitions of total Meter Points and Primary Metering Points has led to

⁵ [Change to REC Schedule 31: Payment Method Levelisation, Guidance for Suppliers, 19th February 2026](#)

⁶ [Retail Energy Code Objectives](#)

inconsistent data submission and consequential variation in the allocation of PML scheme debits and credits. R0316 will clarify these data items and improve data submissions going forward.

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

The proposer states that the implementation of this Change will drive continuous improvements and efficiencies in the operation of the PML scheme as it directly addresses a current issue of inconsistent data submissions. Correcting the data items will ensure that future PML payments are based on the correct calculation of Meter Points and that payments are carried out consistently throughout industry.

Impact assessment

A data request titled 'Payment Method Levelisation Data Definitions' was issued to Energy Suppliers in March 2025, with responses submitted in April 2025. This data was used to create an impact assessment to estimate the materiality of the issue which R0316 seeks to resolve.

The impact assessment provided high-level estimates of the potential financial impact, relying on a number of assumptions and using data from the January 2025 snapshot, which was extrapolated to estimate impacts over a two-year period.

The results indicated that the overall materiality of the issue was insufficient to justify requesting Energy Suppliers resubmit historical data submissions dating back to the commencement of the scheme in April 2024, and subsequently for RECCo to conduct a bespoke reconciliation. Some Energy Suppliers have since ceased trading and no longer

participate in the PML scheme, making reconciliation for those Energy Suppliers infeasible. In addition, there are significant technical challenges associated with undertaking individual reconciliations across the scheme, particularly where these would extend back to its inception.

However, the impact assessment concluded that Schedule 31 of the REC requires amendment via consultation and Change Proposal to improve the accuracy of the PML scheme, remove ambiguity, and ensure that all Energy Suppliers submit data on a consistent basis, thereby supporting accurate payment outcomes.

On 4th March 2026, the Code Manager issued a consultation to industry to seek feedback on the Change Report (For Consultation) for R0316⁷.

The consultation for R0316 was open from 4th March 2026 to 25th March 2026 and received two responses from Energy Suppliers. Both responses were supportive of the Change Proposal and agreed that the proposed clarifications would remove ambiguity within the PML reporting requirements. The respondents agreed that R0316 delivers clear benefits through improved accuracy and reduced ambiguity in the reporting. No new system development or process changes were identified by respondents. The responses agreed with the case for change, proposed implementation approach and the Code Manager's recommendation that R0316 is approved for implementation. However, views were mixed on whether this Change Proposal required Authority Determination.

⁷ [Change Report Consultation for R0316](#)

REC Change Panel⁸ recommendation

At the REC Change Panel meeting on 7th April 2026, the REC Change Panel (the Panel) unanimously considered that R0316 would better facilitate the REC Objectives (a) and (c), and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the Change Proposal and the Final Change Report (FCR) dated 8th April 2026. We have considered and taken into account the responses to the industry consultation which are attached to the FCR⁹.

We have concluded that:

- implementation of the Change Proposal will better facilitate the achievement of the applicable Objectives of the REC;¹⁰ and
- approving the change is consistent with our principal objective and statutory duties.¹¹

Reasons for our decision

We consider this Change Proposal will better facilitate REC Objectives (a) and (c) and has a neutral impact on the other relevant REC Objectives.

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

⁸ 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](#)

⁹ REC Change Proposals, change reports and representations can be viewed on the [REC Portal](#)

¹⁰ As set out in Standard Condition 11B.6 of the [Electricity Supply Licence](#) and Standard Condition 11.6 of the [Gas Supply Licence](#).

¹¹ 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 Code Manager believes that the implementation of this Change will deliver positive outcomes and improve compliance with Ofgem's PML scheme. Misinterpretations among Energy Suppliers over definitions of total Meter Points and primary Meter Points has led to inconsistent data submissions and consequential variation in the allocation of PML scheme debits and credits. R0316 will clarify these data items and improve data submissions going forward.

The Authority agrees with the Code Manager and considers that approving R0316 supports the effective operation and ongoing evolution of the REC by addressing ambiguity within Schedule 31 that has undermined consistent application of the Payment Method Levelisation scheme. The REC's mission statement emphasises clear, coherent and effective governance of retail market arrangements. Ambiguous data definitions within the Code are inconsistent with that purpose, as they create scope for divergent interpretation and uneven application across industry participants.

The Authority notes, as demonstrated by the Impact Assessment discussed above, that the misalignment identified to date has had a relatively limited impact on the overall operation of the Payment Method Levelisation scheme. The issue relates to a specific aspect of portfolio data reporting and, while it has resulted in some variation in outcomes between suppliers, it has not undermined the fundamental operation or objectives of the scheme. Nevertheless, the Authority considers it important to address this ambiguity now, as leaving it unresolved creates a risk that these differences could become more pronounced over time.

The Authority notes that, in the absence of clarification, Energy Suppliers have acted reasonably but inconsistently in good faith, resulting in variation in portfolio data submissions that was not intended by the underlying policy design of the PML scheme. Left unaddressed, this ambiguity would continue to risk misalignment between the Code's intent

and its practical outcomes, potentially eroding confidence in the scheme's fairness and integrity.

By clarifying the scope of Eligible Meter Points for portfolio submissions on a forward-looking basis, R0316 ensures that the REC more accurately reflects its intended policy objectives and provides Energy Suppliers with a clear and common understanding of their obligations. This promotes consistent compliance, supports equitable allocation of scheme debits and credits, and reinforces the REC as a stable and reliable framework for delivering retail market arrangements in line with its mission statement.

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

The Code Manager believes that the implementation of this Change Proposal will drive continuous improvements and efficiencies in the operation of the PML scheme as it directly addresses a current issue of inconsistent data submissions. Correcting the data items will ensure that future PML payments are based on the correct calculation of Meter Points and that payments are carried out consistently throughout industry.

The Authority agrees with the Code Manager and considers that R0316 directly contributes to continuous improvement and operational efficiency by removing a known source of inconsistency that has required additional clarification, guidance and stakeholder engagement outside of the Code itself.

Ambiguity in data definitions increases operational burden on both Energy Suppliers and scheme administrators, as it necessitates repeated interpretation, ongoing clarification, and retrospective analysis to understand divergent reporting outcomes. This creates inefficiency

and detracts from the effective operation of the PML scheme and the associated central processes it relies upon.

The Authority notes that R0316 provides a proportionate and targeted solution that improves the clarity and usability of Schedule 31 without introducing material costs, system changes or retrospective reconciliation requirements. This approach supports efficient operation of the REC by reducing the likelihood of future reporting discrepancies, minimising the need for manual intervention, and improving the reliability of data flowing through central systems.

By embedding clearer requirements directly within the Code, rather than relying on supplementary guidance alone, R0316 strengthens the robustness of the REC framework and supports more streamlined and predictable operation of the schemes it governs. The Authority therefore considers that approval of this Change Proposal positively facilitates continuous improvement and efficiency in both Code administration and ongoing scheme operation.

Principal objective and statutory duties

The Authority considers that approving R0316 is consistent with its principal objective to protect the interests of existing and future consumers, including their interests in fair treatment and effective market arrangements. By clarifying ambiguous data submission requirements within the Payment Method Levelisation scheme, this Change Proposal reduces the risk of uneven allocation of scheme debits and credits that could otherwise arise from divergent supplier interpretations. Improving clarity and consistency in the operation of the scheme supports fairness, transparency and confidence in retail market outcomes. The Authority also considers that the Change is proportionate and does not impose material costs or unnecessary regulatory burden on Energy Suppliers, and is therefore consistent with its wider statutory duties, including the need to have regard to the principles of better regulation.

Decision notice

In accordance with Standard Condition 11B of the Electricity Supply Licence and Standard Condition 11 of the Gas Supply Licence, the Authority hereby approves REC Change Proposal R0316: Clarification to Data Items within the Payment Method Levelisation Supplier Data Reporting Specification.

Patrick Etheridge

Head of Compliance – Price Protection Compliance



Signed on behalf of the Authority and authorised for that purpose