

Proposed modifications to the standard conditions of the REC code manager licence

We have included the existing standard licence conditions (SLCs), impacted by the proposed amendments, as published in [annex A](#) to the [second joint government and Ofgem consultation response](#). Defined terms used in this document have the meanings given to them in Condition 1 of the published SLCs.

For SLCs 1, 2, 18 and 27, we have included only the paragraphs affected by the proposed amendments. These amendments replace existing square-bracketed placeholders with licence specific references.

The proposed amendments in this document are shown in underline or ~~strike through~~. Text in square brackets explains the nature and placement of the proposed amendments in the subsequent paragraph(s).

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1. Definitions

Introduction

1.3 In this Licence unless the context otherwise requires:

Code Manager Business means the business carried out by the Licensee in performance of the activity authorised by [Part 1] of Terms of Grant] of this Licence.

Relevant Code is the Industry Code(s) specified in [Part 1] of Terms of Grant] of this Licence.

Relevant Code Objectives are the objectives set out in [forthcoming Special Condition 1A].

Revocation Event means any event or circumstance set out in [Part 1] Schedule 2 of Terms of Grant] of this Licence in which the Authority may revoke this Licence.

2. Rules of interpretation for this Licence

Introduction

- 2.2 The rules set out in this condition are additional to any general rules of interpretation that are stated in [Part 5] of Terms of Grant] of this Licence.

Part J: References to the Licensee

- 2.23 References to “the Licensee” in this Licence are references to the person to whom this Licence has been granted (see [Part 1] of Terms of Grant] of this Licence) and include any person to whom the whole or any part of this Licence has been transferred under section 8AA of the 1986 Act and section 7A of the 1989 Act.

18. Restriction on the Licensee becoming a Related Undertaking

Restrictions on the Licensee becoming a Related Undertaking

18.4 Where the Licensee is aware that any person of a description within paragraph 18.2 has caused, or is likely to cause, the Licensee to breach its requirements, the Licensee must draw that person's attention to the substance of both that paragraph and any relevant Revocation Event in ~~{Part }~~Schedule 2 of Terms of Grant of this Licence and notify the Authority as soon as reasonably practicable.

27. Code maintenance and modification

Part A: General

27.1 The Licensee must at all times have in force and maintain the Relevant Code.

27.2 The Licensee must be a party to and comply with the Relevant Code.

27.3 The Relevant Code is a document that:

- a) has been designated by the Secretary of State under section 182(1)(b) of the Energy Act 2023;
- b) provides for the arrangements in {special condition ~~1x~~};
- c) includes procedures for modification of the Relevant Code ("Modification Procedures"), including modification of the Modification Procedures themselves, as required by Part B and Part C;
- d) provides for the establishment of a Stakeholder Advisory Forum in accordance with Part D; and
- e) is designed to facilitate the achievement of the Relevant Code Objectives.

20. Annual Budget of the Licensee

Introduction

20.1 The purpose of this condition is to establish the Licensee's obligations relating to the preparation and circulation of the Annual Budget and Work Plan related to its Code Manager Business.

Part A: Expenditure and Recoverable Costs

20.2 The Licensee must take all reasonable steps to ensure that it incurs no expenditure which is demonstrably uneconomical, wasteful or inefficient.

20.3 Economy, efficiency and wastefulness will be considered on the basis of the knowledge and information that should have been reasonably available to the Licensee at the time of incurring the expenditure.

Part B: Content of Draft Annual Budget and Work Plan

20.4 For the forthcoming Financial Year, the Licensee must prepare a Draft Annual Budget, setting out the Licensee's reasonable and justifiable estimate of:

- a) the total Recoverable Costs that it anticipates will be incurred during the forthcoming Financial Year; and
- b) an estimate of any reduction in the total amount to be recovered from Charging Parties in respect of Recoverable Costs during the forthcoming Financial Year as a result of any outstanding Underspend that it anticipates will remain at the end of the Preceding Financial Year.

20.5 Each Draft Annual Budget must be accompanied by a detailed Draft Work Plan showing:

- a) all the activities and projects to which the relevant costs, expenses and revenues relate; and
- b) the Licensee's reasonable and justifiable estimate of the Recoverable Costs relating to each of those activities and projects.

20.6 The total of the Recoverable Costs set out in the Work Plan must equal the total value of the estimated Recoverable Costs set out in the Draft Annual Budget.

20.7 In setting out the Licensee's reasonable and justifiable estimate of the Recoverable Costs, the Licensee must present in the Work Plan those costs and expenses in a comprehensive, accurate, coherent and transparent manner. This includes any costs relating to Service Capability.

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20.8 Where it has an impact on the content of, or supports transparency and understanding of, the Annual Budget or the Work Plan (including any drafts of these documents), the Licensee must include in these publications the relevant details of activities and costs relating to the Permitted Business, including any forecasts of such activities and costs and how they are to be funded. These relevant details must be clearly distinguished as relating to the Permitted Business.

20.9 For avoidance of doubt, the Licensee must also include any costs that relate to both the Code Manager Business and the Permitted Business in the Annual Budget and Work Plan, setting out the basis on which such costs are apportioned between the Code Manager Business and the Permitted Business.

Part C: Consulting on the Draft Annual Budget and Work Plan

20.10 Ahead of the start of each Financial Year the Licensee must:

- a) provide a copy of the Draft Annual Budget and Work Plan to all Code Parties, as well as Citizens Advice, Citizens Advice Scotland and Consumer Scotland, and invite comments on them;
- b) provide a copy of the Draft Annual Budget and Work Plan to the Stakeholder Advisory Forum, and invite comments on them from the Stakeholder Advisory Forum; and
- c) provide a copy of the Draft Annual Budget and Work Plan to the Authority.

20.11 When providing copies of the Draft Annual Budget and Work Plan, the Licensee must, unless the Authority consents otherwise, allow a period of at least 21 days within which comments may be received by the Licensee.

20.12 As soon as reasonably practicable, the Licensee must publish on its Website:

- a) all responses received to the consultation on the Draft Annual Budget and Work Plan, unless the respondent requested that their response should not be published; and
- b) a fair and accurate summary of the comments received in response to the consultation, including:
 - i. those comments received from the Stakeholder Advisory Forum as a result of the requirement in paragraph 20.10(b); and
 - ii. those comments provided by Citizens Advice, Citizens Advice Scotland or Consumer Scotland.

Part D: Publication of the Annual Budget and Work Plan

20.13 Not later than 31 March in the Preceding Financial Year, the Licensee must prepare and publish on its Website:

- a) the Annual Budget and Work Plan; and
- b) an explanation of how the Licensee has taken account of comments received in the course of the consultation in any revisions to the Annual Budget and Work Plan and a comprehensive explanation of why any revisions to the Budget and Work Plan have, or have not, been made.

20.14 The Annual Budget prepared and published in accordance with paragraph 20.12 must include:

- a) the Licensee's most recent estimate of the total Underspend from the Preceding Financial Year;
- b) a figure for the total Recoverable Costs and a figure for the amount (after counting the deduction referred to inc) to be recovered from Charging Parties in respect of those Recoverable Costs in the forthcoming Financial Year; and
- c) where applicable, a detailed breakdown of how the estimated total Underspend from the previous Financial Year has been deducted from the total Recoverable Costs in determining the amount to be recovered from Charging Parties in the forthcoming Financial Year.

Part E: Overspend and Underspend

20.15 If, during the current Financial Year, the Licensee anticipates that the aggregate amount of its expenditure in the current Financial Year may materially differ from the amount estimated in the Annual Budget and Work Plan, taking into account any contingency, the Licensee must promptly:

- a) notify all Charging Parties, giving details of changes required to the Annual Budget and Work Plan to correct or eliminate the anticipated overspend or underspend; and
- b) amend the Annual Budget and Work Plan in accordance with the process set out in Part F of this condition.

Part F: Amendments to Annual Budgets

20.16 The Annual Budget and Work Plan relating to each Financial Year may be amended by the Licensee from time to time where it no longer reflects the Licensee's estimates and/or costs already incurred. Where the Licensee

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proposes that the Annual Budget and/or Work Plan should be revised, the Licensee must:

- a) provide a summary of the proposed amendment(s) to the Annual Budget and/or Work Plan and the reason(s) for the proposed amendment(s);
- b) provide the proposed revised Annual Budget and/or proposed revised Work Plan to all parties to the Relevant Code, as well as Citizens Advice, Citizens Advice Scotland and Consumer Scotland, and invite comments on them;
- c) provide a copy of the proposed revised Annual Budget and/or proposed revised Work Plan to the Stakeholder Advisory Forum, and invite comments on them from the Stakeholder Advisory Forum; and
- d) provide a copy of the revised Annual Budget and revised Work Plan to the Authority.

20.17 When providing copies of the revised Annual Budget and/or revised Work Plan, the Licensee must, unless the Authority consents otherwise, allow a period of at least 21 days (the 'consultation period') within which comments may be received by the Licensee.

20.18 As soon as reasonably practicable following the closure of the consultation period, the Licensee must publish on its Website:

- a) all responses received in response to the consultation on the revised Annual Budget and/or revised Work Plan, except where the respondent requested that their response should not be published; and
- b) a fair and accurate summary of the comments received in response to the consultation, including:
 - i. those comments received from the Stakeholder Advisory Forum as a result of the requirement in paragraph 20.15(c); and
 - ii. a summary of any comments provided by Citizens Advice or Consumer Scotland.

20.19 As soon as reasonably practicable following the closure of the consultation period on the revised Annual Budget and/or revised Work Plan, the Licensee must:

- a) after considering all comments received by the Licensee, make such further revisions to the revised Annual Budget and/or revised Work Plan as the Licensee deems fit, having regard to the functions and responsibilities of the Licensee;
- b) publish on its Website an explanation of how the Licensee has taken account of comments received in the course of the consultation in any further revisions to the revised Annual Budget and revised Work Plan and a comprehensive

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explanation of why any revisions to the Annual Budget and Work Plan have, or have not, been made; and

c) publish the revised Annual Budget and/or revised Work Plan on its Website.

20.20 The requirement to consult set out in this Part F does not apply where the Licensee amends the Annual Budget in the course of complying with a Direction issued by the Authority in accordance with condition 21.6 of this Licence.

[We propose to add Parts G and H below]

Part G: Transitional Budget

20.21 By the Licence Commencement Date, the Licensee must have in place a Transitional Budget, and this must remain in place for the duration of the Transitional Period, except where it is amended in accordance with Part F.

20.22 For the Licensee's Transitional Budget, Parts B, C and D of this condition, do not apply.

20.23 During the Transitional Period, any reference in Parts E and F of this condition to either the current Annual Budget or current Annual Budget and Work Plan must be interpreted as a reference to the Transitional Budget

20.24 Where the Transitional Budget is amended in accordance with Part F, the amended Transitional Budget shall constitute the Revised Transitional Budget.

20.25 Where elements of the Transitional Budget also relate to the Permitted Business of the Licensee, the Licensee must, no later than 14 days after the Licence Commencement Date, publish to its Website a statement that provides clarity on how the Transitional Budget relates to the Code Manager Business, including by setting out which Cost Items (as defined in licence condition 1) relate to the Code Manager Business.

Part H: Definitions in Part G

20.26 **Transitional Budget** means the budget for the 2026/27 financial year published by the Retail Energy Code Company Limited on 20 February 2026 in accordance with its obligations under clause 9.5 of the Main Body of the Retail Energy Code.

20.27 **Revised Transitional Budget** means the Transitional Budget as amended in accordance with Part F of this condition. Any further amendments made to the Revised Transitional Budget, in accordance with Part F, shall constitute the Revised Transitional Budget.

20.28 **Transition Period** means the period from the Licence Commencement Date to the 31 March 2027.

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[The following transitional amendment will only be included if RECCo has begun a consultation on their annual budget under existing code arrangements, for example, due to a delay in licence commencement date.]

Part I: Authority discretion to disapply budget consultation requirements

20.29 Where the Authority directs, Part C of this condition does not apply until 1 April 2027.

21. Appeals to the Authority on the Annual Budget of the Licensee

Part A: Appeals to the Authority on the Code Manager's Annual Budget

21.1 The Licensee must ensure that the Relevant Code contains a process enabling any Code Party, Citizens Advice, Citizens Advice Scotland and Consumer Scotland to raise an appeal against:

- a) the Annual Budget published in accordance with Part D of standard condition 20 (Annual Budget of the Licensee); or
- b) a revised Annual Budget published in accordance with part F of standard condition 20 by issuing a notice to the Authority within 14 days of the publication of the Annual Budget or revised Annual Budget.

21.2 Any appeal brought under the process established in the Relevant Code must be specific to one or more individual Cost Item and must specify which item(s) the appeal is being raised in respect of.

21.3 The Authority may give notice that it dismisses the appeal where it considers that the appeal is trivial or vexatious or considers that it does not make a prima facie case that it meets one of the appeal grounds set out in paragraph 21.4 or that it has no reasonable prospect of success.

21.4 The grounds for appeal are:

- a) the Cost Item in question was not presented in the Annual Budget, Revised Annual Budget, or Work Plan in accordance with the requirements for those documents specified in the Licence;
- b) the Cost Item in question was not properly consulted on in accordance with standard condition 20 of this Licence, or the Licensee failed to have reasonable regard to the consultation responses submitted;
- c) the Cost Item in question is not, or not all of it is, a Recoverable Cost as defined in this Licence;
- d) the Cost Item in question is an inappropriate provision for the activity in question; or
- e) the Cost Item in question will, or is likely to, prejudice unfairly the interests of one or more Parties, or cause them to be in breach of the Relevant Code, the Energy Licences and/or Law

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21.5 Unless the Authority directs otherwise, the Licensee must incur no further costs in respect of those Cost Item(s) subject to an appeal under this condition, except insofar as necessary in order to comply with legally binding obligations.

Part B: directions from the Authority

21.6 Having made its assessment of an appeal, the Authority may issue a direction to the Licensee directing them to:

- a) make no changes to the Cost Item;
- b) make a revision to the Annual Budget and Work Plan;
- c) revise the Annual Budget to change the Cost Item in question to a figure which the Authority reasonably considers to be a more appropriate forecast of the likely cost to be incurred, whether higher or lower than the original figure; or
- d) revise the Annual Budget to remove the Cost Item in question entirely and make suitable revision to its Annual Budget and Work Plan.

[We propose to add Part C below]

Part C: Transition Period

21.7 During the Transition Period, paragraph 21.1 of this condition does not apply in respect of the Transitional Budget as defined in paragraph 20.26 of standard condition 20.

21.8 Paragraph 21.1 of this condition does apply where a Revised Transitional Budget is in place pursuant to paragraphs 20.24 and 20.27.

23. Code Manager Cost Recovery Statement

Introduction

23.1 The purpose of this condition is to establish the requirements for the Licensee to prepare and comply with a Cost Recovery Statement that enables Charging Parties to estimate the amounts payable for the performance of the Code Manager Business.

Part A: Requirements in respect of the Code Manager Cost Recovery Statement

23.2 The Licensee must prepare and publish to its Website a statement ("Code Manager Cost Recovery Statement"), that sets out the basis on which Core Charges (and where appropriate, Usage-based Charges) will be calculated and payable to the Licensee for the performance of the Code Manager Business under or pursuant to the Relevant Code. The first Code Manager Cost Recovery Statement must be in a form approved by the Authority.

23.3 The Code Manager Cost Recovery Statement must:

- a) relate to the performance by the Licensee of the Code Manager Business;
- b) be prepared in accordance with the Code Manager Cost Recovery Methodology that is in effect at the time at which the Code Manager Cost Recovery Statement is submitted;
- c) where appropriate, be prepared in accordance with standard condition 24 (Usage-based Charges);
- d) be prepared to reflect the Annual Budget in force under standard condition 20 (Annual Budget of the Licensee) at the time at which the Code Manager Cost Recovery Statement has effect; and
- e) be presented in such form and with appropriate detail as will enable any Charging Party to make a reasonable estimate of the Core Charges and, where appropriate, Usage-based Charges, that are payable by that party for the performance of the Code Manager Business.

Part B: Maintenance of the Code Manager Cost Recovery Statement in approved structure and form

23.4 The Code Manager Cost Recovery Statement must be maintained in a structure and form that is approved by the Authority. The Licensee must obtain further approval of the structure and form of a Code Manager Cost Recovery Statement

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ahead of it making material changes to the structure and form. A material change may include, but not be limited to:

- a) introducing charges for new groups of Charging Parties to, for example, reflect changes to the Code Manager Cost Recovery Methodology;
- b) adding or removing sections of the Code Manager Cost Recovery Statement; or
- c) materially changing the text within the Code Manager Cost Recovery Statement.

Part C: Cost Recovery in accordance with the Code Manager Cost Recovery Statement

23.5 Except where the Authority otherwise consents, the Licensee must ensure every Core Charge (and Usage-based Charges where included in the statement) is in accordance with the Code Manager Cost Recovery Statement in the form in which it is in force under this condition at each time at which such Core Charges are to be paid.

Part D: Review and availability of the Code Manager Cost Recovery Statement

23.6 Without prejudice to Part E below, the Licensee must periodically review the Code Manager Cost Recovery Statement in force under this condition and, at least once in each Financial Year (subject to part E), make any changes that are necessary to the statement to ensure it continues to comply with Part A of this condition.

23.7 The changes mentioned in paragraph 23.6 include, in particular, any changes that are necessary to reflect:

- a) any modification of the Code Manager Cost Recovery Methodology; or
- b) any publication of, or amendment to, an Annual Budget in accordance with standard condition 20 (Annual Budget of the Licensee).

23.8 The Licensee must publish the Code Manager Cost Recovery Statement, as and when revised, on its Website.

23.9 The Licensee must provide a copy of the Code Manager Cost Recovery Statement to any person who requests a copy.

Part E: Procedure for amending the Code Manager Cost Recovery Statement

23.10 This Part E only applies where the proposed amendment of the Code Manager Cost Recovery Statement would change the Core Charges issued in accordance

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23.11 The Licensee must, unless the Authority consents otherwise, at least one month before the date on which it proposes to amend the Code Manager Cost Recovery Statement:

- a) give the Authority a Notice that sets out those proposals (that Notice must include a proposed amended version of the Code Manager Cost Recovery Statement), together with reasons for and an explanation of them (which must include a statement of any assumptions on which the proposals are based); and
- b) send a copy of the Notice (with the proposed amended Code Manager Cost Recovery Statement) to each Charging Party.

23.12 Except if the Authority otherwise consents, the Licensee may only amend the Code Manager Cost Recovery Statement if;

- a) the Licensee has given Notice of the proposed amendment in accordance with paragraph 23.11; and
- b) the amendment, when made, conforms to the proposals that were set out in that Notice (except for any necessary revisions resulting from the occurrence of a material change in any of the matters on which the assumptions set out in the statement to which the Notice refers were based, and then only to such extent as is necessary to reflect the change in such matters).

23.13 The Licensee may only amend the Code Manager Cost Recovery Statement more than once in a Financial Year if the Licensee has first given the Authority a statement of the factors that have led it to conclude that an additional amendment is necessary, explaining in particular why it did not take account of those factors when giving Notice under paragraph 23.11 with respect to the immediately preceding amendment.

[We propose to add part F below]

Part F: Authority discretion to disapply Code Manager Cost Recovery Statement requirements

23.14 This condition 23 does not take effect until 1 April 2027 or such later date as the Authority directs.

25. Performance Incentives

Introduction

- 25.1 The purpose of this condition is to establish the Licensee's obligations relating to the development, implementation and maintenance of processes for measuring and reporting its performance in carrying out its Code Manager Business.
- 25.2 The requirements in this condition are intended to facilitate scrutiny of the Licensee's performance by industry, the Authority and other interested parties.

Part A: General requirements for Code Manager Performance Indicators

- 25.3 The Licensee must take all reasonable steps to ensure the Relevant Code contains a set of performance metrics which are to constitute the Code Manager Performance Indicators, and which are to be measured and reported on at least annually by the Licensee in accordance with paragraph 25.8.
- 25.4 The Code Manager Performance Indicators must include sufficient detail to enable, when taken as a whole, a thorough evaluation of the Licensee's performance in carrying out the Code Manager Business, which may include an indication of what constitutes a high level of performance as well as a minimum acceptable level of performance.
- 25.5 The Licensee must publish the Code Manager Performance Indicators, as from time to time revised, on its Website.

Part B: Requirement to monitor performance

- 25.6 The Licensee must implement arrangements for monitoring its performance, adequate to allow the Licensee to report in respect of its Code Manager Performance Indicators, as required by Part A of this condition.
- 25.7 The Licensee must periodically review and update the arrangements required under paragraph 25.6.

Part C: Code Manager Performance Report

- 25.8 The Licensee must, within 28 days following the end of each Performance Measurement Period, produce a Report (the Code Manager Performance Report) which must:
- a) be a clear, coherent and comprehensive document including sufficient detail to enable, when taken as a whole, a thorough evaluation of the Licensee's performance in carrying out its Code Manager Business, and

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b) set out:

- i. the levels of performance achieved in respect of each Code Manager Performance Indicator during the previous Performance Measurement Period;
- ii. considerations of the requirement to perform at a minimum acceptable standard set out in Part D below, including, if applicable, any areas of improvement and plans to address these; and
- iii. a description of the methodology employed to determine the levels of performance achieved during the previous Performance Measurement Period.

25.9 The Licensee must, within 28 days following the end of each Performance Measurement Period:

- a) provide a copy of the Code Manager Performance Report to Code Parties, the Stakeholder Advisory Forum and the Authority; and
- b) publish the most recent Code Manager Performance Report on its Website.

Part D: Requirement to perform at a minimum acceptable standard

25.10 The Licensee must execute its Code Manager Business to an acceptable minimum standard. The Licensee's performance shall be considered:

- a) in light of stakeholder feedback and expectations, as gathered through channels including but not limited to:
 - i. surveys commissioned by the Licensee or the Authority;
 - ii. written evidence of feedback, such as email correspondence or consultation responses; and
 - iii. Stakeholder Advisory Forums; and
- b) against the performance indicators set out in the Relevant Code, in particular, if applicable, the indicators for a minimum acceptable level of performance.

[We propose to add 25.10A below]

25.10A Where the Code Manager Performance Indicators are not in force, the reference in 25.10(b) to such indicators shall be construed as a reference to the Transitional Performance Framework specified in Part F of this condition.

25.11 The Licensee's performance referenced in 25.10 shall be considered holistically and proportionately, taking into account the nature, frequency, or materiality of

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any performance issues, and recognising that isolated or minor deviations from expected standards may not, in themselves, constitute a failure to meet the minimum acceptable standard.

Part E: Modification of the Code Manager Performance Indicators

25.12 The Licensee must, for the purpose of ensuring that the Code Manager Performance Indicators will continue to achieve the requirement in paragraph 25.4:

- a) review the Code Manager Performance Indicators at least once in each Performance Measurement Period; and
- b) propose such modifications (if any) to the Code Manager Performance Indicators contained in the Relevant Code (to be in place for the subsequent Performance Measurement Period) as it believes are appropriate or necessary.

[We propose to add Part F below]

Part F: Transitional Performance Framework

25.13 No later than 1 April 2027, the Licensee must create and implement the Transitional Performance Framework, which meets the requirements set out in this Part F.

25.14 The Transitional Performance Framework must be a clear, comprehensive document, distinct from the Relevant Code, that enables the assessment of the Licensee's performance until the enduring performance arrangements are implemented in the Relevant Code (as per the requirements in Part A to D of this condition).

25.15 With respect to the Transitional Performance Framework, the Licensee must comply with the requirements set out in Part A to D of this condition, except paragraph 25.3.

25.16 The Transitional Performance Framework must align with the content and instructions provided by the Authority in Annex A: Transitional Performance Framework, which was published by the Authority on 1 September 2026 as an annex to its response to the 'Energy code reform phase 1 consultation: transitional measures and code changes'.

25.17 The Transitional Performance Framework may be amended if:

- a) the change is agreed by all Licensees holding a Code Manager Licence.

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- b) the SAFs of the codes designated under section 182 of the Energy Act 2023 at the relevant time have been consulted on the proposed change(s), and the Licensee has given due regard to their input, clearly setting out in writing the rationale for incorporating or not incorporating the suggestions made by those SAFs; and
- c) the Licensees have published on their respective websites a decision document on the proposed change(s), clearly stating the rationale for these changes and the suggestions made by the SAFs (in accordance with 25.17(b)).

25.18 For the avoidance of doubt, until an amendment is agreed in accordance with paragraph 25.16 of this condition, the Transitional Performance Framework as most recently agreed in accordance with this Part F (either under 25.13 or 25.17) remain in force, and any proposed amendment has no effect.

26. Remuneration policy

Introduction

26.1 The purpose of this condition is to set out:

- a) a requirement on the Licensee to implement a remuneration policy for its Senior Staff; and
- b) the Licensee's obligations when assessing and deciding on performance related remuneration of Senior Staff.

Requirements regarding the Remuneration Policy

26.2 The requirements set out in this condition 26 only applies to the Licensee's Code Manager Business, and should not restrict the Licensee from implementing other remuneration policies with regards to any Permitted Business.

26.3 Within 28 days of Licence Commencement Date, unless the Authority consents otherwise, the Licensee must develop a "Remuneration Policy" that must, at a minimum, include the requirements set out in this condition.

[We propose to add to 26.4 (b)(i) below]

26.4 The Remuneration Policy must:

- a) describe the principles, practices, procedures and systems that the Licensee must follow when remunerating its Senior Staff for their contribution to the delivery of Code Manager Business; and
- b) describe the principles and methodologies for awarding performance related remuneration to Senior Staff. The principles and methodologies must enable assessment of and consider:
 - i. an individual's contribution and work towards the Code Manager Performance Indicators (including, where applicable, the Transitional Performance Framework);
 - ii. feedback from code parties and the Authority on an individual's performance and/or the Licensee's as a whole; and
 - iii. the impact of any instances of the Licensee's non-compliance with this Licence or enforcement actions against the Licensee.

26.5 In developing the part of the Remuneration Policy that relates to performance related remuneration of Senior Staff, the Licensee must consult at least two persons that would meet the requirements of a "Sufficiently Independent Director

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26.6 The Licensee must:

- a) publish the Remuneration Policy on its Website; and
- b) periodically review the Remuneration Policy, no less than every three years, and publish any revised updates.

26.7 The Licensee must only make performance related payments to Senior Staff in line with the Remuneration Policy, as implemented in line with this condition 26.

26.8 For the purposes of this condition, performance related remuneration refers to one-off performance related pay, distinct from contractual salaries.

29. Production and execution of a Delivery Plan consistent with the Strategic Direction

Introduction

29.1 This condition imposes obligations on the Licensee to prepare, publish and implement a plan that details how the Licensee will facilitate delivery of the requirements of the annual Strategic Direction Statement (SDS).

Part A: General requirements for the Delivery Plan

29.2 The Licensee must publish a draft Delivery Plan alongside each Draft Annual Budget published in accordance with standard condition 20 (Annual Budget of the Licensee).

29.3 The Delivery Plan (and any draft) must set out and explain the Licensee's plans to ensure the Relevant Code is maintained and developed (which may include identifying, assessing, proposing and implementing modifications of the Relevant Code) in line with the direction set by the Strategic Direction Statement. In particular, the Delivery Plan must:

- a) must set out the relevant actions and milestones (both that the Licensee expects to take and that the Licensee expects other parties to take) for implementation of the Strategic Direction Statement insofar as it relates to the Relevant Code, as well as the Licensee's good faith estimate of timescales;
- b) must be a complete and documented explanation, presented in a coherent and consistent manner, including as appropriate the methods, context and assumptions that apply for the purpose of implementing the Strategic Direction Statement insofar as it relates to the Relevant Code;
- c) must, where published within a document that contains other published material, clearly identify the content that fulfils the Licensee's obligations under this condition;
- d) must, where the plan does not set out how the Licensee will facilitate delivery of one or more elements of the SDS that relate to the Relevant Code, include a clear, evidence-based reasoning for this exclusion; and
- e) may include more than one scenario for facilitating delivery of aspects of the SDS, with a clear, evidence-based reasoning for the inclusion of such scenario(s).

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29.4 The plans set out and explained in the Delivery Plan (and any draft) should cover at least the 12-month period commencing on the date of publication of the Delivery Plan.

29.5 After publishing the draft Delivery Plan in accordance with paragraph 29.2, the Licensee must:

- a) allow at least 21 days from publication for representations;
- b) consider all representations received;
- c) no later than the publication of the final budget in accordance with standard condition 20, publish on its Website the final Delivery Plan;
- d) provide an explanation of how the Licensee has taken account of comments received in the course of the consultation in any revisions to the draft Delivery Plan; and
- e) provide a comprehensive explanation of any revisions made.

29.6 The Licensee must:

- a) take all reasonable steps to implement the relevant actions and milestones (including, where appropriate, facilitating the delivery of these by other persons) that the Licensee included in the Delivery Plan in accordance with paragraph 29.3; and
- b) ensure that steps taken under paragraph a) comply with any provisions in the Licence and the Relevant Code.

Part B: Delivery Plan Directions

29.7 The Authority may at any time, after consulting the Licensee and such other persons as it considers appropriate to consult in relation to the matter, direct the Licensee to:

- a) issue the draft or final Delivery Plan in a form specified by the Authority; and/or
- b) revise the draft or final Delivery Plan in such manner, in each case with effect from such time, and to such extent as may be specified in the direction.

Part C: Reporting on progress against the Delivery Plan

29.8 Except for the first Delivery Plan, each Delivery Plan must include a report on progress towards the outcomes contained in the previous Delivery Plan, including references to the status of the actions and milestones described in accordance with paragraph 29.3.

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29.9 The Licensee must provide to the Authority any information about progress towards commitments in the Delivery Plan that the Authority may reasonably request.

Part D: General availability of the Delivery Plan

29.10 The Licensee must ensure that a copy of the Delivery Plan:

- a) is published on its Website; and
- b) is also otherwise available to any person who requests it.

[We propose to add Part E below]

[The following transitional amendment will only be included if RECCo has begun a consultation on their delivery plans, for example, due to a delay in licence commencement date.]

Part E: Authority discretion to disapply delivery plan consultation requirements

29.11 Where the Authority directs, 29.2 and 29.5 of this condition do not apply until 1 April 2027.