
Notice of proposal on modifications to the Retail Energy Code and affected licences

Publication date: 4 September 2026

To: all interested parties, including all persons bound by the Retail Energy Code and all affected licence holders for the purposes of paragraph 4(3)(b) of schedule 12 to the Energy Act 2023.

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU Tel 020 7901 7000 www.ofgem.gov.uk

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Energy Act 2023

Schedule 12, paragraphs 4(1), 4(2) and 4(4)

Notice of statutory consultation on

- 1.1 The Gas and Electricity Markets Authority (“the Authority”)¹ proposes to modify the Retail Energy Code (“the REC”) and the conditions of affected licences under paragraph 4(1) of schedule 12 of the Energy Act 2023.
- 1.2 The REC 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
- 1.3 The proposed modifications are intended to implement the new code governance framework established under the Energy Act 2023 and prepare the REC for designation under section 182 of that Act.

Proposed amendments to the REC

- 1.4 The proposed modifications to the REC are:
 - introducing a harmonised code modification process and stakeholder advisory forum, including transitional arrangements;
 - updating the governance of decisions currently taken by the REC Panel, including the role of RECCo and when it must seek advice from the stakeholder advisory forum;
 - distinguishing RECCo’s code manager business from permitted business and aligning the REC with the code manager licence requirements for budgets, delivery plans, budget appeals, business controls and financial and operational safeguards;
 - updating provisions on the code manager objectives, cost recovery, usage-based charging, end-of-licence arrangements, and the provision of information to and co-operation with the Authority.
 - introducing provisions connected with the Authority’s direction powers for designated central systems ;

¹ The terms ‘the Authority’, ‘Ofgem’, ‘we’ and ‘our’ are used interchangeably in this document. Ofgem is the Office of the Authority

² [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](#)

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- updating arrangements for code committees, derogations and performance assurance to reflect the replacement of the REC Panel and the introduction of a licensed code manager; and
 - making consequential, clarificatory and drafting amendments, including, updating definitions and terminology, removing obsolete provisions, updating cross-references required to support the implementation and operation of the new code governance framework.
- 1.5 The effect of the proposed modifications to the REC would be to facilitate the transition of the REC to the new governance framework provided for by the Energy Act 2023, including the introduction of licensed code managers.
- 1.6 Further explanation of the proposed REC modifications, the reasons for them, and their intended effect is set out in part one of the statutory consultation published alongside this notice. The full proposed text, including insertions and deletions, is set out in the consultation annexes.

Proposed amendments to affected licences

- 1.7 The Authority also proposes to use its powers under paragraph 4(1) of Schedule 12 to the Energy Act 2023 to make the following modifications to the conditions and standard conditions of the following affected licences: electricity supply standard licence conditions, gas supply standard licence conditions, electricity distribution standard licence conditions, gas transporter standard licence conditions, standard special condition D17 of the gas transporter licence and the Smart Meter Communication Licence.
- 1.8 The proposed licence modifications are consequential to, and support, the implementation of the new governance framework provided for by the Energy Act 2023, including the expected designation of the REC under section 182 of the Energy Act 2023 and the proposed grant of a code manager licence in respect of the REC.
- 1.9 The proposed modifications are:
- amendments to existing REC-related obligations in gas and electricity supply licences to remove the current 'code owner' responsibilities placed on licensees for the maintenance and governance of the REC, and to facilitate the transfer of those responsibilities to the licensed code manager under the code manager licence;
 - amendments to licence definitions and references relating to the REC in affected licences to reflect its designation under section 182 of the Energy Act 2023; and

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- the introduction of a new standard licence condition in all energy licences requiring cooperation with code managers on code modifications related to strategic direction statement-related code modifications.
- 1.10 The effect of the proposed licence modifications would be to ensure that affected licences remain consistent with, and continue to operate effectively under, the new code governance framework established through the Energy Act 2023 reforms, including facilitating the transfer of code governance responsibilities to the licensed code manager under the code manager licence.
- 1.11 Further explanation of the proposed licence modifications, the reasons for them and their intended effect is set out in part two of the statutory consultation published alongside this notice. The full proposed text is set out in the consultation annexes.

Statutory purposes/Purposes of amendments

- 1.12 The Authority considers that these modifications are appropriate for the purposes of the following paragraphs within schedule 12 of the Energy Act 2023:
- paragraph 2(1)(a), for the purposes of, or in connection with, establishing the role of code manager in respect of a document which is expected to become a designated document;
 - paragraph 2(1)(b), in preparation for the granting of a code manager licence to a person in respect of a designated document;
 - paragraph 2(1)(d), for the purposes of promoting the efficient governance of arrangements under one or more qualifying documents; and
 - paragraph 2(1)(e), for the purposes of harmonising the governance of particular qualifying documents or of qualifying documents in general.

Proposed commencement

- 1.13 If the Authority decides to make the proposed modifications, it intends that they will come into effect at the same time as the designation of the REC under section 182 of the Energy Act 2023 takes effect, unless otherwise provided for through commencement or transitional provision specified in the decision or modification instruments.
- 1.14 Any representations with respect to the proposed modifications to the Codes must be made on or before 16 October 2026 to:

Industry Codes Team

Office of Gas and Electricity Markets

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London
E14 4PU

or by email to:

industrycodes@ofgem.gov.uk.

- 1.15 The accompanying statutory consultation explains how to respond and how we will handle personal data and requests for confidentiality. We normally publish consultation responses on the Ofgem website. If you want all or part of your response to be treated as confidential, clearly identify the relevant material and explain why.
- 1.16 This document gives notice of the Authority's proposals and reasons for them for the purposes of paragraph 4 of schedule 12 to the Energy Act 2023. It should be read with the statutory consultation and the proposed modification text published alongside it.

Yours sincerely,

Kate Lloyd
Head of Code Governance Reform, Industry Rules
Market Oversight & Enforcement

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