Consultation

Energy code reform – statutory consultation on modifications to the Retail Energy Code and affected licences

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1. Introduction

Background

1.1 Energy code reform is modernising Great Britain's energy regulation by replacing complex, outdated governance with a simpler, more agile and forward-looking framework. Many of the rules that govern the operation of the energy system sit within industry codes. These codes set the rules for a wide range of commercial and technical activities from how parties connect to the electricity and gas networks, to how consumers switch suppliers, to who can access consumption data.

1.2 These rules need to keep pace with the transformation happening within our energy system. But taken together, they form a complex and fragmented landscape that can slow innovation, limit competition and hold back investment. Many of the policy and market improvements designed to deliver consumer benefits depend on changes to the codes, but progress can be delayed by friction and competing interests within the current governance arrangements.

1.3 Energy code reform is a joint programme between Ofgem and government to address these issues and turn energy codes into an effective engine for wider system change. It replaces the current governance process for updating the codes with a new framework, as enabled by the Act.

1.4 Ofgem's new Predictable, Agile, Collaborative and Technology-enabled (PACT) principles are intended to shape how we regulate and how we work with industry. Through energy code reform, we aim to create a more predictable and agile framework that supports investment, reduces unnecessary administrative burden and enables strategic change to be delivered more efficiently. We encourage code administrators, code managers and code parties to take the same approach, actively identifying opportunities to simplify, streamline and modernise existing code arrangements.

1.5 The reforms support Ofgem's Market Regulatory Strategy and Vision to 2030, as part of the low-cost transition. By empowering independent code managers, strengthening strategic direction and improving the change process, system change can be delivered more quickly and with greater confidence. Harmonising the processes across the code, consolidation and simplification of the codes is intended to make it easier for market participants to understand the rules that apply to them, reduce compliance burden and remove barriers to entry and innovation.

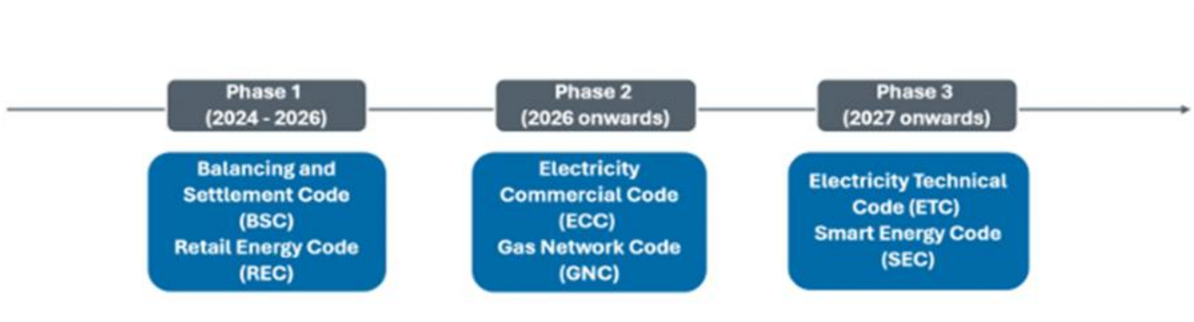
1.6 The reforms introduce several key improvements to the current framework, including Ofgem licensing new code managers who will be responsible for leading code modifications and decision-making and ensuring that the codes develop in line with Ofgem's annual strategic direction statement (SDS). Industry expertise will remain at the heart of the framework, shaping and developing robust code change proposals and playing a vital role in the process through new stakeholder advisory forums.

1.7 To deliver the reform, Ofgem and government have been progressing several key activities including:

- Ofgem publishing annual strategic direction statements, setting out a clear and ambitious direction for how industry codes must evolve to deliver strategic priorities that support consumer outcomes and the transition to net zero. We published our consultation on the SDS-2 in April 2026 and will publish the decision later this year.
- Ofgem selecting code managers for each code – Ofgem issued a minded-to grant notice for phase 1 code managers in August 2025. We also published an invitation for expressions of interest for phase 2 code manager roles in January 2026. Following this, we recently published our decision to consider the Retail Energy Code Company for non-competitive selection as the code manager for the electricity commercial code. We have also decided to consider Xoserve, in partnership with Encodar (as the Joint Office of Gas Transporters) and Talan, for non-competitive selection as the code manager for the gas network code. Both candidates have been invited to submit licensing assessment forms. Working with Ofgem, the Secretary of State for Energy determined the Code Manager Standard Licence Conditions for the purposes of Sections 33(1) and 81(2) of the Utilities Act 2000 in May 2026
- Ofgem turning the high-level design of the new governance framework into detailed licence and code modifications to bring the new framework into effect. This document helps deliver this new governance framework.

1.8 Given the scale of the reforms, we will be delivering the new governance framework in three phases, starting with phase 1 which covers the BSC and REC.

1.9 The Retail Energy Code (REC) and Balancing and Settlement Code (BSC) comprising the first phase. These two codes will be the first to be governed under the new framework and to have in place licensed code managers.



Context and related publications

1.10 Below is a summary of consultations and decisions that have been published to date:

- Implementation of energy code reform: final template code text (August 2026)
- Energy code manager standard licence conditions: determination notice (May 2026)
- Establishing a harmonised prioritisation process in the Industry Codes: decision (April 2026)
- Energy code reform phase 1: transitional measures and code changes (April 2026)
- Consultation on the draft second preliminary Strategic Direction Statement for industry codes (April 2026)
- Energy code reform: Code manager licence conditions and code modification appeals to the CMA (March 2026)
- Energy code reform: second implementation decision (March 2026)
- Energy code reform: competitive code manager selection (December 2025)
- Establishing a harmonised prioritisation process in the industry codes: statutory consultation (November 2025)
- Decision on the preliminary Strategic Direction Statement and governance arrangements for industry codes (August 2025)
- The Code Manager Selection (Competitive) Regulations 2025 (June 2025)
- Decision on code manager selection (May 2025)
- Second joint government and Ofgem consultation on code manager licence conditions and code modification appeals to the CMA (May 2025)
- Energy code reform: second implementation consultation (April 2025)
- The Code Manager Selection Regulations 2024 (October 2024)
- Energy Code Reform: Government response to the consultation on code manager licensing and secondary legislation (October 2024)
- Implementation of energy code reform: decision | Ofgem (August 2024)

- Energy code reform: implementation consultation (January 2024)
- Energy Act 2023 (October 2023)
- Call for Input: Energy Code Governance Reform (December 2022)
- Government response to the consultation on Energy Code Reform (April 2022)
- Design and Delivery of the Energy Code Reform: consultation (July 2021)

Purpose of this consultation

1.11 This consultation sets out the changes we propose to make to the REC and to electricity and gas licences in order to implement the new governance framework. RECCo has supported the development of the proposed code amendments in this consultation.

1.12 Following consideration of responses, we will issue a notice setting out our decisions on changes to the codes and licences.

1.13 References in this document to RECCo or the licensed code manager should be read in the context of the current stage of the code manager selection and licensing process, and the proposal to grant a code manager licence that was published in August 2025. They do not indicate that we have made a final decision to grant a code manager licence to RECCo. We will make any licence grant decision separately, in line with the relevant statutory and regulatory requirements.

Structure of this document

1.14 We have set out the background and reasons for the proposed amendments.

1.15 Appended to this consultation are:

- **Appendix 1** - **Questions** sets out questions related to the proposed policy areas explained within this document, as well as relating to annexes A- [XX]. We are seeking feedback on the policy in its entirety to fulfil our obligations under the Act.
- **Appendix 2 – Ancillary Documents**
- **Appendix 3 – Privacy notice** outlines how we will handle your data.

1.16 There are also a number of documents and annexes being published alongside this consultation document:

- Notice of statutory consultation, which sets out the proposed amendments to the REC and affected licence changes. The notice also explains the statutory powers and legal basis for this consultation including the provisions of Schedule 12 to the Energy Act 2023 under which Ofgem is proposing these changes.
- Proposed modified REC schedules can be found in Annex A –Annex AG, with proposed deletions shown in strike through and proposed new text underlined in red
- Proposed modifications to affected licence conditions can be found in Annex AI– Annex AP

Consultation stages

1.17 This statutory consultation is open between 04 September 2026 to 16 October 2026. Respondents must provide responses by [16 October] to be considered ahead of our intended decision publication in December 2026.

Table 1 – Policy Stages

Stage	Publication / activity	Date
Stage 1 (Complete)	Energy code reform: implementation consultation | Ofgem	January 2024
Stage 2 (Complete)	Implementation of energy code reform: decision | Ofgem	August 2024
Stage 3 (Complete)	Consultation on the preliminary Strategic Direction Statement and governance arrangements for industry codes | Ofgem	January 2025
Stage 4 (Complete)	SDS and Governance Arrangements Decision| Ofgem	August 2025
Stage 5 (Complete)	Prioritisation Statutory Consultation	November 2025
Stage 5 (Complete)	Prioritisation Statutory Decision	April 2026

Stage 6 (Complete)	Prioritisation Policy Implementation	2026
Stage 7 (Complete)	Second Implementation Decision	March 2026
Stage 8 (Complete)	Template Code Text Consultation	March 2026
Stage 9 (Complete)	Template Code Text Decision	August 2026
Stage 10 (Complete)	Phase 1: transitional measures and code changes decision	September 2026
Stage 11 (Current)	Statutory consultation on modifications to the Retail Energy Code and affected licences	September 2026

How to respond

1.18 We want to hear from anyone interested in this consultation. Please send your response to industrycodes@ofgem.gov.uk.

1.19 We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can. A response template has been provided as a subsidiary document to this consultation on the Ofgem website.

1.20 We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, data and confidentiality

1.21 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

1.22 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

1.23 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ('UK GDPR'), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

1.24 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

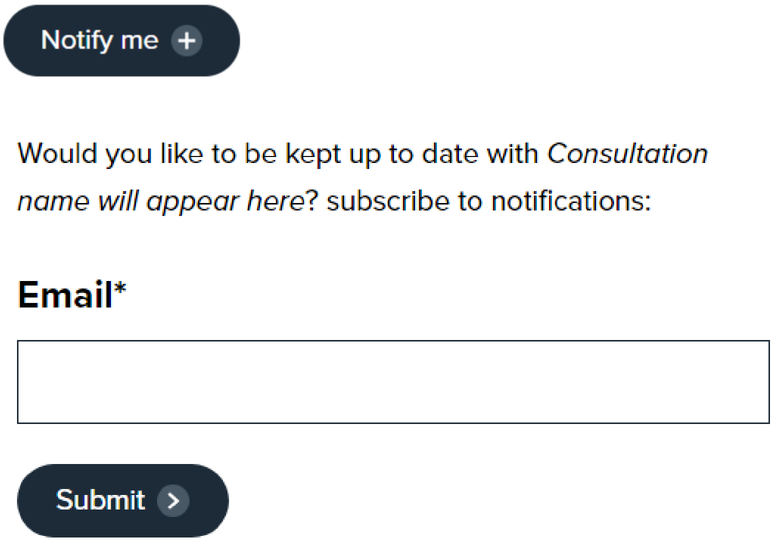
1.25 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

1.1. Do you have any comments about the overall process of this consultation?
1.2. Do you have any comments about its tone and content?
1.3. Was it easy to read and understand? Or could it have been better written?
1.4. Were its conclusions balanced?
1.5. Did it make reasoned recommendations for improvement?
1.6. Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

1.26 You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit. ofgem.gov.uk/consultations



1.27 Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are: **Upcoming** > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

Part One: Proposed changes to the Retail Energy Code (REC)

This section sets out Ofgem's proposed amendments to the REC required to implement the new governance framework established under the Energy Act 2023. The proposals include changes to code governance arrangements, the code modification process, the introduction of stakeholder advisory forums, the role and responsibilities of the licensed code manager, board governance, budgets, charging arrangements, performance requirements and other consequential amendments. This section explains the proposed code changes, policy rationale and intended effect.

2. References to 'code manager'

Proposed amendments

2.1 We propose to:

- change existing references to 'the REC code manager' to 'RECCo'
- remove clause 7 of the main body of the REC, which establishes the existing code manager role, its requirements and relationship with the REC Board and RECCo
- remove provisions in the REC relating to the code manager reporting to RECCo

2.2 clarify in schedule 1, clause 1.7 that every function, power, duty, right, obligation or discretion assigned or conferred on RECCo under or pursuant to the code must be exercised or performed subject to the requirements of the code manager licence.

Policy background and reason for the proposed amendments

2.3 Clause 7 of the REC establishes the REC code manager, an existing role that is currently fulfilled by Talan (referred to as the 'Code Manager' in the current version of the REC). The REC code manager is appointed by the REC Board and performs the tasks and functions assigned to it under the code, as well as any other tasks and functions assigned by the REC Board. It is also required to report to RECCo for some of its functions.

2.4 We have notified that we are minded to grant the REC code manager licence to RECCo.[1] We expect the new licensed REC code manager will be ultimately

[1] Retail Energy Code Company Limited: notice of proposal to grant a code manager licence | Ofgem

accountable for the performance of the tasks and functions currently assigned to the existing REC code manager. Separately, in our phase 1 decision, we decided that all identified activities undertaken by RECCo under, or in connection with, the REC should form part of its code manager business. We discuss this further in chapter 4 below.

2.5 We believe that the current wording and establishment of the REC code manager creates unnecessary confusion about who is accountable for the new licensed code manager functions which will be set out in the code once designated.

2.6 The proposed modifications are intended to reflect the accountability of RECCo for the tasks and functions of the current code manager, and clarify that that RECCo's activities and responsibilities under the REC must be exercised and performed subject to the requirements of the code manager licence.

Effect of the proposed amendments

2.7 The proposed amendments would simplify the code in line with the wider aims of the code governance reform project, by:

- clearly setting out that RECCo, as the licensed code manager, will be accountable for the tasks and functions of the existing REC code manager
- removing code provisions that are no longer applicable.

2.8 We are not proposing to change the role of Talan under the REC through these code changes. Talan's role will be governed by its contractual arrangements with RECCo, having previously been overseen by the REC board.

2.9 The proposed modifications would also align the code with the code manager licence by making clear that RECCo's activities and responsibilities under the code are subject to the requirements of the licence.

Previous consultations and decisions

2.10 On 15 April 2026, Ofgem published its consultation Energy code reform phase 1: transitional measures and code changes. In that consultation we proposed that all identified RECCo responsibilities should be classified as code manager business and sought stakeholder views on that approach.

2.11 On 1 September 2026, Ofgem published its decision on that consultation. We decided to proceed with the proposed classification of activities for the REC and confirmed that all the identified RECCo responsibilities should form part of its code manager business.

Consultation question

Q1. Do you agree that the drafting in the relevant annexes appropriately reflects the proposed changes to clarify RECCo's accountability as the licensed code manager and remove code provisions that are no longer applicable?

Q2. Do you agree that the drafting in clause 1.7 of schedule 1 as set out in Annex B appropriately reflects the proposed change to clarify that RECCo's activities and responsibilities under the code are subject to the requirements of the code manager licence?

3. Code modification process and stakeholder advisory forums (SAF)

Proposed amendments

Code modification process

3.1 In the REC, the process for making changes to the code is currently set out in schedule 5, 'Change Management'. We propose that the existing text of schedule 5 to the REC is replaced with the text contained in annex E to this consultation. This text has been adapted from the final template text we published in August 2026, with changes made to allow it to operate in the context of the REC. The changes described in this document refer to those changes made to the template code text and are clearly marked [in red?] in the text.

Clause 4A: Transitional treatment of existing REC Change Proposals

3.2 In clause 4A of annex E we have proposed to introduce a section to ensure that existing REC change proposals are transitioned appropriately to the code manager regime.

3.3 Within this section, we propose that change proposals which have not been approved, rejected or withdrawn prior to the Code Manager Licence Commencement Date will be subject to the modification procedures set out in annex E.

3.4 We consider it appropriate for the RECCo to determine which stage the modification proposal should continue from. We also propose that no steps in the modification procedures should be required to be repeated for the transitioned modification proposal unless RECCo determines it to be necessary. These determinations by the code manager are codified in annex E.

Clause 8: Raising a code modification proposal

3.5 In our Implementation of Energy Code Reform: Second Decision, we set out our intention to take forward proposals to keep the current provisions in the REC that allow any interested person to raise a modification. We set out in our decision that, while our aim is to increase harmonisation across codes, we recognise that some differences will be necessary. We are mindful that allowing any interested person to raise a proposal for modification could lead to lower-quality proposals, but after considering the current operation of the REC, which already has provisions that allow any interested person to raise a modification, we judge that the disruption caused by changing this approach would outweigh the potential risks. In this case, the current REC arrangements already go further than our proposals and support a core aim of energy code reform, which is to open up the modification process to a wider range of stakeholders.

3.6 We are therefore proposing that any interested person can raise a modification proposal to the REC.

3.7 This is reflected in the proposed annex E code text through the removal of some parts of clause A8.1 and the removal of clauses A8.2-A8.5 from the template code text.

Clauses 23-27: REC-specific operational processes

3.8 There are certain REC-specific processes that will need to be included in annex E to reflect the unique operation of the REC.

3.9 To do this, we propose to add in clauses 23 and 24 to cover:

- REC service provider impact assessments to assist RECCo in gathering further data and information relating to modification proposals.
- REC release management to co-ordinate updates made to the REC following the acceptance of modification proposals.

3.10 Additionally, in clauses 25-27, we propose to add in procedures for making changes to the following areas that lie outside of standard modification procedures:

- Meter Product Data
- Category 3 Products
- Company Governance Schedule

3.11 Clauses 23-27 have been adapted from existing code text in the REC to reflect RECCo's new code manager role and the introduction of SAF, but contain no other changes.

Stakeholder Advisory Forum (SAF)

3.12 We propose that the text contained in annex AG is added as an annex to schedule 5 of the REC. The text is the SAF template code text that was consulted on in the template code text consultation with additional modifications to allow it to operate in the context of the REC. These modifications are clearly marked within the text.

Membership of SAF

Independent members

3.13 In our second implementation decision, we set out that the number of independent members should be determined by the Authority on a code-by-code basis.

3.14 For the REC, we propose that the SAF should have an independent chair and may include up to two additional independent members. We consider that this approach provides sufficient independent representation on the SAF while maintaining an appropriate balance between independents and other members. This proposal also aligns with the independent representation currently provided for on the REC change panel.

3.15 This is reflected in the proposed annex AG code text at clauses 4.1b and 4.10.

Code party representatives and central system delivery body

3.16 In our second implementation decision, we set out that the number of code party representatives should be determined on a code-by-code basis. We also set out that we would consult on the role of the CSDB for each SAF at the appropriate stage.

3.17 We propose that the REC SAF should include seven code party representatives drawn from REC code parties. We consider that this would provide an appropriate balance between ensuring that relevant REC sectors are represented on the SAF and maintaining a forum that is able to operate effectively and support timely decision-making.

3.18 We also propose that the Data Communications Company (DCC), in its role as the provider of the Central Switching Service, should be represented on the SAF. We consider that DCC's participation would enable the SAF to benefit from relevant expertise where modification proposals may have implications for central systems and services.

3.19 We propose that the DCC representative is appointed directly by RECCo, rather than through the nominations and elections process that applies to other code party representatives. We consider that direct appointment will ensure that the DCC is represented on the SAF and is able to provide relevant expertise where modifications affect central systems and services.

3.20 The proposed composition of the REC SAF is reflected in the proposed annex AG code text at clauses 4.1(C) and 4.24.

Transitional arrangements for establishing the REC SAF

3.21 We propose to include transitional text at paragraph 13 of the REC to support the prompt and effective establishment of a SAF immediately after the implementation of the new governance framework.

3.22 The process for appointing SAF members, including electing code party representatives, in line with the proposed enduring SAF election process would take several weeks to complete. Without transitional arrangements, the code manager would not be able to establish a SAF immediately from the date the designation of the REC takes effect, or day 1 (referred to in the code text as the 'designation effective date'). As the SAF has an important role in supporting the management of the code, we consider that transitional arrangements are needed to support continuity from that date.

3.23 We therefore propose to include text allowing the appointment and election processes for SAF members, including elections for code party representatives, to be carried out before day 1. Ahead of designation, RECCo is expected to hold elections for code party representatives, and prepare a SAF ready to be constituted, members appointed, and to begin work from day 1.

3.24 We also propose to include text to allow the code manager to appoint the members of the REC Change Panel, as constituted immediately before day 1, to serve as an interim SAF as a backstop measure in the event that a SAF cannot be constituted on day 1. The interim SAF would continue until the earlier of the date on which the SAF composition requirements are met, or for up to 6 months from day 1, unless the Authority approves a later date. Members of the interim SAF would carry out the SAF's responsibilities, objectives and duties, and would be treated as SAF members for the purposes of the REC.

3.25 This is reflected in the proposed annex AG at paragraph 13.

Policy background and reason for the proposed amendments

3.26 Energy code reform aims to ensure that the codes can respond to the significantly changing sector, enabling change to be delivered more efficiently and effectively in the interests of consumers. This includes making the code modification process more accessible and easier to engage with. Under the current arrangements, different modification processes across the codes can add complexity for users and is a potential barrier to engagement.

3.27 We have therefore introduced a standardised code modification process, which will be implemented across the relevant codes and administered by the new, licensed code managers, with input from the SAF.

3.28 The new, standardised code modification arrangements are intended to help provide consistency, make the modification process easier for market participants to engage with and to allow strategic change to be delivered more effectively. We have also, in consultation with industry, identified where features of the existing arrangements work well and what could be improved.

3.29 The stages of the standardised modification process are set out in the table below.

Table 1: key proposals for each stage

Stage	Key proposals
Pre-modification process	• A harmonised process across codes where issues can be raised and explored before progression to a modification proposal
Raising a modification proposal	• A standard approach as to who can raise a modification • A set of criteria for assessing whether modifications should be accepted • A proposer can request the code manager or another party to take ownership of their modification proposal
Assessment of modification proposals	• Code managers to prioritise assessment of modification proposals against consistent prioritisation criteria • Updated cross-code change process in all codes
Industry consideration	• Default that a workgroup is established • Process for alternative modifications
Consultation	• Code manager drafts consultation • Modification proposals are normally consulted on once, however the code manager can run a second consultation if necessary
Recommendation to Ofgem/self-governance decision	• Code manager responsible for producing the final report

Effect of the proposed amendments

3.30 The proposed modifications would introduce the REC-specific provisions required to implement the final template text within the REC. The effect of the proposed modifications would be to establish the arrangements for the operation of the

REC code modification process and SAF. These arrangements would set out the code manager's responsibilities in relation to the modification process and operation of the SAF. Paragraph 13 sets out our proposed transitional arrangements.

3.31 Any new code modifications will be subject to the new code modification process. Transitional arrangements will be in place for in-flight code modifications [link to relevant document].

3.32 The proposed transitional text would also allow the appointment and election of SAF members ahead of designation, to ensure a SAF is ready to be constituted and begin work from day 1. The proposed text also allows the code manager to appoint members of the REC Change Panel, as constituted immediately before designation, to serve as an interim SAF for up to six months if a SAF cannot be constituted on day 1.

3.33 RECCo is expected to hold elections for code party representatives before designation and form a full and compliant SAF in line with these transitional arrangements ahead of day 1.

Previous consultations and decisions

3.34 In our January 2024 Energy Code Reform: implementation consultation, and subsequent decision, we set out our intention to introduce a new, end-to-end code modification process which would be standardised across codes.

3.35 To help us develop an updated code modification process, we asked for volunteers to participate in a workgroup (the Modification Process Workgroup (MPW)), chaired by Ofgem.

3.36 We published two reports, Part 1 and Part 2, which summarised the workgroup's discussion. The workgroup reports have, among other things, helped to inform our proposals related to the code modification process.

3.37 Further detail on the design of the proposed modification process was provided in our April 2025 Energy Code Reform: Second Implementation Consultation, including detail on the roles and responsibilities of code managers, the design of the pre-modification process, and how the end-to-end process would operate.

3.38 In March 2026 we published our decision on the Energy Code Reform: Second Implementation Consultation, and we also issued, and sought feedback on, draft code text on the modification process and SAF.

3.39 In this decision we confirmed that Ofgem would take the approach of developing template code text to align, as far as possible, a standard end-to-end modification process across all codes. We stated that this standardised process would replace the existing arrangements in codes when they transition to the new governance framework, with adaptations made to the text for each industry code where necessary.

3.40 In August 2026 we published the final template code text for the code modification process and SAF, alongside a decision document setting out the main changes from the draft code text published earlier in the year.

Consultation question

Q3. Do you agree that the proposed amendments to the Final code modification template text, as set out in annex E, deliver the intent of our proposed policy?

Q4. Do you agree that the proposed amendments to the Final stakeholder advisory forum template text, as set out in annex AG, deliver the intent of our proposed policy?

Q5. Do you agree with our proposed approach to transitioning to the SAF, as set out in Annex AG at paragraph 13?

4. Code manager business and permitted business

Proposed amendments

4.1 We propose to amend the REC to identify which activities undertaken by RECCo, as the proposed holder of the REC code manager licence, form part of its code manager business.

4.2 The proposed amendments would provide that RECCo's functions, powers, duties, rights and obligations under the REC form part of its code manager business, unless the REC or code manager licence expressly identifies an activity as permitted business or provides otherwise.

4.3 The proposed modifications would amend several parts of the REC including schedules 1 and 4. They would:

- introduce and update definitions in schedule 1, including "Code Manager Business", "Code Manager Licence" and "Permitted Business",
- add an interpretation provision to schedule 1 clarifying that RECCo carries out its, powers, duties, rights and obligations under the REC as the licensed code manager and that these form part of its code manager business, unless the REC expressly provides otherwise
- amend schedule 4, clause 4.1, so that RECCo may only carry out code manager business or permitted business

Policy background and reason for the proposed amendments

4.4 Under the new governance framework, the code manager licence authorises a licensed code manager to carry out code manager business. However, some organisations selected as code managers may also carry out other activities. The licence framework therefore provides for Ofgem to consent to additional activities being undertaken as permitted business, where appropriate.

4.5 In our phase 1 decision, we decided that all identified activities undertaken by RECCo under, or in connection with, the REC should form part of its code manager business. The proposed amendments would reflect that decision in the REC. This would ensure that the obligations applying to licensed code managers apply to those activities.

Effect of the proposed amendments

4.6 The proposed amendments would:

- restrict RECCo's activities under schedule 4, clause 4.1, so that it may only carry out code manager business or permitted business

- clarify through schedule 1 that RECCo carries out its functions, powers, duties, rights and obligations under the REC as the licensed code manager and that these form part of its code manager business, unless the REC expressly provides otherwise
- ensure that the obligations applying to licensed code managers apply to those activities, including through schedule 4, clause 5.1, which requires RECCo's shareholders to ensure that RECCo complies with its obligations under the REC and the code manager licence

Previous consultations and decisions

4.7 On 15 April 2026, Ofgem published its consultation Energy code reform phase 1: transitional measures and code changes. In that consultation we proposed that all identified RECCo responsibilities should be classified as code manager business and sought stakeholder views on that approach.

4.8 On 1 September 2026, Ofgem published its decision on that consultation. We decided to proceed with the proposed classification of activities for the REC and confirmed that all the identified RECCo responsibilities should form part of its code manager business.

Consultation question

Q6. Do you agree that the proposed REC amendments set out in annex A, reflects our policy position that all identified activities undertaken by RECCo under, or in connection with, the REC should form part of its code manager business?

5. Performance incentives

Proposed amendments

5.1 We propose to amend clause 15 of the main body of the REC to require RECCo to comply with licence requirements relating to performance metrics, reports and any other performance reporting requirements. The proposed amendment notes that these requirements are additional to, and do not limit or replace, any performance assurance arrangements under the code.

Policy background and reason for the proposed amendments

5.2 Code Manager Standard Licence Condition (SLC) 25 (Performance incentives) requires the relevant code to include code manager performance metrics. It also requires the code manager to monitor and report on its performance and perform to at least a 'minimum acceptable standard'.[2]

5.3 The proposed amendment is intended to provide clarity on how the requirements in SLC 25 interact with existing code obligations related to performance assurance arrangements.

Effect of the proposed amendments

5.4 The proposed amendments would clarify that RECCo must fulfil code obligations related to performance assurance and comply with performance requirements set out in the licence.

Previous consultations and decisions

5.5 In March 2026, government published the joint government response to the consultation on code manager licence conditions and code modifications to the CMA, where we decided to introduce a licence requirement for the code manager to ensure the code contains a set of performance metrics reported on at least annually.

5.6 In September 2026, we published our phase one decision, where we decided to take forward our proposed approach the code manager performance framework, and its administration. We also decided that the performance framework would be subject to transitional arrangements until the enduring framework is fully implemented in the REC.

[2] The code manager licence requires that 'minimum acceptable performance' is determined by holistically considering feedback on the code manager performance from relevant stakeholders and Ofgem, as well as their performance against the metrics set out in the relevant code.

5.7 In September 2026, we published our statutory consultation on proposed amendments to the phase one code manager licences. We proposed amendments to the REC code manager licence to implement the transitional arrangements for the code manager performance framework set out in our phase one decision.

Consultation question

Q7. Do you agree that the drafting in clause 15 of annex A accurately reflects the proposed changes to clarify that RECCo must comply with both the performance requirements set out in the licence and existing code obligations relating to performance assurance?

6. REC board governance

Proposed amendments

6.1 We propose to:

- change existing references to the 'REC Board' to the 'RECCo Board' throughout the code
- amend clause 5.6 of the main body of the Retail Energy Code to remove a requirement relating to the initial composition of the RECCo board that is no longer applicable, and to introduce a requirement for appointments to the RECCo board to satisfy the licence requirements, including the requirements under Code Manager Standard Licence Condition (SLC) 8 (Fit and proper requirement), SLC 9 (Term limits for Non-Executive Directors) and SLC 16 (Sufficiently Independent Directors)
- amend schedule 4, clause 8.1 to clarify that the existing requirement for RECCo and the shareholders to agree that the composition of the RECCo applies not only in relation to the requirements set out in the code, but also the requirements of the code manager licence, including those relating to sufficiently independent directors, the independence of the RECCo chair and the terms limits applicable to non-executive directors
- amend schedule 4, clause 8.2 to clarify that the existing requirement for RECCo and the shareholders to agree that the proceedings of the RECCo board must be consistent with the requirements of the code also applies in relation to the requirements of the code manager licence and the articles
- update clause 5.10 of the main body to change the limit for appointments to the RECCo board from two years to three years, with the option for reappointment, aligning the code with the licence requirements.

Policy background and reason for the proposed amendment

6.2 We consider that the below requirements in the code manager standard licence conditions (SLCs) affect board governance policy and require amendments to be made to the code:

- SLC 8 (Fit and proper requirement) prevents the code manager from appointing, or having in place, a person in a position of Significant Managerial Responsibility or Influence (SMRI) who is not fit and proper to occupy that role. To align the code with this requirement, we propose to amend clause 5.6 to require appointments to the RECCo Board to satisfy the applicable licence requirements

- SLC 9 (Term limits for Non-Executive Directors) requires non-executive directors to be appointed for a term of no more than three years, with the possibility of reappointment. To align the code with this requirement, we propose to amend clause 8.1 of schedule 4 to require the composition of the RECCo board to be consistent with the code manager licence. We also propose to amend clause 5.10 of the main body to increase the maximum term of appointment from two years to three years
- SLC 16 (Sufficiently Independent Directors) requires the code manager to ensure no fewer than 50% of its directors are sufficiently independent directors. It also requires the chair of the board to meet the licence requirements for a sufficiently independent director. We propose to amend clause 5.6 so that appointments to the RECCo Board must satisfy the applicable licence requirements. We also propose to amend clause 8.1 of schedule 4 to require the composition of the RECCo board to be consistent with the code manager licence.

6.3 We also propose to replace references to the 'REC Board' with the 'RECCo Board' throughout the code so that the terminology used in the code more accurately reflects the governance arrangements and role of the RECCo board.

6.4 We believe that the proposed modifications will reduce the risk of inconsistency between the code and the licence, and provide greater clarity regarding applicable governance requirements.

Effect of the proposed amendments

6.5 The proposed modifications would remove board governance provisions that are no longer applicable, improve the clarity and consistency of governance arrangements within the code, and align the code with the requirements of the code manager licence.

Previous consultations and decisions

6.6 In September 2026, we published our phase 1 decision, where we decided to retain the majority of existing REC code provisions that set out the governance arrangements of the board. We noted our intention to make housekeeping changes, including removing provisions that are no longer applicable.

Consultation question

Q8. Do you agree that the drafting in clauses 5.6 and 5.10 of annex A, and clauses 8.1 and 8.2 of annex D, accurately reflect the proposed changes to align the code with the requirements in the licence and remove code provisions that are no longer applicable?

Q9. Do you agree that changing references to the 'REC Board' to the 'RECCo Board' throughout the code accurately reflects the proposed change to improve clarity and consistency of the governance arrangements within the code?

7. Controls on the business

Proposed amendments

7.1 We propose to:

- amend clause 9.21 of the main body to replace existing annual reporting requirements with provisions that align more closely with the code manager licence, including requirements relating to the publication of the regulatory accounts, corporate governance statement, code manager performance report, code manager cost recovery statement and delivery plan
- amend clause 9.23 of the main body to replace existing requirements relating to the audit of financial statements with a requirement for RECCo to prepare, obtain an audit of, and publish the regulatory accounts in accordance with the code manager licence
- update schedule 4, clause 8.3 to require the RECCo board to approve, or ensure arrangements exist for the approval of, specified governance, regulatory, financial and strategic matters (including any material revisions to them) required by the code manager licence, the code or any related requirements set out in them
- update schedule 4, clause 8.4-8.5 to require the RECCo board to maintain governance arrangements designed to support compliance with the code, the code manager licence and the relevant principles of the UK Corporate Governance Code, and to review the effectiveness of those arrangements at least annually
- update schedule 4, clause 8.6 to clarify that the RECCo board may delegate any operational decision under the code, except where the decision is reserved to the RECCo board by the code, the articles, the code manager licence, applicable law or the RECCo board's governance arrangements. For the avoidance of doubt, RECCo, in its capacity as code manager would be responsible for ensuring they comply with their licence, including fulfilling any functions, including decision-making, required by the licence.

Policy background and reason for the proposed amendments

7.2 Code Manager Standard Licence Condition (SLC) 4 (Corporate governance arrangements) requires the code manager to comply with the UK Corporate Governance Code and issue an annual statement setting out how it has complied.

7.3 SLC 5 (Regulatory accounts) requires the code manager to publish financial accounts each year that enable Ofgem to assess the financial position of the code manager.

7.4 SLC 11 (Availability of all necessary resource) requires the code manager to provide the Authority each year with a certificate of adequacy that has been approved by a resolution of the board of directors, and signed by a director pursuant to that resolution.

7.5 SLC 20 (Annual budget of the licensee) requires the code manager to develop a cost-reflective annual budget and detailed work plan, which must be published and consulted on ahead of the relevant Financial Year. The work plan must set out the activities and projects to which the costs, expenses and revenues relate, together with a reasonable and justifiable estimate of recoverable costs associated with those activities and projects.

7.6 SLC 29 (Production and execution of a delivery plan consistent with the strategic direction) requires the code manager to develop a delivery plan that details how they will facilitate the delivery of the requirements of the annual strategic direction statement (SDS). This must be published and consulted on alongside the annual budget.

7.7 SLC 26 (Remuneration policy) requires the code manager to develop a remuneration policy, within 28 days of the licence commencement date unless the Authority consents otherwise, setting out the remuneration requirements specified in the licence.

7.8 SLC 31 (End of licence) requires the code manager to submit a business handover plan to the Authority for approval within 12 months after licence commencement date and to publish the approved business handover plan on its website. The code manager must also ensure that the business handover plan is kept up to date.

7.9 The proposed modifications are intended to align the REC's annual reporting and financial reporting requirements with the requirements set out in the code manager licence. They would also remove duplication and reduce the potential for inconsistency between the REC and the licence by replacing existing code requirements with references to the licence reporting framework.

Effect of the proposed amendments

7.10 The proposed modifications would align the REC's annual reporting, financial reporting, planning and assurance arrangements with the requirements of the code manager licence. They would also clarify the matters requiring approval by the RECCo board, the circumstances in which operational decisions may be delegated, and the matters that must remain reserved to the RECCo board, while reducing duplication and the potential for inconsistency between the REC and the licence.

7.11 To be clear, RECCo, in its capacity as code manager, would be responsible for ensuring they comply with their licence, including fulfilling any functions, including decision-making, required by the licence.

Previous consultations and decisions

7.12 In March 2026, we published our joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA. In that response, we decided to proceed with proposals relating to operational capability and to require code managers to comply with the principles of the UK Corporate Governance Code, publish an annual statement explaining how they have complied, and prepare and publish financial accounts each year.

7.13 We also decided to proceed with proposals requiring code managers to publish and consult on annual budgets, work plans and delivery plans, introduce requirements relating to business handover plans, and establish requirements relating to a remuneration policy.

Consultation questions

Q10. Do you agree that the drafting in clauses 9.21 and 9.23 of annex A and clauses 8.3-8.5 of annex D accurately reflect the proposed changes to align the REC's annual reporting, financial reporting, planning and assurance arrangements with the code manager licence and reduce duplication between the REC and the licence?

Q11. Do you agree that the drafting in clause 8.3 of annex D accurately reflects the proposed change to clarify the matters requiring approval by the RECCo board?

Q12. Do you agree that the drafting in clause 8.6 of annex D accurately reflects the proposed change to clarify the circumstances in which RECCo may delegate operational decisions, and the matters that must remain reserved to the RECCo board?

8. Budgets and Budget Appeals

Proposed amendments

8.1 We propose to make amendments throughout clause 9 of the REC main body to align with Code Manager Standard Licence Condition (SLC) 20 (Annual Budget of the Licensee), SLC 21 (Appeals to the Authority on the Annual Budget of the Licensee) and SLC 29 (Production and execution of a delivery plan consistent with the strategic direction) including:

- updating the current obligations regarding RECCo publishing a strategy and budget throughout clause 9 so that they align with the annual budget and workplan terminology and licence requirements, including consultation and publication requirements
- amending clause 9.5 to reflect the existing practice for the budget to distinguish between costs that further the REC objectives and costs required to comply with the code, and also capture costs associated with furthering the code manager objectives and complying with the code manager licence.
- updating the budget appeal provisions in clauses 9.7-9.10, to align with licence requirements, including appeal grounds and possible outcomes of an appeal

8.2 adding a requirement in clause 9.7 that, before a budget appeal is raised under clause 9.7 of the code, the code party and the code manager must make reasonable efforts to resolve the matter.

Policy background and reason for the proposed amendments

8.3 SLC 20 (Annual budget of the licensee) requires the code manager to develop a cost-reflective annual budget that is published and consulted on ahead of the relevant year. Subject to consulting, code managers can make midyear amendments to their budget.

8.4 SLC 21 (Appeals to the Authority on the annual budget of the licensee) requires code managers to have a budget appeals process in the code.

8.5 SLC 29 (Production and execution of a delivery plan consistent with the strategic direction) requires the code manager to develop a delivery plan that details how they will facilitate the delivery of the requirements of the annual strategic direction statement (SDS). This must be published and consulted on alongside the annual budget.

8.6 The proposed modifications are intended to align the code with requirements and terminology in the SLCs. They are also intended to encourage code parties and the code manager to resolve concerns on the budget before appeals are made to Ofgem.

Effect of the proposed amendments

8.7 The proposed amendments would:

- align code arrangements on the budget and planning processes, and budget appeals with the requirements in the code manager licence
- ensure that the code manager objectives are appropriately reflected in the annual budget process
- encourage earlier engagement before appeals are raised.

Previous consultations and decisions

8.8 In March 2026, we published our joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA, where we decided to proceed with our proposals to require code managers to publish and consult on budgets and to have a budget appeal process in the code.

8.9 In September 2026, we published our phase 1 decision, where we decided to proceed with our proposal to introduce to the phase 1 codes (and subsequent phase codes), the requirement for the code party and the code manager to make reasonable efforts to resolve a matter before a budget appeal is raised.

Consultation questions

Q13. Do you agree that the drafting in clause 9 of annex A accurately reflects the proposed changes to align the code arrangements on the budget and planning processes, and the budget appeals process with the requirements in the code manager licence?

Q14. Do you agree that the drafting in clause 9.6 of annex A accurately reflects the proposed changes to ensure the code manager objectives are appropriately reflected in the annual budget process?

Q15. Do you agree that the drafting in clause 9.7 of annex A accurately reflects the proposed change to encourage earlier engagement before budget appeals are raised?

9. Code manager objectives

Proposed amendments

9.1 We propose to update clause 5.4 of the main body of the REC to require the RECCo board to act in a manner designed to achieve the code manager objectives, alongside the other objectives set out in that clause.

Policy background and reason for the proposed amendments

9.2 Code Manager Standard Licence Condition (SLC) 3 (Code manager objectives) introduces a set of objectives that the code manager must 'facilitate the achievement of' while carrying out their activities.

9.3 The proposed modifications are intended to reflect the requirement for the code manager to facilitate the achievement of the objectives set out in the licence when carrying out its activities by including cross references to the licence where applicable.

Effect of the proposed amendments

9.4 The proposed amendments would ensure that the code manager objectives are appropriately reflected in the code.

Previous consultations and decisions

9.5 In March 2026, we published our joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA, where we decided to introduce a requirement for licensees carry out code manager business in a manner that is most likely to facilitate the achievement of the code manager objectives.

Consultation question

Q16. Do you agree that the drafting in clause 5.4 of annex A accurately reflect the proposed changes to ensure that the code manager objectives are appropriately reflected in the code?

10. Cost recovery and usage-based charging

Proposed amendments

10.1 We propose to amend clauses 9 and 10 of the main body of the REC to align with the licence requirements, including adding cross references to the licence requirements where relevant, and:

- updating clause 9.4, to expand the costs that RECCo can recover to include costs that are recoverable for the purposes of the licence
- adding a requirement in clause 9.14 for charges to be allocated in accordance with the cost recovery methodology
- adding a requirement in clause 10.5 for RECCo to publish the cost recovery statement in accordance with the licence
- updating clause 10 to set out the requirements for the cost recovery methodology and cost recovery statement, including the requirement for them to be designed to result in charges that are consistent with the code manager licence, the code manager objectives and the relevant code objectives

10.2 We also propose to amend schedule 10 of the REC to align with licence requirements, including:

- updating clauses 3, 4 and 5 to define core charges and set out how they should be allocated and recovered, in accordance with the licence requirement
- updating clauses 6 and 7 to set out when usage-based charges may be applied in accordance with the licence
- clarifying in clause 2.3, how the cost recovery methodology and cost recovery statement interact with the SLCs.

10.3 We also propose to update relevant terminology in clauses 9 and 10 of the main body, schedule 4 and schedule 10, for example, to change references to the 'cost recovery statement' to the 'code manager cost recovery statement'. These changes will better reflect the new framework in the code and align with the language in the SLCs.

10.4 We also propose to update schedule 1 to introduce a defined cost recovery transition date and amend schedule 10 to reflect the transitional cost recovery arrangements set out in our phase 1 decision. These changes would support the implementation of the new code manager cost recovery methodology from April 2027.

Policy background and reason for the proposed amendments

10.5 Code Manager Standard Licence Conditions (SLCs) 22 (Code manager cost recovery methodology) and 23 (Code manager cost recovery statement) require the code manager to ensure that the code contains a cost recovery methodology that meets the requirements set out in the licence, and to prepare, and comply with, a cost recovery statement that enables charging parties to estimate the charges for the performance of code manager business.

10.6 SLC 24 ('Usage-based charging') also allows the code manager to recover costs from parties on a direct usage basis, rather than through core charges under the cost recovery methodology, where requirements set out in the licence are met.

10.7 In our second implementation decision, we decided to retain the existing cost recovery methodology in the REC when establishing the new code manager framework. This would allow RECCo to continue using the existing methodology in its role as code manager. However, we noted that consequential code changes would be required to reflect the new code manager framework. For example, to update terminology to align with the language in the SLCs.

10.8 The proposed modifications are intended to ensure that relevant code provisions are updated to align with the licence requirements and terminology.

Effect of the proposed amendments

10.9 The proposed amendments are intended to:

- align code arrangements with the cost recovery requirements in the code manager licence, including those relating to the cost recovery statement, cost recovery methodology, and implement the proposed transitional arrangements set out in our statutory consultation on licence modifications.
- provide clarity on the interaction between REC charging provisions and the licence requirements
- update terminology related to the cost recovery across the code to align with the language of the SLCs and new framework
- expand the scope of costs RECCo can recover to include costs incurred in carrying out its licensed code manager activities and any other costs recoverable under the licence
- define and clarify the treatment of core charges in accordance with the licence requirements
- clarify when usage-based charges may be applied in accordance with the licence requirements.

10.10 The proposed modifications are not intended to result in any changes to the allocation of costs between REC parties under the existing cost recovery methodology.

Previous consultations and decisions

10.11 We made a decision to retain the existing REC cost recovery methodology in the implementation of energy code reform: second decision and next steps.

10.12 In October 2024, government published the joint government response to our consultation on code manager licensing and secondary legislation, where we decided to proceed with our proposals to require the code manager to ensure that the code contains a cost recovery methodology that meets the requirements set out in the licence, and to prepare, and comply with, a cost recovery statement.

10.13 In March 2026, government published the joint government response to our consultation on code manager licence conditions and code modification appeals to the CMA, where we decided to allow the code manager to recover costs from parties on a direct usage basis, rather than through core charges under the cost recovery methodology, where criteria set out in the licence are met.

Consultation questions

Q17. Do you agree that the drafting included in clauses 9 and 10 of annex A, annex D and annex J accurately reflect the proposed change to align the code arrangements related to cost recovery, including terminology, with the requirements and language in the code manager licence?

Q18. Do you agree that the drafting included in clause 2.3, schedule 10 of annex J and schedule 1 of annex B accurately reflects the proposed changes to clarify how the cost recovery methodology and cost recovery statement interact with the requirements in the code manager licence, including the proposed transitional arrangements?

Q19. Do you agree that the drafting included in clause 9.4 in annex A accurately reflects the proposed change to expand the costs that RECCo can recover to include those incurred in carrying out licensed code manager activities and other costs recoverable under the licence?

Q20. Do you agree that the drafting included in schedule 10 of annex J accurately reflects the proposed change to align the code with licence requirements related to core charges?

Q21. Do you agree that the drafting included in schedule 10 of annex J accurately reflects the proposed change to align the code with licence requirements related to usage-based charges?

11. Not-for-Profit Requirement

Proposed amendments

11.1 Schedule 4, 9.1 of the REC currently requires RECCo to be run on a break-even basis, and for any surplus working capital to be retained by RECCo and applied to subsequent expenditure.

11.2 We propose to amend this provision to require RECCo to operate on a not-for-profit basis, and for any surplus working capital, underspend or any other amount related to the code manager business to be retained by RECCo and applied only in accordance with the licence and code.

Policy background and reason for the proposed amendments

11.3 Code Manager Standard Licence Condition (SLC) 10 requires the licensee to carry out the code manager business on a not-for-profit basis.[3]

11.4 The proposed modifications are intended to align the REC with this licence requirement.

Effect of the proposed amendments

11.5 We believe the proposed amendments would help to support consistency between the REC and the code manager licence, and clarify how surplus amounts related to carrying out licensed activities should be treated.

Previous consultations and decisions

11.6 In the October 2024 government response to the consultation on code manager licensing and secondary legislation we set out our decision to include the not-for-profit requirement in the code manager licence.

Consultation question

Q22. Do you agree that the drafting in clause 9.1 of annex D accurately reflects the proposed change to align code arrangements with the not-for-profit licence requirement, and to clarify how surplus amounts related to licensed activities should be treated?

[3] SLC 10 - energy-code-reform-annex-a-code-manager-standard-licence-conditions.pdf

12. Restrictions on activities and investments

Proposed amendments

12.1 We propose to amend clause 4, schedule 4 of the REC to expand the list of activities that RECCo may undertake to include activities that comprise the code manager business or any permitted business

12.2 We also propose to introduce additional obligations on shareholders to ensure that they do not obstruct RECCo complying with the code manager licence, the carrying out of the code manager business or any permitted business.

Policy background and reason for the proposed amendments

12.3 Code Manager Standard Licence Condition (SLC) 17 (Restriction on activity and investment) restricts the code manager from undertaking activities other than what is required to fulfil its code manager business, unless Ofgem has consented to those activities being undertaken as permitted business.

12.4 The proposed modifications are intended to ensure that RECCo can meet both its licence and code obligations.

Effect of the proposed amendments

12.5 The proposed amendments would:

- align code arrangements with the code manager licence, including allowing RECCo to undertake activities permitted under the code manager licence, namely the code manager business, permitted business, and activities necessary to support those functions
- strengthen RECCo's operational independence from its shareholders by requiring shareholders not to obstruct or interfere with RECCo's compliance with its licence obligations.

Previous consultations and decisions

12.6 In October 2024, government published the joint government response to our consultation on code manager licensing and secondary legislation. We decided to proceed with our proposal to include a licence condition in the SLCs that would restrict the code manager from performing any activities, apart from what is required to fulfil its duties set out in the licence, and subject to the Authority consenting otherwise.

Consultation question

Q23. Do you agree that the drafting in clause 4.1 of annex D accurately reflects the proposed changes to align the activities that RECCo can undertake, and restrict the actions of shareholders in line with the requirements of the code manager licence?

13. Changes to definitions

Proposed amendments

13.1 In the REC, definitions are set out in schedule 1: Interpretations and definitions. We propose to update schedule 1 to the REC with the text contained in annex B to this consultation. The changes are clearly marked in red in the text.

Policy background and reason for the proposed amendments

13.2 The proposed modifications introduce new definitions, remove redundant definitions, and amend existing definitions within the REC to support implementation of the code reformframework. These changes are intended to ensure that the terminology used throughout the REC reflects the governance arrangements established under the Energy Act 2023.

13.3 The proposed changes to definitions are required to support changes described elsewhere in this consultation, including the introduction of the SAF, the standardised code modification process, code manager licence conditions and new budget, performance and strategic planning requirements. Many of the definition amendments are consequential in nature, ensuring that existing REC provisions remain operable and aligned with the wider code reform framework. These amendments are intended to provide clarity and consistency in the interpretation and operation of the REC once the new governance framework comes into effect.

13.4 These definition changes are not intended to introduce new policy but instead update terminology and definitions to reflect modifications proposed elsewhere in this consultation.

13.5 Table summarises the definition changes and the relevant consultation chapter, or previous decision from which changes were introduced.

Term	**Definition**	**Rationale for change**	**REC schedule**
Alternative Change Proposal	Means, in respect of a change proposal, an alternative proposal raised in relation to that change proposal in accordance	Removed. This is legacy Change Proposal terminology and is replaced by Alternative Modification Proposal under the new SLC 27 modification regime.	Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
	with paragraph 17 of the Change Management Schedule		
Alternative Issue	Means, in respect of a change proposal, an alternative proposal raised in relation to that change proposal in accordance with paragraph 17 of the Change Management Schedule	Removed. SLC 27 distinguishes Issues from Alternative Modification Proposals and does not retain a separate concept of an Alternative Issue.	Schedule 5- Code Modification
Alternative Modification Proposal	Means, in respect of a Modification Proposal, an alternative solution to the Issue identified by that Modification Proposal, raised in accordance with the Code Modification Schedule.	Inserted. This replaces Alternative Change Proposal and materially aligns with the licence definition and the requirements in SLC 27.5(d)-(e).	Schedule 5- Code Modification
Authority Approved Change	Means a change proposal which satisfies one or more of the criteria set out in paragraph 9 of the change management schedule	Removed. The former Authority-Approved Change classification is superseded by Authority-Consent Modification under SLC 27.5(h), (j) and 27.10-27.11.	Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
Authority-Consent Modification	Means a Modification Proposal which is classified as an Authority-Consent Modification in accordance with the Code Modification Schedule.	Inserted. This implements the licence classification of modifications requiring Authority consent under SLC 27.5(h), (j) and 27.10-27.11.	Schedule 5-Code Modification
Authority-Directed Modification Proposal	Means a Modification Proposal raised by RECCo at the direction of the Authority in accordance with the Code Modification Schedule.	Inserted. This identifies a proposal raised by RECCo following an Authority direction, as contemplated by SLC 27.18(a).	Schedule 5-Code Modification
Authority Guidance on Code Modification Prioritisation	Means the guidance published by the Authority from time to time on code modification prioritisation.	Inserted. This supports the prioritisation arrangements required by SLC 27.5(l) and allows the Code to incorporate the Authority's guidance dynamically.	Schedule 5-Code Modification
Authority-Led Modification Proposal	Means a proposal for modification of this Code submitted by the Authority.	Inserted. This identifies a proposal raised directly by the Authority, consistent with SLC 27.17(b) and 27.18(b).	Schedule 5-Code Modification

Term	Definition	Rationale for change	REC schedule
Authority-Led Modification Report	Means the report prepared by RECCo in respect of an Authority-Led Modification Proposal in accordance with the Code Modification Schedule.	Inserted. This provides the report required for an Authority-led proposal and supports the reporting and decision process in SLC 27.8-27.11.	Schedule 5- Code Modification
Backstop Direction	Means a direction issued by the Authority in accordance with Schedule 5 and standard condition 27 (Code maintenance and modification) of the Code Manager Licence which requires one or more Modification Proposals, and any related Alternative Modification Proposals, to be withdrawn and causes the Modification Suspense Period to recommence.	Inserted. The definition expressly links the Schedule 5 backstop process to SLC 27, including the suspense arrangements for significant code reviews and direct modifications.	Schedule 5- Code Modification
Carried Forward Amount	Means an amount recovered by RECCo in respect of an approved	Inserted. This is a REC-specific cost-recovery term supporting the treatment of	REC Main Body 9.19A

Term	Definition	Rationale for change	REC schedule
	activity, project, workstream or contingency which has not been spent in the Financial Year in which it was recovered and which RECCo proposes to retain and apply in a later Financial Year in accordance with Paragraph 9.	underspend and carried-forward sums under SLC 20 and SLC 22-24; it is not itself a licence-defined term.	
Category 3 Change Proposal	Means a proposal to change Category 3 Products in line with Paragraph 26 of the Code Modification Schedule	Amended. The Category 3 process is retained, but the cross-reference is updated from the former Change Management Schedule to paragraph 26 of the new Code Modification Schedule.	Schedule 5- Code Modification
Central System Delivery Body	Means the person responsible for operating or procuring the operation of a Central System, where “central System” has the meaning given to that term in Section 184 of the Energy Act 2023	Inserted. This materially reproduces the licence definition, which in turn refers to section 184 of the Energy Act 2023, and supports cross-code coordination under SLC 3.2(e).	Schedule 5- Code Modification
Change Management Schedule	Means REC Schedule 5	Removed. Schedule 5 is recast as the Code Modification Schedule, so the former Change Management Schedule	REC Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
		defined term is no longer required.	
Change Proposal	Means a proposal to change this Code which was raised under the change management provisions of this Code as in force immediately before the Code Manager Licence Commencement Date, and which is to be treated in accordance with Paragraph 4A of the Code Modification Schedule. For the avoidance of doubt, a Change Proposal is not a Modification Proposal unless and until it is treated as such under Paragraph 4A, and does not include a Meter Product Data Change Proposal.	Amended. The term is retained only for proposals already raised before licence commencement and directs them into the transitional process; new proposals use Modification Proposal terminology under SLC 27.	REC Schedule 5- Code Modification
Change Proposal Plan	Means in respect of a Change Proposal, a plan produced in accordance with	Removed. The legacy Change Proposal Plan is superseded by the Modification Plan used	REC Schedule 5 – Code Modification

Term	Definition	Rationale for change	REC schedule
	Paragraph 9 of the Change Management Schedule	under the new Schedule 5 process.	
Change Register	Means the register established and maintained of all current and past Issues and Modification Proposals	Amended. The register now records Issues and Modification Proposals and is maintained by RECCo, reflecting the modification framework required by SLC 27.	REC Schedule 5-Code Modification
Change Report	Means the written report on an Issue or Change Proposal prepared by the Code Manager in accordance with the Change Management Schedule	Removed. The generic legacy Change Report is replaced by the report stages used by the new modification process, including Draft, Final and Authority-Led Modification Reports.	REC Schedule 5-Code Modification
Change Report (proposal plan)	Means the written report on an Issue or Change Proposal prepared by the Code Manager in accordance with section 9 of the Change Management Schedule.	Removed. This legacy report stage is replaced by the Modification Plan and reporting steps under the Code Modification Schedule.	REC Schedule 5-Code Modification

Term	Definition	Rationale for change	REC schedule
Change Report (impact assessment)	Means the written report on an Issue or Change Proposal prepared by the Code Manager and issued for Party impact assessment if required.	Removed. Party impact assessment is incorporated into the new modification assessment and report process required by SLC 27.5(m) and 27.8.	REC Schedule 5- Code Modification
Change Report (for consultation)	Means the written report on a Change Proposal prepared by the Code Manager in accordance with section 18 of the Change Management Schedule.	Removed. Consultation is now addressed through the Draft Modification Report and the consultation process required by SLC 27.5(m).	REC Schedule 5- Code Modification
Change Report (final recommendation)	Means the written report on a Change Proposal prepared by the Code Manager for submission to the Responsible Sub-Committee in accordance with section 20 of the Change Management Schedule.	Removed. The former Responsible Sub-Committee recommendation is replaced by RECCo's Final Modification Report and decision/recommendation under SLC 27.	Schedule 5- Code Modification
Citizens Advice	Means the National Association of	Inserted. The definition supports the express consultation and budget-appeal rights given to	REC Main Body

Term	Definition	Rationale for change	REC schedule
	Citizens Advice Bureaux.	Citizens Advice by SLC 20 and SLC 21.	
Code manager	<u>means RECCo acting in its capacity as the holder of the Code Manager Licence in relation to this Code</u>	Amended. It now identifies RECCo, in its licensed capacity, as the Code Manager rather than relying only on a Main Body cross-reference.	REC Main Body and relevant schedules containing Code Manager Licence related provisions
Code Manager Business	means the business carried out by RECCo in performance of the activity authorised by the Code Manager Licence in respect of the REC.	Inserted. It is derived from the licence definition of Code Manager Business. The bracketed Terms of Grant reference remains a drafting placeholder that should be completed against the final licence.	REC Main Body, Schedule 4 and Schedule 10
Code Manager Cost Recovery Methodology	Means the methodology set out in Schedule 10 (Code Manager Cost Recovery Methodology), as amended from time to time, for the purposes of standard condition 22 (Code Manager Cost Recovery Methodology) of the Code Manager Licence.	Inserted. This identifies Schedule 10 as the methodology required by SLC 22 and allows it to be amended in accordance with the enduring licence arrangements.	REC Main Body and Schedule 10

Term	Definition	Rationale for change	REC schedule
Code Manager Licence	Means any licence granted to RECCo under section 6(1)(g) of the Electricity Act 1989 or section 7AC of the Gas Act 1986 authorising RECCo to perform the functions of code manager in relation to this Code.	Inserted. This reflects the statutory and licence basis on which RECCo is authorised to act as Code Manager for the REC.	Schedule 4, Schedule 10,
Code Manager Licence Commencement Date	Means the Licence Commencement Date, as defined in the Code Manager Licence.	Inserted. This cross-refers directly to the Licence Commencement Date defined in the Code Manager Licence and anchors the transitional provisions.	Code Manager Licence-related provisions
Code Manager Objectives	Means the objectives set out in standard condition 3 (Code Manager Objectives) of the Code Manager Licence.	Inserted. This directly cross-refers to the objectives in SLC 3 and avoids duplicating them in the REC.	REC Main Body Code Manager Licence-related provisions
Code Party Representative (s)	Means a person or persons elected to serve as a representative on the Stakeholder Advisory Forum pursuant to	Inserted. This is a REC-specific SAF membership term supporting the forum required by SLC 27.23; it is not separately defined in the licence.	Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
	Schedule 5, Annex A, Paragraph 10.		
Consequential Change	Means, in respect of any cross-code modification, a modification to this Code or another Energy Code which is necessary to support or enable the modification under the Lead Code.	Inserted. This supports the cross-code coordination duty and consequential-modification process in SLC 3.2(e) and SLC 27.28.	Schedule 5-Code Modification
Consultation Phase	Means the period starting on the date on which the Authority publishes a notice under section 193(1) of the Energy Act 2023 and ending on the date on which the Authority publishes a notice of decision under section 193(5) of the Energy Act 2023.	Inserted. This materially mirrors the licence definition and sections 193(1) and 193(5) of the Energy Act 2023 for proposed direct modifications.	Schedule 5-Code Modification
Consumer Scotland	Means the independent statutory body established by the Consumer	Inserted. The definition supports the express consultation and budget-appeal rights given to Consumer Scotland by SLC 20 and SLC 21.	REC Main Body

Term	Definition	Rationale for change	REC schedule
	Scotland Act 2020.		
Core Charges	Means charges, other than Usage-based Charges, issued by RECCo under this Code for the purpose of recovering Recoverable Costs incurred in the performance of the Code Manager Business, as determined in accordance with Clause 9, Clause 10, the Code Manager Cost Recovery Methodology and the Code Manager Cost Recovery Statement.	Inserted. This is aligned in substance with the licence concept of Core Charges and the cost-recovery regime in SLC 22-24, adapted to distinguish REC Usage-based Charges.	Schedule 10 – Charging Methodology
Corporate Governance Statement	means the statement prepared by RECCo in accordance with standard condition 4 (Corporate Governance Arrangements) of the Code Manager Licence,	Inserted. This is aligned with the licence definition and the reporting obligation in SLC 4, including application of the UK Corporate Governance Code.	Schedule 4 – Company Governance

Term	Definition	Rationale for change	REC schedule
	setting out how RECCo has complied during the previous Financial Year with the relevant principles of the UK Corporate Governance Code.		
Cost Recovery Transition Date	Means 1 April 2027 or, if standard condition 23 (Code Manager Cost Recovery Statement) of the Code Manager Licence takes effect on a later date pursuant to a direction of the Authority, that later date.	Inserted. This is a REC transitional term identifying when the SLC 22-23 cost-recovery arrangements replace the existing REC charging framework.	Main Body and Schedule 10 - Charging Methodology
Cross Code Steering Group	Means the group of that name described in the Code Modification Schedule, established to support the development of modification proposals that impact multiple Energy Codes.	Amended. The definition is updated to the Code Modification Schedule and clarifies the group's cross-code purpose, supporting SLC 3.2(e) and SLC 27.28.	Schedule 5-Code Modification

Term	Definition	Rationale for change	REC schedule
CSS Go-Live Date	means 00:01 hours on 18 July 2022 and designated as such by the Authority.	Amended. The generic Authority-designated date is replaced by the actual historical CSS go-live date. This is housekeeping rather than a Code Reform or licence-driven change.	Schedule 25 – Central Switching Service
Data Item Meta Data Owner	Means the organisation under the relevant Energy Code (e.g. the BSC, REC or UNC) responsible for the control of the meta data associated with the Data Item, as identified in the Data Specification	Amended. The obsolete procedural sentence referring to the Change Management Schedule is removed, leaving the substantive data-ownership definition unchanged; this is consequential housekeeping, not licence-derived.	Schedule 24 – Switching Data Management
Delivery Plan	Means the document prepared and published by RECCo in accordance with standard condition 29 (Production and execution of a Delivery Plan consistent with the Strategic Direction) of the Code Manager Licence and Clause 9 of the	Inserted. This directly aligns with the licence definition and the requirement in SLC 29 to prepare, consult on, publish and deliver a plan consistent with the Strategic Direction Statement.	REC Main Body

Term	**Definition**	**Rationale for change**	**REC schedule**
	main body of this Code.		
Designated Document	Means a document that is (i) maintained in accordance with the conditions of a licence granted for the purposes of s.4 of the Electricity Act 1989 and s.5 of the Gas Act 1986; and (ii) designated under either s.182 of the Energy Act 2023 or Schedule 12 to the Energy Act 2023.	Inserted. This materially mirrors the licence definition and the designation framework in section 182 and Schedule 12 to the Energy Act 2023.	REC Main Body and related schedules
Designation Effective Date	means the date from which the designation of this Code takes effect in accordance with Section 182(2) of the Energy Act 2023.	A SAF transition term derived from section 182(2) of the Energy Act 2023, rather than a licence-defined term; its insertion should be verified against the relevant SAF redline.	Schedule 5- Code Modification
Draft Annual budget	Means the document prepared and published by RECCo under Clause 9 of this Code, and in accordance with	Inserted. This gives effect to the draft budget process in SLC 20. The wording is functionally aligned, although the licence describes preparation and circulation for comment	REC Main Body and REC Schedule 10 Charging Methodology

Term	Definition	Rationale for change	REC schedule
	part B and C of standard condition 20 (Annual Budget of the Licensee) of the Code Manager Licence, including all the information required by that condition.	rather than publication at the draft stage.	
Draft Modification Report	Means each report prepared under Paragraph 13.2 of the Code Modification Schedule.	Inserted. This is a new Schedule 5 report stage implementing the draft report and consultation process required by SLC 27.5(m) and 27.8.	Schedule 5-Code Modification
E2E Post Implementation Plan	means the document or documents designated as such by the Authority from time to time, as amended from time to time in accordance with the procedure for its amendments developed under the Switching Programme.	Removed. The term relates to the completed Switching Programme transition and is no longer needed; this is historical housekeeping rather than a licence-driven change.	Only used in former Schedule 2: Transition – deleted by R0085
Entry Assessment Form	Means the form(s), questionnaire, self-assessment or other	Inserted. This centralises the materials used for REC accession and qualification. It is an operational housekeeping addition, not	REC Schedule 3 Accession and Exit Requirement

Term	Definition	Rationale for change	REC schedule
	application materials published on the REC Portal from time to time, which an applicant is required to complete or submit for the purposes of applying for accession under Schedule 3 and/or becoming Qualified under the REC.	a Code Manager Licence term.	s and REC Schedule 8 Qualification and Maintenance
Entry Assessment Information Pack	Means the guidance document of that name, as published by RECCo on the REC Portal from time to time, which describes the process, requirements and assessment stages applicable to an applicant seeking to accede to the REC under Schedule 3 and/or become Qualified under the REC.	Inserted. This centralises the guidance used for REC accession and qualification. It is an operational housekeeping addition, not a Code Manager Licence term.	REC Schedule 3 Accession and Exit Requirement s and Schedule 8 Qualification and Maintenance

Term	Definition	Rationale for change	REC schedule
Fast Track Self Governance Modification	Means a Self-Governance Modification Proposal which has been classified by RECCo as fast-track in accordance with the Code Modification Schedule. “Fast-Track Self-Governance Modification Proposal” shall be construed accordingly.	Inserted. This implements the licence concept of a Fast-Track Self-Governance Modification and the classification process required by SLC 27.5(i) and 27.13.	REC Schedule 5- Code Modification
Final Modification Report	Means a report submitted to the Authority by RECCo, recommending a Modification Proposal and either: (i) seeking the Authority’s determination where it is an Authority-Consent Modification Proposal or (ii) informing the Authority of RECCo’s decision where it is a Self-Governance Modification.	Inserted. This provides the final report used for RECCo's recommendation or decision and aligns with the reporting and Authority decision process in SLC 27.8-27.11.	REC Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
Greenhouse Gas	Has the meaning given to that term in section 92 of the Climate Change Act 2008.	Inserted. This supports assessment of modification impacts against the REC objectives, including environmental effects; it is statutory terminology rather than a licence-defined term.	REC Schedule 5- Code Modification
Greenhouse Gas Emissions	Means emissions of Greenhouse Gas into the atmosphere which are attributable to human activity.	Inserted. This supports assessment of modification impacts against the REC objectives, including environmental effects; it is not separately defined in the licence.	REC Schedule 5 – Code Modification
Housekeeping change proposal	Is a Change Proposal which satisfies the requirements of Paragraph 25 of the Change Management Schedule	Removed. The legacy housekeeping route is not retained as a separate Change Proposal category; any streamlined treatment now falls within the new modification procedures, including fast-track self-governance where applicable.	REC Schedule 5- Code Modification
Housekeeping change report	Means a written report on a Housekeeping Change Proposal, as described in Paragraph 25 of the Change Management Schedule.	Removed. The associated legacy report is unnecessary because housekeeping matters now use the reporting route under the Code Modification Schedule.	REC Schedule 5- Code Modification
Issue	Means an issue arising in relation to the Code that	Amended. Change Proposal terminology is replaced by Modification Proposal and	REC Schedule 5-

Term	Definition	Rationale for change	REC schedule
	may result in a Modification Proposal in accordance with the Modification Procedures	Modification Procedures, materially aligning the definition with the licence and SLC 27.5.	Code Modification
Lead Code	Means, for any cross-code modifications, the Energy Code with primary responsibility for developing and progressing the lead Modification Proposal.	Inserted. This identifies the code taking primary responsibility for a cross-code change and supports the coordination objectives in SLC 3.2(e) and SLC 27.28.	REC Schedule 5- Code Modification
Live Proving	Has the meaning given in Paragraph 4.27 of the Transition Schedule.	Removed. The term refers to an expired switching transition activity and is deleted as historical housekeeping, not as a substantive Code Reform change.	Only used in former Schedule 2: Transition – deleted by R0085
Meter Product Data	Means the data listed, recorded or maintained in the documents identified from time to time in the REC Baseline Statement as Meter Product Data, including data relating to meter and converter products, and any	Inserted. This supports the revised Category 3 arrangements for meter product information; it is an operational definition rather than a licence-derived term.	REC Schedule 5 – Code Modification

Term	Definition	Rationale for change	REC schedule
	successor or replacement data.		
Modification Path	Means the categories of Modification Proposals that may be raised, as outlined in Paragraph 9.1 of the Code Modification Schedule.	Inserted. This is a REC-specific categorisation of Modification Proposals within Schedule 5 and supports the differentiated procedures required by SLC 27.5.	REC Schedule 5- Code Modification
Modification Plan	Means a plan produced by RECCo in respect of a Modification Proposal, the requirement of which are described in Paragraph 11 of the Code Modification Schedule.	Inserted. This replaces the Change Proposal Plan and provides the planning mechanism for progressing a Modification Proposal under SLC 27.5(m).	REC Schedule 5- Code Modification
Modification Procedures	Means the procedures for modification of this Code set out in the Code Modification Schedule and any other provisions of this Code relating to the modification of this Code.	Inserted. This materially mirrors the licence concept in SLC 27.3(c) and identifies Schedule 5 and related REC provisions as the Modification Procedures.	REC Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
Modification Proposal	Means a proposal to modify this Code which has been accepted into the Modification Procedures in accordance with the Code Modification Schedule.	Inserted. This materially aligns with the licence definition and SLC 27.5(d): a proposal becomes a Modification Proposal once accepted into the procedures.	REC Schedule 5- Code Modification
Modification Suspense Period	Means: (a) in relation to a matter within the scope of a Significant Code Review, the period starting on the date the review starts, as specified by the Authority, and ending on the date determined in accordance with the Code Manager Licence; and (b) in relation to a Proposed Direct Modification, the Consultation Phase.	Inserted. This materially mirrors the licence definition and implements the suspension rules in SLC 27.17-27.22 for significant code reviews and direct modifications.	REC Schedule 5- Code Modification
Nomination committee	Means the Sub-Committee of the RECCo Board which, from time to time and by	Amended. The definition is broadened beyond a fixed committee name and links its role to Board appointments, succession,	REC Main Body and Schedule 4 –

Term	Definition	Rationale for change	REC schedule
	whatever name described, is responsible for the matters described in Clause 5 of the main body of this Code, including making recommendations to the RECCo Board in relation to appointments to the RECCo Board and supporting RECCo's compliance with the relevant requirements of the Code Manager Licence and the UK Corporate Governance Code relating to board composition, appointments, succession and related governance matters, whether or not that Sub-Committee also performs other functions assigned to it by the RECCo Board.	SLC 4 and SLC 16, and the UK Corporate Governance Code.	Company Governance.

Term	Definition	Rationale for change	REC schedule
Novation Agreement	Means a deed of novation transferring RECCo's rights and obligations under this Code to a Successor Licensee.	Inserted. This provides the contractual mechanism for transferring REC rights and obligations to a Successor Licensee and supports the orderly handover required by SLC 31.	REC Main Body
Permitted Business	means any business or activity carried out by RECCo that is not the Code Manager Business and in respect of which RECCo has obtained the Authority's prior written consent pursuant to Part A of standard condition 17 (Restrictions on Activity and Investment) of the Code Manager Licence.	Inserted. This materially reproduces the licence definition and the prior-consent requirement in SLC 17 for activities outside the Code Manager Business.	REC Schedule 4 - Company Governance
Pool Member(s)	Means SME(s) who can be invited to participate in the SAF as needed.	Inserted. This is a REC-specific SAF composition term supporting the representative forum required by SLC 27.23; it is not separately defined in the licence.	REC Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
Post Implementation period	Means the period commencing on the CSS Go-Live Date and ending on the Steady State Commencement Date	Removed. The period ended when switching governance reached steady state, so the definition is obsolete; the deletion is historical housekeeping rather than Code Reform substance.	REC Schedule 5- Code Modification
Prioritisation Category	Has the meaning given to that term by the Authority Guidance on Code Modification Prioritisation.	Inserted. This incorporates the Authority's prioritisation categories into the REC and supports the prioritisation process required by SLC 27.5(l).	Schedule 5- Code Modification
Prioritisation Criteria	Has the meaning given to that term by the Authority Guidance on Code Modification Prioritisation.	Inserted. This incorporates the Authority's prioritisation criteria into the REC and supports the prioritisation process required by SLC 27.5(l).	Schedule 5- Code Modification
Proposed Direct Modification	Means a proposal by the Authority to modify an Energy Code pursuant to section 192 of the Energy Act 2023.	Inserted. This materially mirrors the licence definition, section 192 of the Energy Act 2023 and the direct-modification provisions in SLC 27.20-27.22.	Schedule 5- Code Modification
Provisional Certificate	means any certificate that may be issued by RECCo pending completion of a site visit, pursuant to the	Amended. 'Code Manager' is replaced by 'RECCo' to identify the entity that issues the certificate; this is operational housekeeping and is not licence-derived.	REC Main Body, Schedule 5 – Code Modification, Schedule 25 – Central

Term	Definition	Rationale for change	REC schedule
	Metering Accreditation Scheme Schedule and/or the CoMCoP.		Switching Service
REC Baseline statement	Means the document of that name setting out: a) a list of documents that make up the Code and b) a list of Category 3 products and the Responsible Provider responsible for maintaining each product.	Amended. The obsolete reference to a Responsible Committee approving each document is removed to reflect the new RECCo/REC Governance Body arrangements; this is consequential governance drafting.	Schedule 5 – Code Modification
RECCo Board	means the board of directors for RECCo.	Renamed from REC Board to RECCo Board. The change makes clear that this is RECCo's corporate board, supporting the corporate accountability required by SLC 4.	REC Main Body and relevant schedules containing RECCo Board related provisions
RECCo Board Chair	means the individual from time to time selected to undertake that role in accordance with Clause 5 of the	Renamed from REC Board Chair to RECCo Board Chair. This is a consequential clarification of the corporate Board established under Clause 5 and governed consistently with SLC 4.	REC Main Body and relevant schedules containing RECCo Board related provisions

Term	**Definition**	**Rationale for change**	**REC schedule**
	main body of this Code.		
RECCo Board Members	means the individuals who comprise the RECCo Board, as further described in Clause 5 of the main body of this Code.	Renamed and amended from REC Board Members to RECCo Board Members. The change consistently identifies the members of RECCo's corporate Board under the revised Clause 5 governance model.	REC Main Body and relevant schedules containing RECCo Board related provisions
REC Charging Methodology	Means the charging methodology set out in Schedule 10 (Charging Methodology) as in force from time to time before the Cost Recovery Transition Date. From and including the Cost Recovery Transition Date, references in this Code to the REC Charging Methodology shall, unless the context otherwise requires, be read as references to the Code Manager Cost Recovery Methodology.	Amended. It now operates only before the Cost Recovery Transition Date and then points to the SLC 22 Code Manager Cost Recovery Methodology.	Schedule 10 – Charging Methodology

Term	Definition	Rationale for change	REC schedule
REC Charging Statement	Means the statement of charges published by RECCo on the REC Portal under Clause 10 and Schedule 10, as amended from time to time, which: (a) before the Cost Recovery Transition Date, applies the REC Charging Methodology and sets out the charges payable in respect of REC Services, including any charges dependent on usage or otherwise payable under Schedule 10; and (b) from and including the Cost Recovery Transition Date, constitutes the Code Manager Cost Recovery Statement for the purposes of standard condition 23	Amended. It now bridges the existing REC charging statement to the Code Manager Cost Recovery Statement required by SLC 23 and distinguishes Core and Usage-based Charges.	Schedule 10 – Charging Methodology

Term	Definition	Rationale for change	REC schedule
	(Code Manager Cost Recovery Statement) of the Code Manager Licence and sets out the basis on which Core Charges and, where appropriate, Usage-based Charges are calculated and payable to RECCo for the performance of the Code Manager Business.		
REC Governance Body	Means: a) the RECCo Board, when exercising any function, power or duty assigned to it by or under this Code, or when overseeing RECCo's performance of its functions as Code Manager; and (b) any body, forum, panel or other governance group which is	Inserted. This distinguishes bodies exercising REC functions from RECCo Board committees and supports the separate corporate-governance and SAF responsibilities in SLC 4 and SLC 27.	REC Main Body (RECCo Board governance provisions) and Schedule 4 – Company Governance.

Term	Definition	Rationale for change	REC schedule
	established by this Code, or which this Code requires or permits RECCo to establish, and which has functions, powers, duties or advisory responsibilities assigned to it by or under this Code, including the REC Performance Assurance Board and the Stakeholder Advisory Forum.		
REC Performance Assurance Board	Means the performance assurance board for this Code, as from time to time established under Clause 15 of the main body of this Code	Amended. The statement that the PAB is a Sub-Committee is removed, reflecting our proposal that the PAB is classified as a REC Governance Body rather than a Sub-Committee.	REC Main body and Schedule 6 – Performance Assurance
RECCo	means the company established under Clause 5 of the main body of this Code	Removed and replaced by the fuller Retail Energy Code Company Limited definition, which identifies RECCo's licensed capacity and provides for a Successor Licensee.	REC Main body

Term	Definition	Rationale for change	REC schedule
Relevant Code Objectives	Means the objectives set out in the Special Conditions of the REC Code Manager Licence	Inserted. This cross-refers to the REC-specific objectives in the licence special conditions and supplies the assessment benchmark required by SLC 27.6-27.9.	REC Main Body
Responsible Sub-committee	Is described in Paragraph 2.2 of the Change Management Schedule	Removed. The former Responsible Sub-Committee decision model is replaced by an advisory SAF and decisions/recommendations by RECCo under SLC 27.	REC Schedule 5-Code Modification
Responsible Provider	means the organisation or body identified in the REC Baseline Statement as responsible for maintaining a Category 3 product, being either RECCo, a REC Governance Body, or REC Service Provide	Amended. The eligible provider types are updated from Code Manager/REC Board/Sub-Committee terminology to RECCo and REC Governance Body terminology; this is consequential governance drafting.	Schedule 5 Code Modification
Retail Energy Code Company Limited	means the company established pursuant to Clause 5 of the Code and registered in England and Wales with registered number	Inserted. This replaces the shorter RECCo definition, identifies the company in its licensed capacity and applies the Code to a Successor Licensee consistently with the handover regime in SLC 31.	Schedule 4 – Company Governance

Term	Definition	Rationale for change	REC schedule
	10989875, acting in its capacity as the holder of the Code Manager Licence in relation to this Code, and, from the date specified pursuant to Clause 7.3 of the Main Body, any Successor Licensee acting in that capacity.		
Self-Governance Modification	Means a modification that does not satisfy the criteria to be an Authority-Consent Modification.	Renamed and amended from Self-Governance Change. The new term and classification materially align with the licence definition and SLC 27.5(h), (k).	REC Schedule 5- Code Modification
Service Capability	Means capability procured in accordance with standard condition 7 (Procurement of Service Capability) for the purposes of supporting the provision of the Code Manager Business under or pursuant to the Code.	Inserted. This is derived from the licence definition and SLC 7. The REC wording focuses on capability supporting Code Manager Business, whereas the licence definition refers more broadly to Relevant Business.	REC Main Body – Code Manager Licence-related provisions

Term	Definition	Rationale for change	REC schedule
Service Provider Test Plan	has the meaning given to that expression in Paragraph 24 of the Code Modification Schedule.	Amended. Only the procedural cross-reference changes, from the former Change Management Schedule to paragraph 24 of the Code Modification Schedule.	Schedule 5 Code modification
Stakeholder Advisory Forum	Means the REC Governance Body established under the Code Modification Schedule in accordance with standard condition 27 (Code Maintenance and Modification) of the Code Manager Licence.	Inserted. This directly aligns with the forum required and defined by SLC 27, with the detailed REC constitution and functions set out in Schedule 5.	REC Schedule 5- Code Modification
Stakeholder Advisory Forum Chair	Means the chair of the Stakeholder Advisory Forum.	Inserted. This is a REC-specific role implementing the independent chair requirement in SLC 27.23(b)(i); the role is not separately defined in the licence.	REC Schedule 5- Code Modification
Stakeholder Advisory Forum Secretary	Means the person nominated by RECCo to provide secretariat support to the Stakeholder Advisory Forum.	Inserted. This is a REC-specific role implementing RECCo's secretariat-support duty in SLC 27.23(j); the role is not separately defined in the licence.	REC Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
Statutory Consumer Advocate	Means a representative appointed by Citizens Advice or Consumer Scotland.	Inserted. This implements the SAF membership entitlement for Citizens Advice or Consumer Scotland in SLC 27.23(b)(ii).	Schedule 5- Code Modification
Steady State Commencement Date	Means 00:01 hours on 31 October 2022, the time and date designated by the Authority when all exit criteria were met and handover to steady state governance had taken place	Removed. The term records a completed switching transition milestone and is no longer required; this is historical housekeeping rather than a licence-driven change.	Schedule 5- Code Modification
Strategic Direct Statement	Means a statement prepared and published by the Authority under section 190 of the Energy Act 2023 setting out a strategic direction for Designated Documents.	Inserted (as Strategic Direction Statement in the Schedule 1 redline). It reflects section 190 of the Energy Act 2023 and aligns with the licence definition and SLC 3.2(g), SLC 27 and SLC 29.	REC Main Body
Strategy Document	Means the document published by RECCo pursuant to Clause 8A of the Main Body setting out RECCo's strategic priorities for the	Inserted. This is a REC corporate-strategy document, not a licence-defined document; the Main Body makes clear that it sits alongside and does not replace the licence Work Plan or Delivery Plan.	REC Main Body

Term	Definition	Rationale for change	REC schedule
	development, operation and administration of the REC and REC Services.		
Sub Committee	Means a committee or sub committee of the RECCo Board, however described, including the Nominations Committee but excluding any REC Governance Body unless the Code expressly provides otherwise	Amended. It now means a committee of the RECCo Board and expressly excludes REC Governance Bodies, clarifying the separation between SLC 4 corporate governance and SLC 27 code governance.	REC Schedule 5-Code Modification
Successor Licensee	means a party which the Authority has determined will take over RECCo's responsibilities under this Code and to whom a licence has been granted under section 6(1)(g) of the Electricity Act 1986 and Section 7AC of the Gas Act 1986.that is to succeed, or has succeeded, RECCo as holder of the Code Manager Licence	Inserted. The current Schedule 1 redline uses the licence-aligned formulation of a person succeeding RECCo as licensee under SLC 31. The definition reproduced in this table is not the current redline wording and also cites the Electricity Act 1986 rather than 1989.	REC Main Body

Term	Definition	Rationale for change	REC schedule
	in relation to this Code.		
Sufficiently Independent Director	Means a person appointed as a director of RECCo who satisfies the requirements for a sufficiently independent director under the Code Manager Licence.	Inserted. This cross-refers to the independence requirements in the Code Manager Licence and directly supports SLC 16.	Schedule 4 Company Governance
Switching Change Advisory Board	means the REC Governance Body group responsible for the review and approval of Operational Switching Service Changes. This is separate from the code bodies that would approve changes to Energy Codes.	Amended. 'Group' is replaced by 'REC Governance Body' to locate the SCAB within the revised REC governance structure; this is not a licence-defined body.	Schedule 26 – Switching Service Management Schedule
Switching Operation Service	means the data described in Paragraph 4 of the Switching Data Management Schedule.	Removed. The definition is no longer required and the change is operational housekeeping rather than a consequence of a specific licence condition.	Switching Data Management Schedule.
UK Corporate Governance Code	Means the document referred to by that name, or any successor name, published by the	Inserted. This materially mirrors the licence definition and supports RECCo's compliance and	Schedule 4 Company Governance

Term	Definition	Rationale for change	REC schedule
	Financial Reporting Council or any successor body.	reporting obligations under SLC 4.	
Urgent Modification Proposal	Means a modification that RECCo has determined to be urgent, based on the criteria for urgency published by the Authority from time to time.	Inserted. This creates the urgent route within the new modification terminology and implements the ability to vary or disapply procedures for urgency under SLC 27.5(n).	REC Schedule 5- Code Modification
Voting Group	means two or more Code Parties that are Affiliated and are grouped together for voting purposes.	Not located in the 12 August Schedule 1 redline. It appears intended as a local SAF voting term supporting the business procedures required by SLC 27.23(d); its insertion should be verified against the relevant SAF redline.	Schedule 5- Code Modification
Workgroup	Means a group established by RECCo to carry out the functions set out in Paragraph 12 of the Code Modification Schedule.	Inserted. This is a Schedule 5 procedural term supporting development of modifications under SLC 27.5(m) and participation in workgroups under SLC 27.25-27.26.	Schedule 5- Code Modification
Workgroup Process	Means the process under the Code Modification	Inserted. This defines the Schedule 5 workgroup assessment process and supports the development	Schedule 5- Code Modification

Term	Definition	Rationale for change	REC schedule
	Schedule for the development and assessment of a Modification Proposal by a Workgroup, including consideration of its likely effects and any Alternative Modification Proposals.	and assessment requirements in SLC 27.5(m).	
Work Plan	Means the work plan prepared and published by RECCo in accordance with the Code Manager Licence.	Inserted. This is aligned with the licence definition and the annual Work Plan requirements in SLC 20, although the REC definition uses a concise dynamic cross-reference rather than repeating the licence detail.	REC Main Body

Effect of the proposed amendments

13.6 The proposed modifications are not intended, in themselves, to change policy or introduce significant new obligations on REC Parties. Rather, they update and supplement the definitions used throughout the REC to support the implementation of substantive changes proposed elsewhere in this consultation. The amendments are intended to improve clarity, consistency and operability of the REC following implementation of the energy code reform framework.

13.7

14. Other changes

Sub-committees

Proposed amendments

14.1 Delegated authority for sub-committees currently flows from the REC board. We propose consequential changes to the code so that delegated authority flows from RECCo as the licensed code manager. Therefore we propose changes to clause 6 of the REC main body (‘Change Panel and Other Sub-Committees’), to replace references to ‘REC board’ with ‘RECCo board’ throughout.

14.2 Due to differences between the functions of existing sub-committees, we propose introducing two types of committee, referred to as ‘Sub-Committees’ and ‘REC Governance Bodies’. Sub-Committees are defined as being for the purpose of discharging, supporting or advising on the functions of the RECCo Board, while REC Governance Bodies as being for the purpose of performing the functions and duties, and exercising the powers or advisory responsibilities assigned to them under the Code.

Policy background and reason for the proposed amendments

14.3 Under the current arrangements, much of the day-to-day work of code governance is carried out by sub-committees, which often have delegated authority from code panels. The removal of code panels, and the introduction of code managers and SAFs, means the code needs to change to reflect these new roles.

14.4 In our second implementation decision we set out our decision to make the necessary consequential changes, but also to carry out a case-by-case review of the delegated authority and impartiality requirements for each REC sub-committee, supported by insights from industry. The purpose of this was to ensure that the right arrangements are put in place for each sub-committee, with any potential variation retained within or across codes where it serves a useful purpose. Following this review, we decided not to make any changes to decision making or impartiality arrangements for REC sub-committees, other than the necessary consequential changes.

14.5 As discussed, under the existing arrangements, the current REC code manager is appointed by the REC Board and performs the tasks and functions assigned to it under the code, as well as any other tasks and functions assigned by the REC board. Under the new arrangements, RECCo, as the licensed code manager, will instead be accountable for those tasks and functions through the requirements set out in its licence. Therefore, we propose that references to the REC Board, in the context of delegating decision-making powers to sub-committees, are replaced with references to the RECCo Board in clause 6 of the REC main body.

14.6 Due to the potential for confusion between existing sub-committees that are established to support in the governance of RECCo Ltd and those that are established under the REC to perform certain duties and functions required by the REC, we propose introducing two categories of sub-committee:

- ‘Sub-committees’, which are established for the purpose of discharging, supporting or advising on the functions of the RECCo Board; and
- ‘REC Governance Bodies’, which are established for the purpose of performing the functions and duties, and exercising the powers or advisory responsibilities assigned to them by or under the REC.

14.7 The amendments proposed in this section refer only to the entities we have proposed calling ‘REC Governance Bodies’, even where we have used the term ‘sub-committee’.

Effect of the proposed amendments

14.8 The proposed amendments distinguish between REC Governance Bodies established under the REC to perform REC functions, and Sub-Committees established to support RECCo's internal governance. This provides greater clarity regarding the purpose and governance of these different bodies, without substantively changing their existing functions or responsibilities.

Previous consultations and decisions

14.9 In our second implementation consultation we set out our proposals relating to the arrangements for sub-committees under the new framework. In relation to delegated authority requirements, we proposed carrying out a case-by-case review of each code in collaboration with industry, and that where delegated authority is retained or introduced we would expect this to move to the code manager.

14.10 In our subsequent decision, we confirmed our proposal to carry out a case-by-case review of codes, and that, for the REC, we decided not to make any changes to decision making or impartiality arrangements for REC sub-committees as part of energy code reform, aside from necessary consequential changes.

14.11 In our second implementation consultation, we also set out our decision that code managers would be the default party responsible for chairing sub-committees and providing secretariat support, unless they considered that appointing an independent chair would result in better outcomes. However, given the changes described above, we have decided not to add this requirement into the proposed code text. REC Governance Bodies will be formally established by, and have functions assigned under, the code itself. We therefore, do not consider it necessarily to include this broad requirement in the REC main body. In some cases, these detailed administrative arrangements may be more appropriately set out in the relevant terms of reference, reflecting the specific role and circumstance of the individual REC Governance Body.

Consultation questions

Q24. Do you agree with the proposed consequential changes to main body, clause 6 as set out in Annex A to modify delegated authority arrangements for REC sub-committees?

Q25. Do you agree with the proposed changes to distinguish between REC Governance Bodies and Sub-committees?

Performance Assurance

Proposed amendments

14.12 As set out above, we propose amending clause 6 of the REC Main Body to introduce REC Governance Bodies. We propose that the REC Performance Assurance Board (PAB) should be classed as a REC Governance Body. Accordingly, we propose that references to the REC PAB as a sub-committee are replaced with references to it as a REC Governance Body. This primarily involves changes to clause 6 of the REC main body ('Change Panel and Other Sub-Committees') and to schedule 6 ('Performance Assurance'). Additionally, we propose a small number of consequential amendments to enact this change elsewhere in the code.

14.13 We also propose amendments to clauses 2.3-2.5 of schedule 6 to reflect that, as a REC Governance Body, the REC PAB will operate in accordance with its terms of reference.

14.14 We propose a number of further amendments throughout the code to align with new REC Governance Body terminology and to clarify the respective roles of the REC PAB and RECCo:

- Amending schedule 6 to update references to the REC board, where appropriate, to RECCo or the RECCo Board, depending on whether the provision relates to RECCo's operational responsibility or to board-level governance
- Amending clause 16 of the REC main body to clarify the respective responsibilities of the REC PAB, RECCo and the RECCo Board in relation to suspension of rights for a Defaulting Party
- Amending schedule 6, clause 4.1 to allow RECCo to procure Service Capability or appoint REC Service Providers to support their functions in relation to the Performance Assurance Framework
- Amending schedule 6, clause 5 to simplify the indemnity provisions so that REC PAB members are covered through the wider indemnity provisions for RECCo Board, Sub-committee and REC Governance Body members

14.15 Amending schedule 12, clauses 7.4-7.5 to update roles in relation to applications to become an Enquiry Service User. Under the proposed arrangements, applications will be assessed by RECCo based on a process approved by the REC PAB (rather than by the REC Board). Where specified criteria are met, RECCo would be able to approve or reject an application directly, rather than referring the application to the REC PAB with a recommendation

14.16 Amending the appeals process for Qualification and Controlled Market Entry decisions in schedule 9, clause 15 to specify that where the REC PAB is unable to make a determination, it may defer its decision and require RECCo to obtain further information. Previously, where the REC PAB was unable to make a determination, the application could be escalated to the REC Board for guidance or a determination.

14.17 We also propose amending schedule 11 (Prepayment Arrangements) by introducing clause 9.6A to specify that, where suppliers cannot agree responsibility for a prepayment transaction on the Multiple Supplier Report and RECCO is unable to resolve the dispute, RECCo may escalate the matter to the REC PAB where it considers the matter raises a potential breach of the code

Policy background and reason for the proposed amendments

14.18 In our second implementation consultation we set out our proposals to review, and consider whether to harmonise decisions on, performance assurance arrangements across the codes.

14.19 As with sub-committees more broadly, we ultimately decided to review performance assurance arrangements on a case-by-case basis, rather than defaulting to a position of transferring decision-making authority to the code manager.

14.20 Based on this review, we decided not to make any substantive changes to the performance assurance arrangement in the REC. We consider that retaining the existing performance assurance framework supports market stability and consumer protection, whilst leaving open the option of enhanced cross-code harmonisation at a later stage.

14.21 As the REC PAB performs a distinct role and exercises functions and responsibilities conferred directly by the code, we propose to establish the REC PAB as a REC Governance Body and to distinguish REC Governance Bodies from sub-committees. This change in terminology is intended to provide greater clarity about governance arrangements and better reflect the REC PAB’s existing role within the code. It does not materially change the REC PAB’s functions or responsibilities.

14.22 The drafting preserves the REC PAB’s existing role in overseeing the Performance Assurance Framework, including the Risk Register, Performance Assurance Methodology, Performance Assurance Techniques, Risk Management Determinations, Performance Charges and related assurance activities. The changes instead update the governance framework so that these arrangements continue to operate effectively under the new governance model.

14.23 We also propose retaining RECCo's role in supporting the Performance Assurance Framework. RECCo will continue to provide administrative and operational support to the REC PAB, including maintaining the Risk Register and Performance Assurance Methodology, assessing Performance Data, monitoring Corrective Action Plans, preparing Risk Management Determinations, managing communications and preparing the Annual Performance Assurance Report.

14.24 In addition to the governance changes described above, we propose the following amendments to provide greater clarity and ensure the effective operation of the performance assurance arrangements under the new governance model:

14.25 The amendments to clause 16 of the REC main body relating to the suspension of a Defaulting Party's rights are intended to clarify the respective roles of RECCo and the RECCo Board. Under the proposed arrangements, RECCo, as the licensed code manager and legal entity, would implement a suspension following a relevant recommendation from the PAB, while retaining the existing safeguard allowing the RECCo Board to bring a suspension to an end

- The amendment to schedule 6, clause 4.1 in relation to service capability, is intended to align the code with standard condition 7 of the code manager licence ("Procurement of Service Capability")
- The amendments to schedule 12, 7.4-7.5 are intended to formalise existing operational practices, providing greater clarity regarding delegated decision-making while preserving an appropriate appeals process

14.26 The amendments to schedule 9, clause 15 are intended to preserve the established decision and appeals framework for Qualification and Controlled Market Entry decisions. The changes also provide greater clarity on how cases should be handled where the REC PAB requires additional information before reaching a decision, by allowing the REC PAB to defer its determination and request further evidence through RECCo, rather than escalating the substantive decision to the RECCo Board. This ensures that decisions continue to be made by the REC PAB as the specialist decision-making body, while maintaining an appropriate route of appeal to the Authority.

- The introduction of schedule 11, 9.6A is intended to clarify next steps where suppliers cannot agree responsibility for a prepayment transaction on the Multiple Supplier Report and the matter is escalated to RECCo

Effect of the proposed modifications

14.27 The proposed modifications clarify governance, decision-making and accountability arrangements in relation to performance assurance activities under the REC. The amendments establish the REC PAB as a REC Governance Body, reflecting its existing code-established role and responsibilities.

14.28 The modifications also clarify the respective roles of the REC PAB, RECCo and the RECCo Board, and formalise a number of existing operational arrangements. Overall, the changes are intended to provide greater clarity and certainty regarding governance, decision-making and accountability, while preserving the effectiveness of existing performance assurance arrangements.

Previous consultations and decisions

14.29 We set out our decisions relating to decision making authority for performance assurance in the Implementation of energy code reform: second decision.

Consultation questions

Q26. Do you agree with the proposed drafting, including classifying the REC Performance Assurance Board as a REC Governance Body rather than a sub-committee, as reflected in the proposed amendments to clause 6 of the REC main body in Annex A and schedule 6 in Annex F (including clauses 2.3 to 2.5)?

Q27. Do you agree with the proposed amendments to section 15 and section 16 of the REC main body, schedule 6, schedule 9, and schedule 12, which are intended to align the REC with the new REC Governance Body model, clarify the respective roles of the REC PAB, RECCo and the RECCo Board, and update related governance and decision-making arrangements?

Q28. Do you agree with the proposed insertion to schedule 11 of clause 9.6A in Annex K relating to unresolved disputes concerning prepayment transactions on the Multiple Supplier Report?

Code derogations

Proposed amendments

14.30 We propose updating main body, clause 23.3 to clarify that when determining whether to grant a derogation, the REC PAB may consider whether the matter would be better addressed through a modification proposal.

Policy background and reason for the proposed amendments

14.31 In our second implementation consultation we proposed standardising how derogations are handled across codes by making the newly licensed code managers the decision makers in all instances. We also set out alternative options in which this power would be granted to performance assurance boards or to Ofgem, or a further option of maintaining the status quo.

14.32 In our subsequent second implementation decision we stated our view that there are significant obstacles to harmonising decision-making in this area and that it would not be in the interest of either consumers of the industry to make the code manager the decision maker for all derogations. We therefore decided not to make code managers the decision maker for all code derogations, but instead to maintain status quo arrangements where possible. In the case of the REC, this will mean that the REC PAB remains the decision maker for derogations and sandbox derogations.

Effect of the proposed amendments

14.33 Updates to the main body, clause 23 reflect the new governance structure, and clarify that where a derogation request is more broadly applicable to the code parties it may be more appropriate for a modification proposal to be raised (as is already specified in clause 23.9)

Previous consultations and decisions

14.34 We set out our decisions relating to decision making authority for derogations in the Implementation of energy code reform: second decision.

Consultation questions

Q29. Do you agree with the proposed consequential changes to main body, clause 23 of Annex A in relation to code derogations?

Q30. Do you agree with the proposed clarifications relating to code derogations vs. modification proposals?

CSDB direction power

Proposed modifications

14.35 We propose to introduce in paragraph 24.5 of schedule 5 of the REC a requirement for the responsible body for the DTS to implement any changes to the DTS required to give effect to a release plan published by RECCo, by the date specified in the applicable release plan.

Policy background and reason for the proposed modifications

Ofgem's direction powers under the Energy Act 2023

14.36 Under section 194 of the Energy Act 2023, Ofgem may give a direction to the responsible body in relation to a designated central system. These directions may be used for two purposes, which are to ensure the body:

- complies with their obligations under the relevant designated document; and
- takes such steps as Ofgem considers may be necessary for the efficient operation or implementation of the provisions of the relevant designated document.

14.37 In January 2025, the Secretary of State designated five systems as "qualifying central systems" for the purposes of schedule 12 of the Act.[4]

14.38 In our second implementation consultation, we set out our intention to use our transitional powers to modify existing codes and contracts in order to facilitate our ability to use the direction powers, namely changes to ensure:

- that responsible bodies are able to recover any costs incurred in complying with directions; and/or
- that existing arrangements for making changes to systems, processes or budgets set out in codes or contracts contain appropriate provisions for allowing directions to be complied with.

14.39 We consider that, in most cases, the existing REC arrangements allow the Smart DCC Limited, as the responsible body for the Central Switching Service (CSS), to comply with and recover costs incurred in complying with an Ofgem direction, particularly given the mechanism for implementing in-year budget amendments. We also note that, before issuing a direction, Ofgem would consider both the

[4] Energy codes and central systems: qualifying designation - GOV.UK

responsible body's ability to recover any associated costs and its ability to comply with the direction.

The applicability of our direction powers to the DTS and DTSA

14.40 The Data Transfer Service (DTS), operated by ElectraLink, provides the data transfer infrastructure that supports processes across the REC, Balancing and Settlement Code (BSC) and Distribution Connection and Use of System Agreement (DCUSA).

14.41 We consider that no changes to the DTSA are needed to enable ElectraLink to comply with an Ofgem direction, or to recover costs incurred in complying with such a direction. However, future modifications to the REC may require consequential changes to the DTS. Although there are existing mechanisms to enable consequential DTS changes to be implemented, we consider that our direction powers could provide an additional tool to facilitate such changes where necessary, helping to ensure the continued effective operation of the DTS and the REC.

14.42 While the DTSA governs the operation of the DTS which is a designated system, the DTSA is not a designated document and therefore Ofgem cannot use section 194(1)(a) to direct compliance with obligations contained in it. By contrast, the REC is a designated document.

Proposal to support the use of Ofgem's direction powers in relation to the DTS

14.43 We propose to add an obligation into the REC requiring ElectraLink to implement any DTS changes required as a consequence of an approved REC modification by a specified date. This would complement paragraph 5.1.23 of the DTSA which requires ElectraLink to implement changes to (a) the Data Transfer Catalogue, or (b) the REC Data Transfer Flow, which have been agreed in accordance with the REC. Together, these obligations would ensure that the obligation to implement consequential changes to the DTS is contained within the REC, enabling Ofgem to use its powers under section 194(1)(a) of the Act, where appropriate, to direct compliance with that obligation.

Previous consultations and decisions

14.44 In March 2026, we published our second implementation decision, where we set out our decision to use our transitional powers under schedule 12 of the Act to make any changes to codes and contracts that are needed to facilitate our ability to use our direction powers under section 194 of the Act. In doing this, we would consider (i) whether any changes are needed to ensure that CSDBs are able to recover any costs incurred in complying with directions, and (ii) whether existing arrangements for making changes to systems, processes or budgets set out in codes and contracts contain appropriate provisions for allowing directions to be complied with.

Effect of the proposed modifications

14.45 The proposed modifications would mirror the existing obligation in the DTSA on the responsible body for the DTS to deliver changes to the DTS that are required to support approved REC modifications in accordance with the REC change process, enabling Ofgem to direct compliance with that obligation where necessary under section 194(1)(a) of the Energy Act 2023.

Consultation question

Q31. Do you agree that the proposed drafting in clause 24.5, schedule 5 of annex E accurately reflects the proposed change to mirror an existing obligation in the DTSA on the responsible body for the DTS to deliver changes to the DTS that are required to support approved REC modifications in accordance with the REC change process?

Part Two: Proposed changes to affected licences

This section sets out our proposed modifications to affected gas and electricity licence conditions to support the implementation of energy code reform and the REC's transition to the new governance framework. The proposals include consequential amendments to existing REC-related licence obligations, changes to the definition of the REC, , and a new licence condition requiring cooperation on code modifications related to the strategic direction . This section explains the proposed licence changes, the reasons for them and their intended effect

15. Background

15.1 Paragraph 4(1) of schedule 12 to the Act gives Ofgem the power to modify the standard conditions of relevant licences of a particular type where necessary for the purposes set out in paragraph 2 of schedule 12.

15.2 In developing the proposed modifications, we have taken account of the phased implementation of energy code reform. The modifications in this part are limited to changes that are needed to support the first phase of implementation, including changes relating to the REC and other consequential amendments needed to reflect the new code governance regime.

15.3 These modifications include changes that are consequential on the transition of the REC to the new governance framework and the proposed grant of a code manager licence for the REC. They also include targeted changes to ensure that affected licence conditions remain accurate and continue to work as intended.

15.4 We are also proposing a new cooperation condition to support the development and delivery of code modifications related to the strategic direction statement (SDS). This would apply where cooperation from licensees may be needed to help code managers develop and deliver relevant modifications effectively.

15.5 The proposed changes would come into effect following designation by the Secretary of State under section 182 of the Act on the same effective date as the relevant code changes.

16. Changes to Retail Energy Code obligations in electricity and gas supply standard licence conditions

Proposed modifications

16.1 We propose to modify the existing code maintenance obligations in the electricity supply and gas supply standard licence conditions that relate to the REC. These are often referred to as code owner conditions. These changes are consequential on the introduction of the new code manager framework and the proposed appointment and licensing of the Retail Energy Code Company Ltd (RECCo) as code manager for the REC and its obligations to maintain that code.

16.2 The proposed modifications relate to:

- standard condition 11B of the electricity supply licence, annex AL
- standard condition 11 of the gas supply licence, annex AN

Policy background and reason for the proposed modifications

16.3 Under the existing framework, certain licence conditions require licensees to have in place, maintain, comply with, or participate in specified industry codes. These include obligations in relation to the REC under standard condition 11 of the gas and electricity supply standard licence conditions. Under the new governance framework, responsibility for maintaining the REC will sit with the licensed code manager under standard condition 27.

16.4 We propose to remove obligations from standard condition 11 of the gas and electricity supply licences where responsibility for those matters will instead sit with the licensed code manager. We propose to retain the obligations that remain necessary to ensure that supply licensees continue to meet their responsibilities as REC parties. In broad terms, the licensed code manager would be responsible for maintaining and governing the REC, while supply licensees would remain responsible for being party to, and complying with, the REC.

Effect of the proposed modifications

16.5 We propose to remove the following paragraphs from the affected supply licence conditions:

- paragraphs 11B.2, 11B.3, and 11B.5 to 11B.14 of standard condition 11B of the electricity supply licence, annex AL
- paragraphs 11.2 to11.3 and11. 5 11.13 of standard condition 11 of the gas supply licence, annex AN

16.6 These paragraphs contain obligations that will no longer be required once responsibility for maintaining and governing the REC sits with the licensed code manager.

16.7 We propose to retain paragraphs 1 and 4 of those conditions. Paragraph 1 requires relevant licensees to remain party to, and comply with, the REC. Paragraph 4 requires relevant licensees to take all reasonable steps to give effect to modifications to the REC, supporting their timely and consistent implementation.

16.8 We also propose to retain the duty to cooperate in paragraphs 14 to 16 of standard condition 11 of the gas supply licence. Standard condition 11B of the electricity supply licence does not contain equivalent provisions, as the corresponding duty is set out elsewhere in standard condition 11 of that licence. Retaining paragraphs 14 to 16 therefore maintains the existing approach across the gas and electricity supply licences.

Previous consultations and decisions

16.9 In our 2024 joint consultation, we set out our proposal for a code manager standard licence condition that would require code managers to have in place, and maintain, the relevant code. We noted that this approach would require consequential changes to the existing code owner licence conditions, with these provisions being removed from current licence types.

16.10 In the 2024 joint response, we confirmed our intention to proceed with the proposal to include an obligation to have in place and maintain the relevant code within the code manager licence. We also highlighted that we would consider what changes may be needed to the existing code owner licence conditions to ensure they continue to play an appropriate role in the modification process.

Consultation question

Q32. Do you agree that the proposed modifications to the annex AL electricity supply and annex AN gas supply standard licence conditions appropriately reflect the transition to the new code manager framework, while retaining necessary obligations on relevant licensees as REC parties?

17. Changes to the definition of the Retail Energy Code in affected licences

Proposed modifications

17.1 We propose to amend the definition of the "Retail Energy Code" in affected licence conditions. These changes would affect the following licence conditions:

- standard condition 1 of the electricity distribution licence, annex AK
- standard condition 1 of the electricity supply licence, annex AL
- standard condition 1 of the gas supply licence, annex AN
- standard special condition D17 of the gas transporter licence, annex AI
- standard condition 14 of the gas transporter licence, annex AO
- standard condition 1 of the Smart Meter Communication licence, annex AP

17.2 The proposed definition is intended to reflect our intention to recommend that the Secretary of State designate the Retail Energy Code under section 182(1)(b) of the Energy Act 2023.

Policy background and reason for the proposed modifications

17.3 The current licence definitions of the REC reflect the existing governance framework, under which the REC is established and maintained through the gas and electricity supply licence conditions. Under the new framework, the REC will be designated by the Secretary of State under section 182 of the Act. The licensed code manager will maintain the REC under the code manager licence, including standard condition 27.

17.4 The proposed modifications are intended to ensure that references to the REC remain accurate and consistent across the affected licences once the REC moves into the new code manager framework.

Effect of the proposed modifications

17.5 The proposed modification would update references to the REC in the affected licences so that they reflect the REC's status under the new code manager framework. The modifications are consequential in nature and are intended to ensure that the definitions are accurate and reflect the new framework.

17.6 The affected licence conditions are listed above.

Previous consultations and decisions

17.7 We have previously consulted on the governance arrangements applicable to the REC and the introduction of licensed code managers through a series of energy code reform consultations. Including the consultation on reforming the energy industry codes (2019) and the consultation on the design and delivery of the energy code reform (2021).

Consultation question

Q33. Do you agree that the proposed amendments to the definition of the REC in the affected licences contained in annexes AN, AI, AJ, AK, AL, AO, AP appropriately reflect its designation under section 182 of the Energy Act 2023 and the transition to the new code manager framework?

18. Cooperation on code modifications related to the strategic direction statement

Proposed modifications

18.1 We propose introducing a principles-based standard licence condition in all electricity and gas licences requiring licensees to cooperate with code managers, where reasonably requested, in relation to code modifications that are required to implement, facilitate or support the strategic direction statement (SDS).

18.2 We have previously consulted on the proposed condition and proposed drafting. Based on feedback received to those consultations we have made some amendments to the proposed drafting. The primary changes include:

- requiring code managers to be satisfied, having regard to the reasonableness criteria specified in the relevant designated code, that a request is reasonable before issuing it
- allowing licensees not to provide information that is commercially sensitive, or which they could not be compelled to produce or give in civil proceedings before a court.

Policy background and reason for the proposed modifications

18.3 The primary purpose of the condition is to aid in the development and delivery of code modifications related to the SDS and reflect the key role of stakeholders in strategic change, by providing that licensees are under an obligation to cooperate with the code manager where reasonably requested.

Previous consultations and decisions

18.4 In our January 2024 implementation consultation we consulted on the inclusion of a principles-based cooperation condition in all electricity and gas licences.

18.5 In our January 2025 consultation on the Preliminary SDS we confirmed our intention to proceed with a cooperation condition and consulted on proposed drafting, alongside reasonableness criteria.

18.6 In our March 2026 template code text consultation we consulted on an updated drafting of the reasonableness criteria. The drafting was confirmed in our August 2026 template code text decision.

Effect of the proposed modifications

18.7 The proposed condition would require licensees, where reasonably requested by a code manager and in relation to a designated code which the licensee is required to become party to or comply with under its licence, to take reasonable steps to cooperate with the development and delivery of code modifications which the code manager reasonably considers are required to implement, facilitate or support delivery of the SDS.

18.8 The proposed condition would require licensees to:

- Provide non-commercially sensitive information that code managers reasonably require to plan, assess or implement SDS-related code modifications
- Notify code managers where licensees reasonably consider that proposed SDS-related modifications may have a material impact on its systems, processes or operations

Consultation question

Q34. Do you agree with the proposed drafting for a new principles-based standard licence condition requiring cooperation on code modifications related to SDS, for all gas and electricity licences, included in Annex AJ?

Appendix 1 – Questions

Question Number	Question
Q1	Do you agree that the drafting in the relevant annexes appropriately reflects the proposed changes to clarify RECCo's accountability as the licensed code manager and remove code provisions that are no longer applicable?
Q2	Do you agree that the drafting in clause 1.7 of schedule 1 as set out in Annex B appropriately reflects the proposed change to clarify that RECCo's activities and responsibilities under the code are subject to the requirements of the code manager licence?
Q3	Do you agree that the proposed amendments to the Final code modification template text, as set out in annex E, deliver the intent of our proposed policy?
Q4	Do you agree that the proposed amendments to the Final stakeholder advisory forum template text, as set out in Annex AG, deliver the intent of our proposed policy?
Q5	Do you agree with our proposed approach to transitioning to the SAF, as set out in Annex AG at paragraph 13?
Q6	Do you agree that the proposed REC amendments set out in annex A, reflects our policy position that all identified activities undertaken by RECCo under, or in connection with, the REC should form part of its code manager business?
Q7	Do you agree that the drafting in clause 15 of annex A accurately reflects the proposed changes to clarify that RECCo must comply with both the performance requirements set out in the licence and existing code obligations relating to performance assurance?
Q8	Do you agree that the drafting in clauses 5.6 and 5.10 of annex A, and clauses 8.1 and 8.2 of annex D, accurately reflect the proposed changes to align the code with the requirements in the licence and remove code provisions that are no longer applicable?

Question Number	Question
Q9	Do you agree that changing references to the 'REC Board' to the 'RECCo Board' throughout the code accurately reflects the proposed change to improve clarity and consistency of the governance arrangements within the code?
Q10	Do you agree that the drafting in clauses 9.21 and 9.23 of annex A and clauses 8.3-8.5 of annex D accurately reflect the proposed changes to align the REC's annual reporting, financial reporting, planning and assurance arrangements with the code manager licence and reduce duplication between the REC and the licence?
Q11	Do you agree that the drafting in clause 8.3 of annex D accurately reflects the proposed change to clarify the matters requiring approval by the RECCo board?
Q12	Do you agree that the drafting in clause 8.6 of annex D accurately reflects the proposed change to clarify the circumstances in which RECCo may delegate operational decisions, and the matters that must remain reserved to the RECCo board?
Q13	Do you agree that the drafting in clause 9 of annex A accurately reflects the proposed changes to align the code arrangements on the budget and planning processes, and the budget appeals process with the requirements in the code manager licence?
Q14	Do you agree that the drafting in clause 9.6 of annex A accurately reflects the proposed changes to ensure the code manager objectives are appropriately reflected in the annual budget process?
Q15	Do you agree that the drafting in clause 9.7 of annex A accurately reflects the proposed change to encourage earlier engagement before budget appeals are raised?
Q16	Do you agree that the drafting in clause 5.4 of annex A accurately reflect the proposed changes to ensure that the code manager objectives are appropriately reflected in the code?

Question Number	Question
Q17	Do you agree that the drafting included in clauses 9 and 10 of annex A, annex D and annex J accurately reflect the proposed change to align the code arrangements related to cost recovery, including terminology, with the requirements and language in the code manager licence?
Q18	Do you agree that the drafting included in clause 2.3, schedule 10 of annex J and schedule 1 of annex B accurately reflects the proposed changes to clarify how the cost recovery methodology and cost recovery statement interact with the requirements in the code manager licence, including the proposed transitional arrangements?
Q19	Do you agree that the drafting included in clause 9.4 in annex A accurately reflects the proposed change to expand the costs that RECCo can recover to include those incurred in carrying out licensed code manager activities and other costs recoverable under the licence?
Q20	Do you agree that the drafting included in schedule 10 of annex J accurately reflects the proposed change to align the code with licence requirements related to core charges?
Q21	Do you agree that the drafting included in schedule 10 of annex J accurately reflects the proposed change to align the code with licence requirements related to usage-based charges?
Q22	Do you agree that the drafting in clause 9.1 of annex D accurately reflects the proposed change to align code arrangements with the not-for-profit licence requirement, and to clarify how surplus amounts related to licensed activities should be treated?
Q23	Do you agree that the drafting in clause 4.1 of annex D accurately reflects the proposed changes to align the activities that RECCo can undertake, and restrict the actions of shareholders in line with the requirements of the code manager licence?
Q24	Do you agree with the proposed consequential changes to main body, clause 6 as set out in Annex A to modify delegated authority arrangements for REC sub-committees?

Question Number	Question
Q25	Do you agree with the proposed changes to distinguish between REC Governance Bodies and Sub-committees?
Q26	Do you agree with the proposed drafting, including classifying the REC Performance Assurance Board as a REC Governance Body rather than a sub-committee, as reflected in the proposed amendments to clause 6 of the REC main body in Annex A and schedule 6 in Annex F (including clauses 2.3 to 2.5)?
Q27	Do you agree with the proposed amendments to section 15 and section 16 of the REC main body, schedule 6, schedule 9, and schedule 12, which are intended to align the REC with the new REC Governance Body model, clarify the respective roles of the REC PAB, RECCo and the RECCo Board, and update related governance and decision-making arrangements?
Q28	Do you agree with the proposed insertion to schedule 11 of clause 9.6A in Annex K relating to unresolved disputes concerning prepayment transactions on the Multiple Supplier Report?
Q29	Do you agree with the proposed consequential changes to main body, clause 23 of Annex A in relation to code derogations?
Q30	Do you agree with the proposed clarifications relating to code derogations vs. modification proposals?
Q31	Do you agree that the proposed drafting in clause 24.5, schedule 5 of annex E accurately reflects the proposed change to mirror an existing obligation in the DTSA on the responsible body for the DTS to deliver changes to the DTS that are required to support approved REC modifications in accordance with the REC change process?
Q32	Do you agree that the proposed modifications to the annex AL electricity supply and annex AN gas supply standard licence conditions appropriately reflect the transition to the new code manager framework, while retaining necessary obligations on relevant licensees as REC parties?

Question Number	Question
33	Do you agree that the proposed amendments to the definition of the REC in the affected licences contained in annexes AN, AI, AJ, AK, AL, AO, AP appropriately reflect its designation under section 182 of the Energy Act 2023 and the transition to the new code manager framework
34	Do you agree with the proposed drafting for a new principles-based standard licence condition requiring cooperation on code modifications related to SDS, for all gas and electricity licences, included in Annex AJ?

Appendix 2 - Ancillary Documents

Annex	Document / schedule	Title / description
A	REC Main Body	REC Main Body
B	Schedule 1	Interpretation and Definitions
C	Schedule 3	Accession Agreement
D	Schedule 4	Company Governance
E	Schedule 5	Code Modification
F	Schedule 6	Performance Assurance
G	Schedule 7	Energy Theft Reduction
H	Schedule 8	Unbilled Energy Code of Practice
I	Schedule 9	Qualification and Maintenance
J	Schedule 10	Charging Methodology
K	Schedule 11	Prepayment Arrangements
L	Schedule 12	Data Access
M	Schedule 13	Transfer of Consumer Data
N	Schedule 14	Metering Operations
O	Schedule 15	Metering Accreditation
P	Schedule 17	Secure Data Exchange
Q	Schedule 18	Green Deal Arrangements
R	Schedule 19	Market Exit and Supplier of Last Resort

S	Schedule 22	Market Stabilisation Charge
T	Schedule 23	Registration Services
U	Schedule 24	Switching Data Management
V	Schedule 25	Central Switching Service
W	Schedule 26	Switching Service Management
X	Schedule 27	RMP Lifecycle
Y	Schedule 28	Related Metering Points
Z	Schedule 29	Address Management
AA	Schedule 30	Resolution of Consumer-Facing Switching and Billing Issues
AB	Schedule 31	Payment Method Levelisation Reconciliation
AC	Schedule 32	Electricity Supply to Hydrogen Electrolysers
AD	Schedule 33	Non-Domestic Change of Occupier
AE	Schedule 34	MHHS Migration
AF	Schedule 35	Tariff Interoperability Arrangements
AG	To be merged with Schedule 5	Stakeholder Advisory Forum

Annex	**Licence condition document**
AI	Standard Special Conditions Part D
AJ	Cooperation Standard Licence Condition
AK	Electricity Distribution Standard Licence Condition

AL	Electricity Supply Standard Consolidated Licence Conditions
AN	Gas Supply Standard Consolidated Licence Conditions
AO	Gas Transporter Consolidated Standard Licence Conditions
AP	Smart Meter Communication Licence

AQ	Response template

Appendix 3 – Privacy policy

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

Information: Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data then make this clear. Be a specific as possible.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. ‘six months after the project is closed’)

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data

- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at https://ico.org.uk/, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use "the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this".

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system. (If using a third party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, click on the link to our "ofgem privacy promise".