

Retail Energy Code (REC) R0332: Amend the REC to permit RECCo to undertake additional code manager activities (R0332)

Decision: The Authority¹ has decided to approve² this change proposal³

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

Date of publication: 28 October 2026

Implementation date: 4 November 2026

Background

The Retail Energy Code Company Limited (RECCo) was established to support the operation and development of the REC. Its objectives and permitted activities are framed by reference to the REC. This means that RECCo cannot currently undertake activities pertaining to other energy codes.

Energy code reform is a joint programme between Ofgem and government to turn energy codes into an effective engine for wider system change. 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. In January 2026, and as part of this programme, Ofgem sought expressions of interest from organisations wishing

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.

³ ‘Change’ and ‘modification’ are used interchangeably in this document.

to become code managers for the phase 2 codes.⁴ RECCo submitted an expression of interest to become the licenced code manager for the Electricity Commercial Code (ECC), a consolidated code combining the Connection and Use of System Code and the Distribution Connection and Use of System Agreement.

On 1 June 2026, Ofgem determined that the selection of the licensed code manager for the ECC should proceed on a non-competitive basis and invited RECCo to participate in the licensing assessment phase as the sole candidate, following its successful completion of the eligibility assessment process.⁵

The change proposal

RECCo ('the Proposer') raised R0332 ('the Proposal') on 12 June 2026. The Proposal aims to provide clear governance and funding safeguards so that any activity RECCo carries out relating to the ECC is distinguishable from the REC. R0332 seeks to amend the REC to allow RECCo to proceed with, authorise expenditure for, or implement activities required to support the ECC code manager licensing assessment and any subsequent transition or delivery model. It would permit RECCo, where the REC Board considers this appropriate, to apply for, accept and comply with a code manager licence for the new consolidated code, or to undertake this activity via a subsidiary, in partnership or through another arrangement.

The Proposal aims to achieve this by amending the REC Main Body, Schedule 1 and Schedule 4 to introduce "Additional Code Manager Activities" and distinguish it from the current clause titled: "Additional Code Manager Activity Objectives".

The scope of the changes proposed in R0332 would have the following impacts:

⁴ See [Expression of interest invitation: code manager candidates | Ofgem](#)

⁵ See [Determination of the basis of selection of code manager candidates | Ofgem](#)

- Allow additional code manager activity that is limited to the ECC
- Allow additional code manager activity (related to the ECC) to be funded from a contingency or other budget provision approved under the REC
- That funding must not be diverted from identified REC workstreams unless it is no longer required for its original purpose in that year
- That related costs, liabilities, recoveries and reimbursements must be identified separately

The Proposer sought urgency status for this modification and the REC Change Panel agreed. Without a change to RECCo's legal authority to undertake the relevant activities, there was a material risk that RECCo could not lawfully participate in the new consolidated code licensing assessment and associated preparatory work.

Industry consultation

The R0332 consultation ran from 28 July to 11 August 2026. It received four responses: three from energy suppliers and one from a distribution network operator. All respondents supported the Proposal. One respondent's support was conditional on the additional activity being limited to the new consolidated code, protection of REC funding, transparent and separate identification of costs, and further governance and consultation before any extension to another energy code. The Proposal contains safeguards addressing those points. No amendments were made following consultation.

REC Change Panel recommendation

On 25 August 2026, in line with RECCo's recommendation, the REC Change Panel (the Panel) voted to recommend that the Authority approve R0332. The Final Change Report (FCR) records the Panel's view that R0332 would positively facilitate REC Objectives (a) and (c) with a neutral impact on the remaining REC Objectives.

Our decision

We have considered the issues raised by R0332 and the FCR dated 25 August 2026. We have also considered the responses to the industry consultation in the FCR. We have concluded that:

- implementation of the Proposal will better facilitate the achievement of the applicable Objectives of the REC⁶
- approving the Proposal is consistent with our principal objective and statutory duties⁷

Reasons for our decision

We consider that the Proposal better facilitates REC Objectives (a) and (c) and has a neutral impact on the rest of the REC Objectives. Our assessment is set out against the relevant REC Objectives below.

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

Proposer's view

In the FCR, the Proposer states that REC Objective (a) is better facilitated because implementation of R0332 will provide clear legal drafting around the REC's operational activities, distinguishing them from the activities that the RECCo Board may undertake related to the ECC. The Proposer further states that the provision of additional transparency around the REC's governance structure and cost allocation will ensure it continues to

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

⁷ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 and the Gas Act 1986.

operate in a manner that facilitates the efficient and effective running of the retail energy market.

Our view

We agree with the Proposer. We believe that R0332 facilitates the achievement of the REC mission statement by enabling RECCo to apply its expertise and capabilities in support of the development and implementation of the ECC. This supports a more coordinated approach to code governance across the energy sector, helping to reduce fragmentation and promote more efficient arrangements. While RECCo may in any event choose to pursue opportunities associated with the ECC, R0332 establishes a clear and transparent framework governing the circumstances in which those activities may be undertaken. In particular, the Proposal provides explicit REC Board oversight, limits the scope to activities associated with the ECC, and ensures that any future extension would require further consideration through REC change processes. By formally setting out these controls within the REC, the Proposal provides greater clarity and certainty to REC Parties regarding RECCo's role and the governance arrangements that will apply, while protecting the continued effective operation of the REC.

We further consider that R0332 provides certainty on whether RECCo can undertake work on an energy code other than the REC. It does so with certain constraints and safeguards in place. A future extension to another energy code would require a further REC modification proposal.

We therefore consider that R0332 better facilitates REC Objective (a).

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

Proposer's view

RECCo is of the view that implementation of R0332 will positively impact this objective. It considers that R0332 would ensure clear separation between the operations of the REC, RECCo's responsibilities to achieving REC objectives, and RECCo activities pursuant to the ECC. It further believes that R0332 should not directly impact the efficiencies of the REC's operations, but rather give assurance that RECCo has the remit to conduct activities for a code other than the REC.

Our view

Ofgem agrees that while the Proposal does not directly amend REC processes or systems, it introduces specific governance and financial controls relating to RECCo's ECC activities. The separate identification of costs, liabilities, recoveries and reimbursements, together with restrictions on diverting funding from identified REC workstreams, helps to ensure that ECC-related activities are subject to appropriate oversight. It also ensures that REC delivery remains appropriately protected as RECCo undertakes additional functions.

In addition, by permitting RECCo to undertake ECC-related activities within the governance and funding controls established by this modification, the Proposal may enable experience and expertise gained through those activities to inform future improvements to REC governance and operations. The FCR identifies no central systems costs and no expected implementation costs for REC Parties.

We therefore consider that R0332 better facilitates REC Objective (c).

Consistency with the Authority's principal objective and statutory duties

We consider that approval of R0332 is consistent with the Authority's principal objective and statutory duties. The Proposal provides a clear governance framework enabling RECCo to undertake certain activities associated with the ECC licensing process, while preserving

appropriate safeguards to protect REC Parties and consumers. In particular, the Proposal promotes transparency and accountability through separate identification of costs and funding controls, thereby reducing the risk of inappropriate cross-subsidy between REC and non-REC activities. We are satisfied that R0332 supports the effective implementation of wider code governance reforms without adversely affecting consumers or the operation of the REC and is therefore consistent with the Authority's statutory duties, including its principal objective to protect the interests of existing and future consumers.

We note RECCo's intention to develop a solution to reimburse REC parties for any ECC cost incurred during the ECC licensing process. We will continue to work with RECCo to identify whether there is a suitable mechanism to do so.

Decision notice

In accordance with Standard Condition 11B of the Electricity Supply Licence and Standard Condition 11 of the Gas Supply Licence, the Authority hereby approves REC Change Proposal R0332: Amend the REC to permit RECCo to undertake additional code manager activities.

Mark Carolan

Interim Head of Industry Codes

Signed on behalf of the Authority and authorised for that purpose