RETAIL ENERGY CODE

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APPENDIX C - INTERIM AND ENDURING QUALIFICATION APPROACH

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1 CONTEXT

1.1 PURPOSE OF REC QUALIFICATION

As noted in the *Qualification and Maintenance Schedule*, the REC Market Entry process is designed to provide assurance that a new entrant's systems and processes are fit for purpose, with the applicant required to demonstrate that it will be able to comply with its obligations under the REC.

More broadly, REC's Mission Statement is to facilitate the efficient and effective running of the retail energy market, including its systems and processes... through promoting innovation, competition, and delivering positive customer outcomes.

Consequently, when operating the REC Qualification activities detailed below, the REC Performance Assurance team takes a risk-based approach; we consider the need to protect the retail energy market and consumers from increased risk, and also understand the importance of ensuring the Market Entry process is proportionate and efficient to facilitate increased competition and innovation in the market.

1.2 CURRENT REC QUALIFICATION ACTIVITIES

For Suppliers, DNOs, and MEMs, the REC Market Entry process can be summarised by the following key activities:

- Business Solution Assessment (**BSA**)
- Market Scenario Testing (**MST**; including both **Internal Testing** and **External Testing**)
- Information Security and Data Protection (**ISDP**) Assessment
- Entry Assessment Requirements (i.e. **Pre-Requisites**)
- Qualification Conditions (e.g. **Controlled Market Entry**)

An overview of these activities is provided in the Appendix under Section 5.1, and further information can be found in the *REC Entry Assessment Information Pack*, and additionally for MEMs in the *Metering Accreditation User Guide*.

Separately, the Market-wide Half-Hourly Settlement (MHHS) Programme introduced a new Target Operating Model into the Electricity industry, resulting in significant code changes to both the REC and the Balancing and Settlement Code (BSC). Consequently, the REC and BSC together designed the MHHS Qualification approach as a joint assurance process to review whether Parties are ready to operate with the updated MHHS business processes.

Two of the key documents developed to facilitate MHHS Qualification were the Qualification Assessment Document (**QAD**), and a list of Qualification Test Cases (**QTCs**).

As part of the **QAD**, Parties are required to answer questions around their operational readiness, information security and data protection, interface management, and business processes. These elements also form part of the existing REC Entry Assessment process, therefore there is a significant overlap between the **QAD** and the **BSA**, **ISDP**, and **MST**.

The **QTCs** were designed for Parties to demonstrate that they could meet their updated obligations under the REC and BSC for business processes that were impacted by the introduction of MHHS.

Further information on the MHHS Qualification activities and documentation be found on the MHHS Programme Website.

1.3 PURPOSE OF THIS PAB PAPER

The purpose of this PAB Paper is not to introduce a new process for REC Market Entry, but rather to clarify how the existing process will continue to operate during and after MHHS transition.

2 INTERIM REC QUALIFICATION APPROACH

2.1 CONSIDERATIONS

1) MHHS Programme Plan v6.29 requires all MPANs to be migrated to MHHS arrangements between 22 October 2025 (MHHS Milestones M11/M12) and 07 May 2027 (M15). As the Registration Services need to operate with both MHHS and non-MHHS MPANs, DNOs were required to be MHHS Qualified prior to M11. Conversely, Suppliers and MOAs can choose to operate only with non-MHHS MPANs until M14 (28 October 2026), after which all new switches and appointments are required to be under MHHS arrangements; if Suppliers and MOAs wish to continue operating in the market past M14, they must therefore be MHHS Qualified by M14.

   Accordingly, Suppliers and MOAs that wish to enter the market prior to M14 may choose to complete the existing Market Entry process and operate with non-MHHS MPANs, then subsequently complete MHHS Qualification. Equally, new entrant Suppliers and MOAs may choose to only operate with MHHS MPANs, hence should not be required to demonstrate that they can operate with non-MHHS MPANs.

2) The **QTCs** were developed so Parties could demonstrate they could operate business processes that were impacted by the new MHHS arrangements, and do not include areas that were not changed by MHHS. Consequently, there are several business processes that are part of the current **MST**, and are still relevant during and after the MHHS transition, but were not included in the **QTCs**; examples include resolution of an erroneous switch, investigations into irregularities and theft, and meter fault resolution. Additionally, as the switching process is mostly unchanged, Elexon did not provision a Central Switching Service (CSS) Simulator as part of MHHS Qualification Testing.

3) BSC have augmented the **QAD** to include other areas relevant for BSC Qualification and will use this as part of their enduring BSC Qualification solution as the Self-Qualification Assessment Document (SQAD). Where new entrants will be Qualifying to operate with non-MHHS MPANs first, and then subsequently completing MHHS Qualification, BSC will ask applicants to complete the existing BSC Qualification process and then to complete the **QAD** and **QTCs**. Where new entrants only wish to operate with MHHS-MPANs, BSC will require them to complete the SQAD and then the **QTCs**.

4) Some REC Parties are also BSC Parties (Suppliers and DNOs), however some are not BSC Parties (MOAs, Gas Suppliers, Gas Transporters, MAMs). Often, REC Parties apply to Qualify for multiple roles at the same time, such as a Dual-Fuel Supplier, and can submit one **BSA** and one **ISDP** to fulfil both roles.

5) Any new entrant Suppliers entering before M15, even where they opt to only operate within MHHS arrangements, will need to demonstrate the ability to migrate non-MHHS MPANs to MHHS MPANs as there is a chance they acquire a non-migrated MPAN through switching.

Those new entrant Suppliers entering after M15 would be exempt from this as all MPANs will have transitioned to MHHS arrangements by M15. This forward migration testing is part of the standard MHHS Programme testing scope.

Our intention is to create the most streamlined applicant journey for new entrants during this MHHS transition period, no matter when applicants wish to enter the market, and regardless of which fuel(s) and meter type(s) they intend to operate with. We therefore considered the above points when defining the interim approach as outlined below.

2.2 APPROACH

Given the significant overlap between the **QAD**/SQAD and the existing elements of the REC Entry Assessment process, we believe that the most streamlined approach is to not require Electricity Supplier, DNO, and MOA applicants to complete the **QAD**/SQAD for the REC. We will instead uplift the existing Entry Assessment process to include the relevant **QAD**/SQAD questions. We have completed a gap analysis and determined that we will need to add two new questions to the BSA to cover these areas; the timeframes for this update, and other document updates, are noted in Section 4.2.

We had considered whether to review the SQAD with the BSC whilst removing some of our **BSA**, **ISDP**, and **Internal Testing** requirements. However, as the SQAD is only relevant for BSC roles, this would create additional complexity for the non-BSC Parties who would need to complete different versions of the REC Entry Assessment forms for their different roles. Additionally, the BSC and REC would have reviewed the SQAD independently, and provided separate follow-ups, which would create version-control issues and additional complexity for applicants that governed by both BSC and REC.

Electricity Suppliers, DNOs, and MOAs that wish to Qualify prior to M14 will therefore need to complete the following steps to Qualify under the REC:

	Supplier/MOA Qualified with Legacy MPANs then starting MHHS Qualification	**DNO, plus Supplier/MOA only operating with MHHS MPANs**
REC BSA	✓	✓
REC MST	✓	Reduced Scope*
REC ISDP	✓	✓
REC Pre-Requisites	✓	✓
REC Conditions (e.g. CME)	✓	✓
MHHS Programme QAD	✓	
MHHS Programme Testing	✓	✓

applicants are only required to complete **MST on areas not covered during MHHS Programme Testing, which also includes **CSS External Testing** for DNOs and Suppliers.*

NB: The existing Qualification steps for Gas Suppliers, Gas Transporters, and MAMs as outlined in the *REC Entry Assessment Information Pack* are not impacted by the above changes.

3 ENDURING REC QUALIFICATION APPROACH

3.1 CONSIDERATIONS

1) REC currently operates two different components of **MST**: **Internal Testing** and **External Testing**. After the MHHS Programme, BSC will not review any **Internal Testing** (or similar activities) completed by applicants, and will instead require applicants to complete the equivalent of **External Testing** with the **QTCs**.

2) At the time of writing, BSC have not decided whether they will allow Parties to place reliance on previous testing completed by Parties using identical systems. The REC Code Manager intends to continue to allow Parties to place reliance on previous **External Testing**, though not **Internal Testing**, in-line with the current REC Market Entry processes.

3) As noted in Section 2.1.2, the current set of **QTCs** do not include some of the business processes that are currently part of REC **MST**, but that will continue to be relevant after the MHHS transition. The REC Code Manager, working with RECCo, completed a gap analysis of which test cases are not currently covered by the **QTCs**, and we are working with BSC to add these to the enduring list of **QTCs**. Additionally, Elexon do not expect to procure a CSS Simulator as part of this testing.

4) RECCo and Elexon have not yet agreed the legal and commercial terms to continue operating a test assurance team, and associated tools such as the Data Integration Platform (DIP) simulator, for the purposes of REC **External Testing** with the **QTCs**. However, both RECCo and Elexon have confirmed their intention to progress with these arrangements, which has formed the below approach. If RECCo indicates that this planned agreement is at risk, the REC Code Manager will bring an updated paper to PAB detailing how the existing REC Market Entry process will be operated without this agreement.

3.2 APPROACH

The REC Code Manager intends to keep the same structure to Market Entry assurance as outlined in Section 1.2, namely: **BSA**, **MST** (including both **Internal Testing** and **External Testing**), **ISDP**, **Pre-Requisites**, and **Qualification Conditions**.

In order to achieve this, we will update the **BSA** as noted in Section 2.2, and we expect the **QTCs** will be updated to include the full set of testing requirements for Electricity Suppliers, DNOs, and MOAs as noted in Section 3.1. We will additionally update the existing *REC and BSC Joint Storyboards* to refer out to the **QTCs** for those roles and provide additional guidance for other roles e.g. Gas Suppliers and Safe Isolation Providers.

The **External Testing** that Parties complete with these **QTCs** will fulfil the **DTN External Testing** and **DIP External Testing** requirements as outlined in the *Qualification and Maintenance Schedule*; **CSS External Testing** will continue to be operated separately by the CRS Provider.

If BSC do not allow Parties to place reliance on previous testing, it is possible that a Party would be required by the REC to complete **Internal Testing**, and by the BSC to complete the equivalent of **External Testing**. This would create an additional, duplicative testing burden for the Parties. In these cases, we would work with the Party to uplift the **External Testing** they are completing with BSC to additionally include the **Internal Testing** requirements they need to complete for the REC so they are only required to complete one set of testing.

4 QUALIFICATION DOCUMENTATION

4.1 PLANNED UPDATES

Throughout Autumn 2025, the REC Code Manager and RECCo met with Elexon to agree the principles for REC and BSC to continue collaborating on Qualification activities, and these principles were used to define the approach outlined in this paper. On 04 November 2025, the REC Code Manager met with Elexon to discuss the contents of this paper, and confirm how we will operate the REC Market Entry process during and after the MHHS Programme; on 05 November 2025 the REC Code Manager met with RECCo to discuss the same. Neither RECCo nor Elexon had any objections to the approach outlined in this paper, however they did provide feedback which was incorporated into the paper.

On 14 November, we updated our template emails and Entry Assessment Plans, which are sent to applicants to summarise their key REC Market Entry requirements, to reflect the approach outlined in this paper.

Additionally, we will make the aforementioned updates the Entry Assessment Forms (i.e. the **BSA** and **ISDP**), as well as associated updates to the Entry Assessment Information Pack, in November 2025; as these are Category 3 Qualification documents, we will provide PAB with a copy of these documents before publication.

After RECCo and Elexon have agreed the list of updated **QTCs**, as well the legal and commercial agreements around the enduring REC **External Testing**, we will publish the finalised enduring REC **MST** Guidance document to supersede the *REC/BSC Joint Storyboards*. We will also update the *Entry Assessment Information Pack* to capture more detail on the enduring **MST** solution as well as the interaction between REC, Elexon, and the applicant. We expect these updates will be published in early 2026.

Additionally, the *Qualification and Maintenance Schedule* currently notes that MOAs are required to complete **DIP External Testing** and not **DTN External testing**, however the **QTCs** will include both DTN and DIP test steps; when the enduring REC **External Testing** approach has been agreed, the REC Code Manager will consider whether a change needs to be raised to the *Qualification and Maintenance Schedule*.

PAB INFORMATION



The Code Manager requests PAB to NOTE how the Code Manager will operate the REC Qualification process, as outlined in the *Qualification and Maintenance Schedule*, during and after the MHHS transition.

5 APPENDIX

5.1 CURRENT REC MARKET ENTRY PROCESS

As noted in Section 1.2, the REC Entry Assessment process has 5 key activities: **BSA**, **MST** (including both Internal and External Testing), **ISDP**, **Pre-Requisites**, **Qualification Conditions**.

As part of the **BSA**, applicants are asked to provide details and evidence of their business solution, such as the processes, people, and systems that will be in place. When reviewing the **BSA**, the REC Performance Assurance Qualification team (i.e. assessors) look to identify key risks factors such as around growth plans, the complexity and commonality of the systems that are in place, and the applicant's operating model and past operating experience in the market. Where risks are identified, the

assessors may ask for further information or evidence as part of the **BSA**, and will consider these risks when defining the scope of **MST** and when imposing any Qualification conditions.

MST is typically made up of two components, **Internal Testing** and **External Testing**. During **Internal Testing**, applicants demonstrate their systems and process can operate in-line with REC obligations against a defined list of market scenarios; these scenarios are a series of business events that will be encountered by Parties in live operation, and applicants are expected to carry these scenarios using their integrated systems and processes they will use in live operations. Applicants agree the scope of **Internal Testing** with the assessors, complete the testing independently, and provide evidence of successful completion. **Internal Testing** is a key component of the REC Entry Assessment process and is required by all applicants; where needed, the assessors may agree for applicants to complete this assessment phase as part of other planned activities, such as UAT and Regression testing.

Additionally, the applicant may be required to complete **DTN External Testing** and/or **CSS External Testing** where relevant to their role. **External Testing** typically uses the same business scenarios as **Internal Testing**, however the focus is more on technical validation; applicants will be provided with data by a test assurance team, who will also support the applicant with executing the testing and validate the testing output. If an applicant is using similar systems and processes to a Party that has already successfully completed Qualification, the assessors may determine it is appropriate for the applicant to place reliance on that previous testing, hence partially or fully descope **External Testing**.

Applicants are also required to complete an assessment on the policies and controls they have in place over Information Security and Data Protection, particularly with regards to risks to the REC Services and consumer data. As part of this **ISDP** assessment, applicants are required to demonstrate that they have identified the relevant risks for their service, and put in place adequate controls to manage those risks.

The *Qualification and Maintenance Schedule* outlines a list of **Pre-Requisites** for each role, such as holding a relevant Ofgem licence and acceding to other relevant codes. As part of the REC Market Entry process, the assessors will validate that applicants have met these **Pre-Requisites**.

Finally, an applicant's Qualification decision may be subject to certain conditions and restrictions, including **Controlled Market Entry** (CME). Typically, the assessors will agree **CME** Conditions with the applicant prior to Qualification, such as a limit on the total number of RMPs the applicant can operate with. After the Party has demonstrated that they can grow and scale the operations whilst continuing the meet their REC obligations, which is typically after 6 to 12 months, the applicant can then apply to change or remove these **CME** conditions. Additionally, if the applicant does not intend to operate in a specific market segment, the assessor may de-scope those areas from the applicant's testing, however the applicant's Qualification decision will include a restriction prohibiting them from operating in that segment.

The *Entry Assessment Information Pack* includes further details on the specific requirements for each role; for example, MEMs are also required to complete a CoMCoP audit as per the *Metering Accreditation Schedule*.