RETAIL ENERGY CODE

This document is classified as **WHITE**.
Information is for public, unrestricted dissemination and publication.

01	Proposal Plan
02	**Final Recommendation**

CHANGE REPORT

R0304 – IMPLEMENTATION OF OFGEM-LED CODE MODIFICATION PRIORITISATION WITHIN THE REC

DOCUMENT VERSION	V1.0
PROPOSED IMPLEMENTATION DATE	The date as directed by the Authority
IMPLEMENTATION APPROACH	Big Bang

RESPONSIBLE COMMITTEE	Change Panel	**CHANGE PATH**	Authority Directed
PRIORITY STATUS	Critical	**URGENCY**	Standard
IMPACTED STAKEHOLDERS	All REC Parties, RECCo, REC Code Manager		

LEAD ANALYST (SOLUTION LEAD)	SUBJECT MATTER EXPERT
HOLLY LAW	GLENN SHEERN
Click to send an email	Click to send an email

OVERVIEW

Ofgem has consulted on, and is progressing towards a decision on the introduction of a harmonised code modification prioritisation framework across all industry codes, under its transitional powers in Schedule 12 of the Energy Act 2023.

CODE MANAGER RECOMMENDATION

The Code Manager recommends that the Change Panel:

- **NOTE** the proposed change solution;
- **AGREE** the proposed implementation approach; and
- **NOTE** the proposed implementation date of the date as directed by the Authority.

RETAIL ENERGY CODE

CONTENTS

Code Manager Recommendation 1
1 Summary 3
2 Problem Statement 3
3 Impacts 3
4 Proposal Plan 4
5 Priority Status and Urgency 4
6 Proposed Solution 5
7 Draft Legal Text 6
8 Case for Change 6
9 Appendix 7
10 Glossary 7

BACKGROUND

1 SUMMARY

Ofgem has consulted on, and is progressing towards a decision on the introduction of a harmonised code modification prioritisation framework across all industry codes, under its transitional powers in Schedule 12 of the Energy Act 2023.

Ofgem has indicated that a harmonised code modification prioritisation framework is intended to:

- support more efficient governance of code modifications;
- enable industry to focus resources on higher priority changes;
- support implementation of the Strategic Direction Statement (SDS); and
- facilitate transition towards future Code Manager arrangements.

Failure to implement the required REC changes in relation to the prioritisation framework would limit the REC's ability to operate consistently within the reformed code governance framework.

The REC does not currently reflect the proposed framework. In order to give effect to Ofgem's decision once made, changes will be required to the REC to introduce consistent prioritisation criteria, prioritisation categories, governance arrangements and associated reporting obligations.

This Issue is being raised to provide the formal REC change vehicle through which Ofgem's prioritisation reforms can be tracked, developed and implemented, once the Authority has published its decision and statutory modification notice.

2 PROBLEM STATEMENT

In the absence of REC changes in relation to the prioritisation framework, the REC would not align with Ofgem's harmonised approach to code modification prioritisation, creating inconsistency with other industry codes and undermining the objectives of Energy code reform.

3 IMPACTS

RECCO/ REC CODE MANAGER
RECCo
REC Code Manager

REC PARTIES
All REC Parties

REC DOCUMENTS/ PRODUCTS
Schedule 1 – Interpretations and Definitions
Schedule 5 – Change Management
Change Panel Terms of Reference (ToR)

MHHS
There are no impacts to MHHS.

4 PROPOSAL PLAN

Milestone	Activity	From	To
Definition		**08 Jan-26**	**23 Feb-26**
	Solution Analysis	January	February
	Solution Development	February	February
Change Proposal		**24 Feb-26**	**02 Mar-26**
	Final Determination	March	March
Voting		**03 Mar-26**	**03 Mar-26**

The transitional powers provided by the Energy Act 2023 give Ofgem the ability to modify licences and codes, and these powers will be used for changes to Schedules 1, 5 and the Change Panel ToR.

Ofgem are undertaking a statutory consultation under the Energy Act 2023 on their proposals to harmonise the code modification prioritisation process across the codes, and therefore a consultation is not included in the Change Proposal Plan for I0304. A statutory decision and modification notice is expected following completion of the consultation process.

Ofgem's statutory consultation closed on 13 January 2026. Subject to Ofgem's final decision, the earliest possible implementation date would be 1 April 2026. This Issue is being raised now to ensure that the REC has an appropriate change vehicle ready to progress the required updates as soon as Ofgem confirms its decision.

5 PRIORITY STATUS AND URGENCY

Category	Significance / Resource impacts / Urgency	Further selection / breakdown	Score (0-3)	Weighting	Weighted Score
Impacts	Consumer Impact	Indirect	2	25	50
	Retail Markets Impact	Innovation and Market Arrangements	3	15	45
	RECCo / REC Party / REC Service Provider Impact	Operational Effectiveness and Efficiencies	1	5	5
		Legal and Regulatory Compliance	3	13	38
Resource	Complexity / Effort / Duration		2	8	15
Strategic Alignment	Contribution to/ Alignment with the objectives of the REC		3	15	23
	Contribution to/ Alignment with RECCo's Forward Work Plan		3		23
Urgency *(The need to progress a change to meet a targeted date)*		Licence Modification (Excluding SCRs)	3	20	60
				Overall Priority Score (rounded)	258

Priority Status	CRITICAL
Change Proposal Type	STANDARD

The Issue has been given a critical priority status and a score of 258.

The Issue has been assessed as having a Major Impact in the following areas:

Retail Market Impacts

One of the proposed prioritisation criteria is alignment with the Ofgem's SDS and includes being able to demonstrate a link to the delivery of government policies and developments relating to the energy sector as set out in the SDS.

Legal and Regulatory Compliance and Contribution/ alignment with the objectives of the REC

Failure to implement the required REC changes would limit the REC's ability to operate consistently within the reformed code governance framework.

Contribution/ alignment with RECCo's Forward Work Plan

A key initiative in RECCo's forward plan for 2025 to 2028 is preparing for the transition to code reform and license and harmonising code prioritisation is an initial step to this.

Urgency

The Issue needs to be progressed immediately**.** A statutory decision and modification notice is expected following completion of the consultation process, and the Code Manager will be given 28 days' notice to implement, which could be as soon as 1 April 2026.

SOLUTION

6 PROPOSED SOLUTION

Subject to Ofgem's final decision and statutory modification notice, the solution is to implement the harmonised code modification prioritisation framework within the REC.

This will require:

- amendments to REC Schedule 1 - Interpretations and Definitions (awaiting decision)
- amendments to REC Schedule 5 - Change Management (awaiting decision)
- updates to the REC Change Panel Terms of Reference (awaiting decision)
- incorporation of the Authority's prioritisation criteria, categories and governance requirements; and
- implementation of consequential changes required to REC operational documents, guidance, tools and processes as follows;
  - updates to Change submission forms to include a proposer self-assessment against Ofgem's Strategic Direction Statement
  - updates to, or removal of, references to the existing Prioritisation Matrix on the REC portal
  - updates to the Change Management user guide on the REC portal
  - amendments to the downloadable Change register

- amendments to the Change Report to include the proposer's prioritisation assessment
- updates to internal LWI's, process maps & training/guidance

Managing Modifications In-Flight at Go-Live

- Any modification that has been raised before the go-live date but is not yet at a final decision stage will be treated as a "live modification."
- All such live modifications must be assessed and assigned a prioritisation category (Standard or High) as soon as the framework becomes effective.
- This assessment does not change the stage the modification is currently at – nothing is sent backwards in the process.
- If a modification that is already at a later stage is sent back for further work, it must then re-enter the prioritisation framework and be categorised accordingly.
- Some in-flight modifications may need additional information from proposers to allow prioritisation decisions to be made.

7 DRAFT LEGAL TEXT

The draft legal text changes to deliver the proposed solution to I0304 can be found here.

The statutory consultation closed on 13 January 2026 and is awaiting decision.

8 CASE FOR CHANGE

The Code Manager considers there is a positive case for change for implementing this Change Proposal on the basis that the proposed solution:

- Is both viable and implementable, and effectively resolves the problem statement;
- Has no associated central systems costs or any associated Party costs;
- Has minimal effort required for implementation; and
- Supports the REC's ability to operate consistently within the reformed code governance framework.

9 APPENDIX

CHANGE PROPOSAL	Link
LEGAL DRAFTING	Link
ANY OTHER DOCUMENTS	Decision on the preliminary Strategic Direction Statement and governance arrangements for industry codes Energy code reform programme – statutory consultation (20 Nov 2025)

10 GLOSSARY

TERM	DEFINITION
Office Of Gas And Electricity Markets (Ofgem)	Ofgem is the regulator for Britain's gas and electricity industries, overseen by the Gas and Electricity Markets Authority (the Authority)