RETAIL ENERGY CODE

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## IMPLEMENTATION OF OFGEM-LED CODE MODIFICATION PRIORITISATION WITHIN THE REC

Ofgem has published 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.

The 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.

On 29 May 2026, the harmonised code modification prioritisation framework was implemented within the REC. Whilst the REC already operated a relatively mature and detailed prioritisation approach through its existing Prioritisation Matrix arrangements, the implementation of the harmonised framework aligns the REC with a standardised cross-code methodology and governance approach being introduced across all industry codes. The operational impact for the REC is comparatively limited when compared to some other codes where more significant process and governance changes are being introduced.

This included:

- amendments to REC Schedule 1 - Interpretations and Definitions
- amendments to REC Schedule 5 - Change Management
- updates to the REC Change Panel Terms of Reference
- 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

As part of the introduction of the harmonised code modification process, all 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.

Where a Change Proposal or Issue has been assessed as resulting in a change to its existing REC prioritisation status, the relevant proposer(s) and impacted parties have been engaged as part of the implementation activity to ensure transparency and awareness of the updated categorisation.

An activity has been completed to assign all live Change Proposals and Issues a new prioritisation status of either High or Standard assessed against three equally rated criteria as follows;

- **Alignment with the SDS** 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. This should include an assessment of whether the modification supports delivery of policy priorities set out in the 'Act now', 'Think and plan' or 'Listen and wait' SDS categories.
- **Complexity** includes the level of industry resource, knowledge and/or time required to progress the modification through to implementation. This can include the scope of process or system change required to facilitate the modification, whether it is a self-governance modification or not, whether cross code changes are required, the input and expertise required from code parties, and the number of consequential changes that would arise from implementation of the modification.
- **Importance** includes the perceived value, criticality and risk to industry, consumers, and/or other stakeholders of the implementation of the modification, taking account of written guidance that the Authority may provide. This can include its interaction with or enabling of other financial, regulatory, licence and/or compliance obligations, changes to costs for stakeholders, systemic impacts and potential systemic risk arising from non-implementation, and its cross-code impacts.

The assessment of live Change Proposals and Issues can be found here.

For Changes assessed as 'Standard' priority under the harmonised framework, relative prioritisation and delivery sequencing will continue to inform Change Plan timelines, implementation sequencing and operational resource allocation, taking account of industry dependencies, delivery readiness and overall portfolio impacts.

The assessment and implementation activity has not identified any material impacts to existing approved Change Plans, implementation timelines or ongoing delivery activities. The introduction of the harmonised framework is therefore not expected to result in substantive operational changes to the progression of current REC Change Proposals and Issues.

The Code Manager will continue to monitor the practical operation of the harmonised framework during the initial implementation period, including any impacts on Change governance, reporting

and stakeholder engagement, and will bring forward any material operational observations or recommendations to the Change Panel where appropriate.

## CODE MANAGER RECOMMENDATION

The Code Manager recommends that the Change Panel:

- **APPROVE** the prioritisation categories (Standard or High) for all live Issues and Change Proposals

## APPENDIX

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| **R0304 CHANGE PROPOSAL** | Link |
| **AUTHORITY GUIDANCE ON CODE MODIFICATION PRIORITISATION** | Link |
| **ANY OTHER DOCUMENTS** | Decision on the preliminary Strategic Direction Statement and governance arrangements for industry codes<br>Energy code reform programme – statutory consultation (20 Nov 2025) |