Code Governance Arrangements Changes and Transitional Arrangements

Code Reform: why it matters

The Energy Act 2023 enables a new code governance framework for the energy industry codes.

Phase 1 introduces these changes for the Retail Energy Code (REC) and the Balancing and Settlement Code (BSC).

1. **A more consistent governance framework**
   REC governance will align with a common framework being introduced across energy codes, supporting greater consistency and transparency.

2. **Licensed Code Managers**
   RECCo will become the licensed Code Manager for the REC, assuming formal decision-making responsibilities under the new governance framework.

3. **Stakeholder expertise remains central**
   Industry expertise continues to play a key role through consultation, workgroups and the Stakeholder Advisory Forum (SAF), which provides advice to the Code Manager.

4. **A planned transition**
   The new arrangements will be introduced through a managed transition to support continuity while moving to the new governance framework.

Reform direction

Licensed Code Manager

Stakeholder Advisory Forum

Consistent, transparent governance

Decisions supported by structured stakeholder engagement.

Code Reform: what's changing for the REC?

Code Reform changes how REC modifications are governed, while maintaining stakeholder engagement throughout the modification lifecycle.

1. **New code modification process**

   REC will adopt a common two-stage process, separating Pre-Modification Issues from Modification Proposals

2. **New governance arrangements**

   The licensed Code Manager will make modification decisions, having due regard to advice from the SAF and wider stakeholder engagement.

3. **Governance groups evolve**

   REC governance groups will evolve to support the new framework, with decision-making moving to the Code Manager and operational forums and workgroups continuing where they add value.

4. **Transitioning in-flight change**

   A managed transition will support existing Issues and Change Proposals moving into the new arrangements while avoiding unnecessary disruption..

Reform direction

Changing governance arrangements

What this means for Stakeholders:

✓ A more consistent modification process

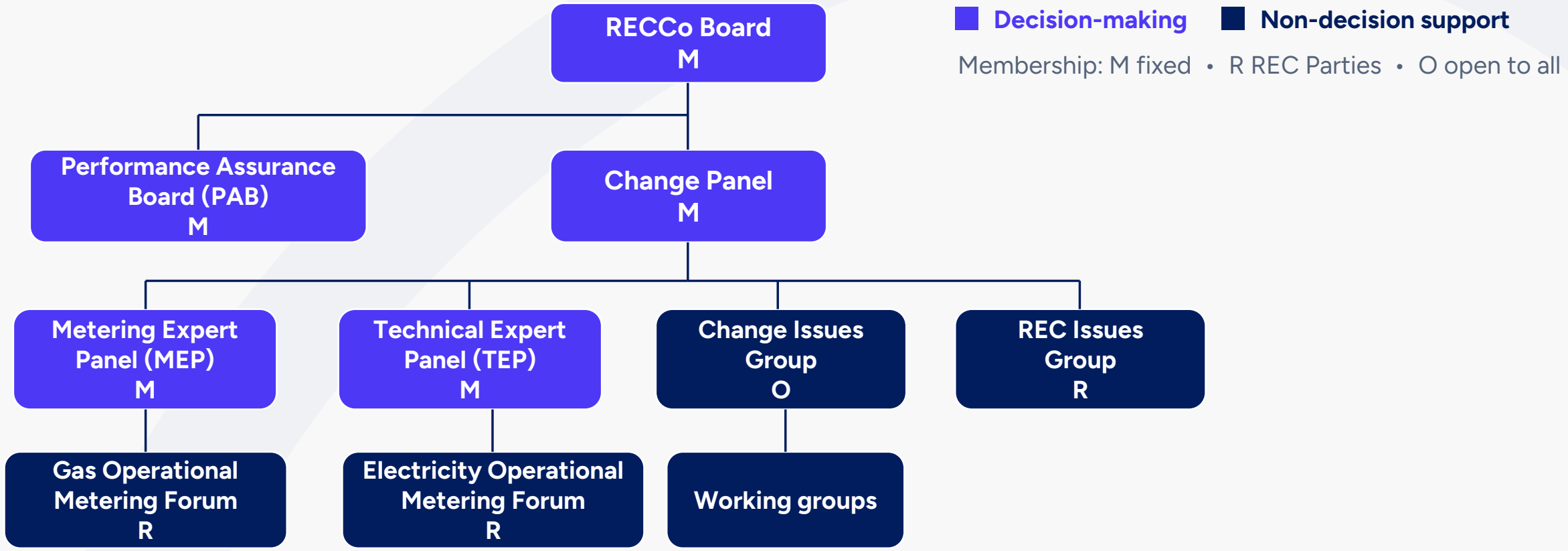
✓ Consistent Code Manager decisions

✓ Continued industry engagement

✓ A planned transition to the new arrangements

Current governance

A layered route for formal decisions, expert review, operational input and issue development.



Expertise remains at the heart of REC governance

Industry expertise remains central to REC decision-making

Code Reform changes where formal decisions are made, not the importance of industry expertise.

- Industry expertise will continue to underpin the development of REC Issues, Modifications and supporting documentation.
- Formal approval responsibilities currently undertaken by the MEP and TEP will transfer to the Licensed Code Manager under the new governance framework.
- The Code Manager will continue to seek the appropriate technical, metering and operational expertise before making decisions.
- Expertise will be obtained through the most appropriate engagement route for each piece of work, including operational forums, workgroups, targeted stakeholder engagement and consultation.
- This more flexible approach enables the right specialists to be involved while maintaining broad stakeholder participation.
- The new arrangements retain the strengths of today's collaborative approach while aligning the REC with Ofgem's common governance framework.

Issue / Modification

Maintaining industry expertise

✓ Industry expertise remains essential

✓ Decision-making changes, not stakeholder involvement.

✓ More flexible engagement

✓ Existing expertise continues to add value

✓ A more consistent governance model

A more flexible approach to expert engagement

Selecting the right expertise for each modification.

Rather than relying on permanent approval panels, the Code Manager will select the most appropriate engagement route based on the nature of each modification.

Examples:

Modification Type	Primary Engagement
Metering operational changes	Gas and/or Electricity Operational Metering Forums
Technical or digital changes	Dedicated modification workgroup with relevant technical experts
Cross-cutting modifications	Targeted workgroup drawing expertise from multiple sectors
Early exploration of Issues	Pre-Modification Forum

Standing workgroups remain available where they continue to add value, while modification-specific workgroups can be established whenever specialist expertise is required.

Roles and objectives: decision bodies

How Code Reform affects committees and panels with formal approval and decision-making responsibilities.

Committee / Forum	Current role	Code Reform impact
Change Panel	Approves Change Plans, Change Reports, REC Change Proposals and Issues.	Formal modification decision-making transfers to the Licensed Code Manager, informed by advice from the SAF **Outcome:** Change Panel closed and superseded by the SAF/Licensed Code Manager.
Performance Assurance Board	Assesses performance assurance risks, techniques, appeals and disputes; currently decides PA-related changes.	REC change decisions move to the Code Manager; PAB retains other responsibilities relating to Performance Assurance. **Outcome:** PAB retained with delegated authority for Performance Assurance governance.
Metering Expert Panel	Approves assigned metering Change Reports, Change Proposals and Category 3 documents.	Existing REC change approval responsibilities through expert panels are removed. **Outcome:** MEP closed and superseded by the SAF/Licensed Code Manager.
Technical Expert Panel	Approves assigned technical Change Reports, Change Proposals and Category 3 documents.	Existing REC change approval responsibilities through expert panels are removed. **Outcome:** TEP closed and superseded by the SAF/Licensed Code Manager.

Roles and objectives: forums and working groups

How operational forums, issue groups and working groups support the reformed model.

Committee / Forum	Current role	Code Reform impact
Operational Metering Forums	Forum to discuss operational metering issues and developments	Optional operational forums will continue where beneficial and may act as workgroups in the future. **Outcome:** Retained; the frequency, scope and Terms of Reference to be reviewed.
REC Issues Group	Forum for operational, non-change related issues between the Code Manager and REC Parties.	No direct impact; Retained as an operational forum and renamed to distinguish it from the Pre-Modification Forum. **Outcome:** Retained and renamed as the Operational Issues Forum.
Change Issues Group	Standing group to review, input into and develop Issues and/or Change Proposals.	Evolves into the REC Pre-Modification Forum, supporting the development of Issues **Outcome:** Retained and renamed as the Pre-Modification Forum. Terms of Reference to be reviewed.
Working Groups	Review and develop Issues and/or Change Proposals under individual Terms of Reference.	Still required and considered the default route for progressing modification proposals. **Outcome:** Retained. Workgroups to be established as needed.

Category 3 documents and expert review

Expert review continues beyond the modification process.

The removal of decision-making expert panels does not remove expert engagement for Category 3 documents or technical guidance.

1. **Expert input continues**
   Category 3 documents will continue to be developed with input from the appropriate technical and operational experts.

2. **Engagement tailored to the subject**
   The Code Manager will engage the relevant forums, workgroups or specialist stakeholders depending on the subject matter.

3. **Operational expertise retained**
   Existing Operational Metering Forums will continue to provide an important route for metering expertise.

4. **Decision informed by expertise**
   The Licensed Code Manager is responsible for making decisions, supported by evidence and advice from the appropriate technical, operational and industry experts.

In practice

Retain expertise

Engage
Expert-led development

Collaborate
Flexible engagement

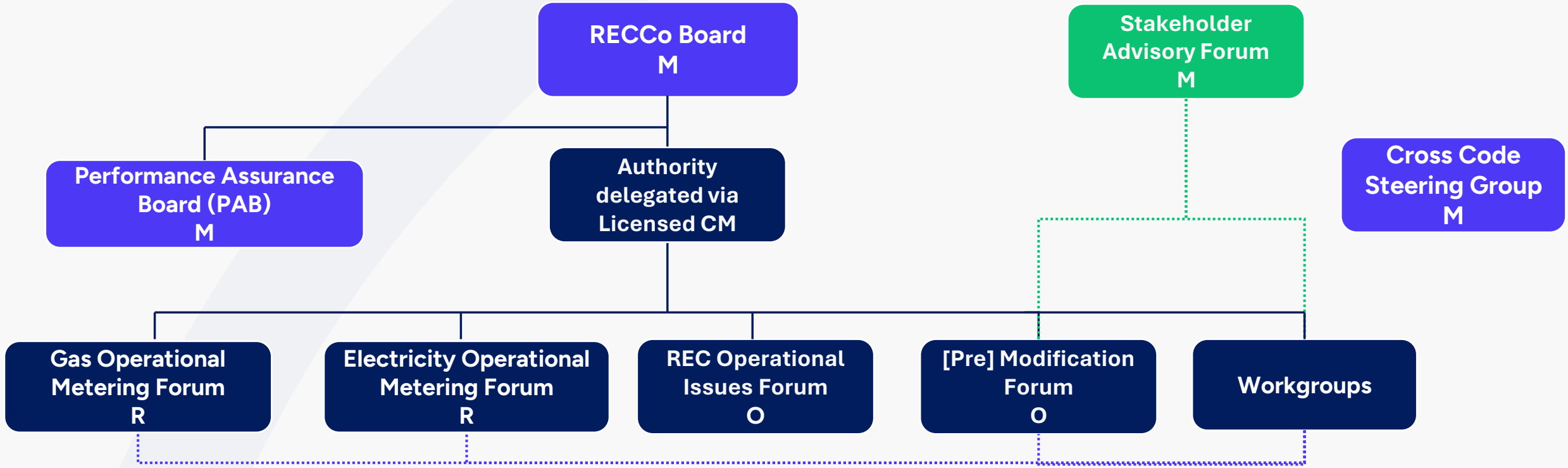
Decide
Evidence-based decisions

Future governance

A layered route for formal decisions, expert review, operational input and issue development.

Decision-making **Non-decision support** **Advisory to Code Manager**

Membership: M fixed • R REC Parties • O open to all



Standing groups can be assigned to act as a workgroup for a modification if appropriate

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Transition Principles

How governance and in-flight change work should be handled through the transition.

1. **Legacy decision bodies continue until the effective date**
   Change Panel, MEP, TEP and PAB remain responsible until CM licence and code changes are effective; decisions then move to the Licensed Code Manager.

2. **Mobilise the SAF early**
   Establish ways of working and de-risk transition before the new arrangements go live.

3. **Move in-flight proposals at the right stage**
   Use new Modification approach at appropriate stages unless a proposal is already decided before go-live.

4. **Plan around major milestones**
   Mitigate transition impacts through change planning so major milestones are supported.

Transition objectives

Prevent avoidable backlog

Prevent avoidable backlog

Keep Change Proposal progression moving ahead of the new arrangements becoming effective.

Protect milestone decisions

Plan activity where a major milestone is due near the CM Licence Effective Date.

Change Transition Period

Clear cut-off points for legacy papers before the new governance arrangements take effect

New Change Proposals

Initial Assessment Report must reach the Change Panel before the transition cut-off.

After the cut-off: develop a Modification Plan under the new process.

Live REC Issues

Existing Issues must be converted before the transition cut-off.

After the cut-off: close the Issue and raise a new Modification Proposal.

Live Change Proposals

Change Report (consultation) should be approved in time to complete the Final Report decision before transition.

Avoid split approvals across legacy and new governance arrangements.

Panel transition deadlines

Latest dates shown are based on the panel cycle in September to November 2026.

Panel	New Initial Assessment Report approval / Last REC Issue to CP conversion	Last Draft Report (for consultation) approval	Final Report decision	Final updates to Change Proposal Plans
Change Panel	17 Nov 2026	15WD consultation: 15 Sep 2026 10WD consultation: 06 Oct 2026	17 Nov 2026	17 Nov 2026
MEP		09 Sep 2026	11 Nov 2026	11 Nov 2026
PAB		29 Sep 2026	24 Nov 2026*	24 Nov 2026*
TEP		30 Sep 2026	25 Nov 2026	25 Nov 2026

**October and November PAB dates are not currently scheduled; timing assumes the last Tuesday of each month.*

REC governance and change : what happens next

We will continue to engage with stakeholders as we prepare for the transition to the new REC governance arrangements and modification process.

1

AUGUST – SEPTEMBER 2026

Prepare the transition

- Review all live Issues and Change Proposals to identify any changes impacted by the transition.
- Present updates to Change Proposal Plans for impacted changes to the relevant committees where required.
- Continue progressing changes under the existing governance arrangements.

2

AUGUST - OCTOBER 2026

Finalise the future governance model

- Confirm how operational and standing groups will operate alongside the Stakeholder Advisory Forum and new Modification process.
- Publish guidance and FAQs covering the new governance arrangements and modification process.

3

OCTOBER – NOVEMBER 2026

Support implementation

- Hold a stakeholder webinar on the new REC Modification Process
- Complete transition activities ahead of the CM Licence Effective Date.
- Begin operating under the new governance arrangements.

Keeping you informed

We will continue to engage with stakeholders and provide regular updates as transition of the new REC governance arrangements progresses.