Code Reform: Code Governance and SAF

Webinar

recco

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Agenda

01 **Governance transition**

What is changing, why it matters and how the transition will be managed.

02 **Introducing the SAF**

Purpose, role, focus areas and interaction with the Code Manager.

03 **Composition and appointments**

Code party representatives, independent members, Chair recruitment and SME pool.

04 **Guidance and support**

Representative expectations, RECCo support, training and the draft Terms of Reference.

05 **Mobilisation timeline & Next Steps**

Key milestones, onboarding, induction, first meeting and next steps.

06 **Q&A**



Speakers



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Code Governance Arrangement 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

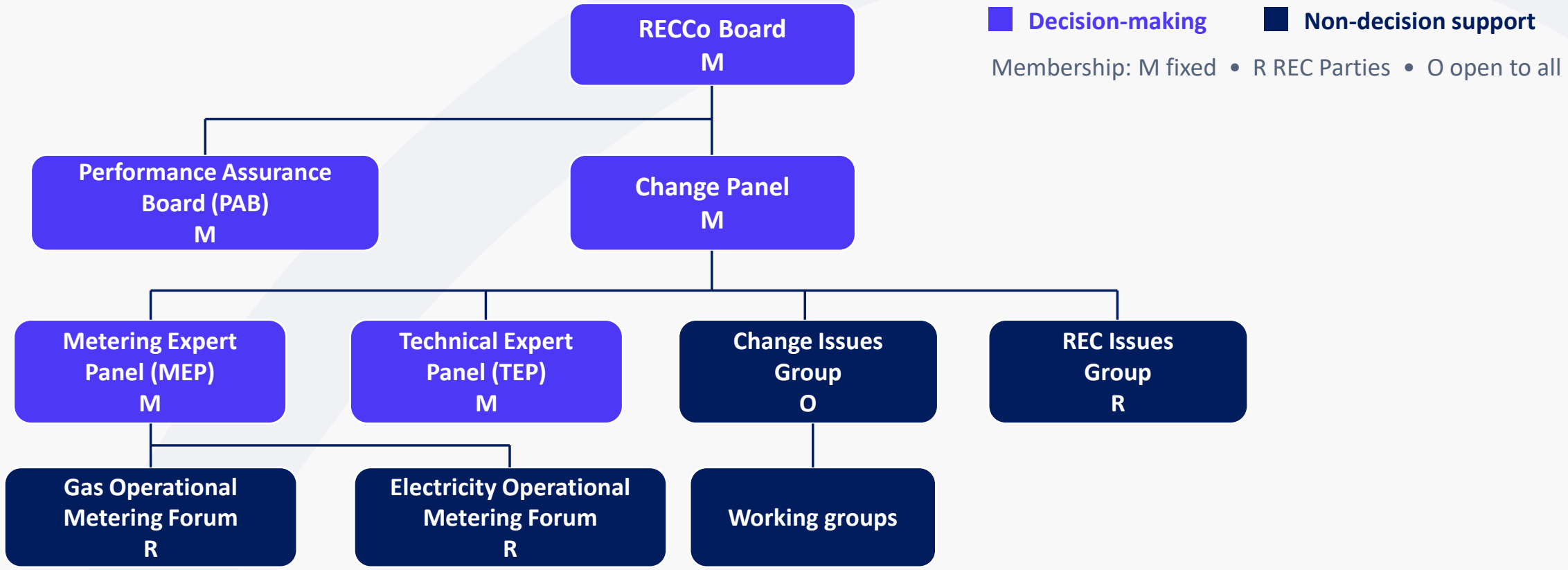
✓ Consistent Code Manager decisions

✓ 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	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, PAB will be consulted where any modifications impact the Performance Assurance Framework.
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 Modification Forum, supporting the development of Issues **Outcome:** Retained and renamed as the Modification Forum (acting as a Pre-Modification forum too). 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

Category 3 documents contain the operational, technical and procedural detail that supports the REC.

Responsibility for approving most Category 3 document changes will transfer from Change Panel and expert committees to the Licensed Code Manager.

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.

5. **Performance Assurance governance unchanged**
   For Category 3 documents that support the Performance Assurance Framework, the Performance Assurance Board (PAB) will continue to exercise its existing delegated authority to approve changes to those documents.

In practice

Retain expertise

Engage
Expert-led development

Collaborate
Flexible engagement

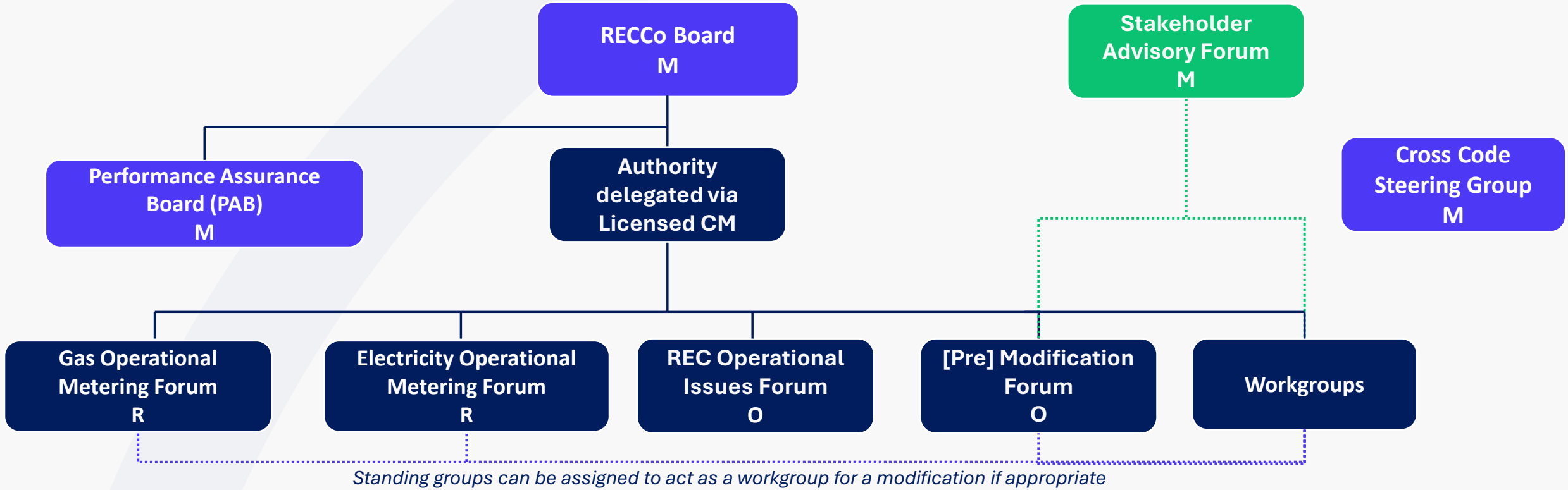
Decide
Evidence-based decisions

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



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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.

What is the SAF?



Why is the SAF being established?

Ofgem's Energy Code Reform programme places responsibility and accountability for code decisions with independent, licensed Code Managers.

The SAF:

1. **Replaces the existing Change Panels**

   As decision making moves from Change Panels to Code Managers, the SAF is to be created to ensure stakeholder expertise and challenge remain at the heart of the governance process.

2. **Provides challenge and advice before decisions**

   Provides independent advice, scrutiny and constructive challenge on modifications, priorities and implementation activity.

3. **Bring perspectives together**

   Ensures the Code Manager decisions are informed by industry and consumer expertise.

4. **Supplements wider engagement**

   The Code Manager will be required to demonstrate how it look SAF views into account as well as wider stakeholder views through code modification consultation

The SAF becomes the main mechanism for

Advice
Scrutiny
Challenge

before Code Manager decisions are made

Perspectives represented

- REC Parties
- Consumer voices
- Independent expertise

Code Manager remains accountable for decisions.

What will the SAF do?

Core functions give stakeholders a clear route to advise, challenge and shape REC governance before decisions are made.

1. **Advise on REC change**

   Views at key change stages, objective assessment, consultation responses and final recommendations.

2. **Provide challenge and scrutiny**

   Independent, consumer and industry perspectives challenge the Code Manager before decisions are made.

3. **Support prioritisation of change**

   Input on bi-annual and ad hoc prioritisation, plus strategic priorities for code development.

4. **Consulted on wider Code Manager activity**

   SAF will have the opportunity to comment on annual budgets and work plans, the business handover plan; provide feedback Code Manager performance

SAF role in practice

Advise
Challenge
Prioritise
Represent

The Code Manager remains accountable for decisions — the SAF strengthens the evidence and challenge behind them.

Perspectives combined

- Independent members
- REC Parties
- Consumer representatives
- Specialist experts

Composition and appointments



Composition

Designed to close representation gaps and fill priority capability gaps.

Membership	Composition	Route	Timescale
SAF chair	Independent SAF chair	External recruiters	In progress for September appointment
Independent members	Considering expertise in areas such as Data & Digitalisation, regulatory transformation	External recruiters	Sep start; late Oct appointment
Code Party representatives	Domestic / non-domestic suppliers GT & DNO DCC as Centralised Registration Service (CRS) provider MEM (electricity / gas)	Nomination and election process	From late August for late Oct appointment
Consumer representatives	Up to two representatives from Citizens Advice or Consumer Scotland	Allocated by Citizens Advice & Consumer Scotland	Engagement with Citizens Advice and Consumer Scotland progress
SAF Pool	Considering expertise in areas such as Flexibility & emerging-market Subject Matter Experts Small or large suppliers Energy-intensive user representative Local authority	Flexible appointment process using nominations, aligned appointments with other codes, and external recruitment as appropriate	To commence in September

Guidance documentation



High-level guidance for prospective SAF members

SAF members should

01 **Commit to active participation**
Attend meetings, prepare in advance and contribute throughout the modification process.

02 **Exercise independent judgement**
Provide objective advice in the interests of the Code—not employer or sector interests.

03 **Apply expertise constructively**
Challenge proposals, identify risks and suggest practical solutions.

04 **Focus on better outcomes**
Assess proposals against Code Objectives and stakeholder / consumer impacts.

05 **Act with integrity**
Declare conflicts and comply with the Code's independence requirements.

06 **Commit to ongoing learning**
Maintain understanding of the Code, governance and emerging energy issues.

What members can expect from the Code Manager

- Meaningful opportunities to influence key decisions
- Clear, timely and high-quality information
- Transparent decision making, including feedback on SAF views
- Effective governance, meeting management and administrative support
- Appropriate induction, training and ongoing development

Code Party Nomination and Election process

Decision timeline

w/c 31 Aug	Launch invitation + guidance
w/c 7 Sep	Stakeholder Drop in session
w/c 21 Sep	Nominations + candidate list
w/c 12 Oct	Voting deadline + results
w/c 19 Oct	Confirm SAF members
w/c 2 Nov	Onboarding, training
w/c 7 Dec	First SAF panel

Information required with code party nomination submission

- **A supporting statement** explaining why you are suitable for the SAF, including your relevant expertise, experience and understanding of the code modification process.
- **Confirmation of employer support**, including either: a letter confirming your employer supports you acting impartially as a SAF member; or confirmation that this letter will be provided if you are appointed.
- **A declaration** confirming that you will comply with the obligations of a SAF member set out in the Code.
- **A declaration of interests**, including any relevant interests and any shareholdings worth more than **£10,000** in a relevant Code Party.

Mobilisation timeline

SAF – Mobilisation Timeline

Mobilisation to licence commencement and first operating cycle

Critical path milestones

Jun – Jul
Role spec + gap analysis

Aug
Chair appointed

Sept
Onboarding + SAF appointments start

Oct – Nov
Members nominated + confirmed

Nov – Dec
Licence starts; first operating cycle



Workstream focus

SAF Chair

- Recruit an independent Chair and confirm appointment by end-August/early Sept
- Complete three months of training, including Change Panel shadowing

Stakeholder Engagement

- Existing REC Committees engaged on transition to the future governance arrangements
- Regular updates provided as appointment and implementation milestones progress

SAF membership

- Appointment process to open for SAF members, independent members and SME pool (Sept-Oct)
- Consumer representative engagement to include Citizens Advice and Consumer Scotland.

Transition deliverables

- SAF ToR, operational model and REC schedule updates confirmed
- Define and communicate transition arrangements and the first six-month agenda

Next steps

What’s on the horizon?

Other key areas in preparation for the code manager licence.

1

JULY - OCTOBER 2026

Developing cross code arrangements

- Engagement with other code bodies to agree scope of CCSG
- Amend CCSG ToR through a change process
- Appoint and on board independent CCSG chair

2

SEPTEMBER - DECEMBER 2026

REC Delivery Plan

- Develop the delivery plan based on Ofgem’s SDS decision expected in September
- REC delivery plan becomes the formal plan for delivering the SDS following designation
- Delivery Plan consultation will form part of the FWP consultation

3

DECEMBER- JANUARY 2026/7

Consultation on budget and FWP

- Consultation on budget and FWP undertaken in accordance with licence requirements
- Consultation will be published earlier, in mid December to allow stakeholders more time to review
- Deadline for responses broadly consistent with current timescales

Keeping you informed

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Q&A Session

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