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PAB DEROGATION REPORT – STARK / SIEMENS APPLICATION - SEALING PLIERS TRANSFER

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FOR DECISION	This paper sets out a report to the Performance Assurance Board (PAB) on a Derogation Application received on 13 November 2025 from Stark Energy Services Ltd. The Derogation relates to permitting the transfer of the existing Sealing Pliers from Siemens PLC to Stark Energy Services Ltd as part of the sale of the Siemens metering business to Stark (completion expected 2 February 2026). The whole metering business is being purchased and all Metering Operatives are transferring to Stark Energy Services Ltd. The Code Manager requests the PAB to: • APPROVE the Derogation Application as set out below, including the timescales and recommended conditions.
APPENDICES	Appendix A – Derogation Application Form - Sealing Pliers Transfer Appendix B – Transfer of Sealing Pliers - REC Change Issue Form

RETAIL ENERGY CODE

1 BACKGROUND

Sealing Pliers are used to seal a meter after works have been carried out. This supports prompt identification of meter tampering. The Sealing Pliers have Dies within them that stamp a reference on the seal, which identifies the operative who completed the work. This traceability back to an individual is important for safety and counter-theft activities.

Organisations are required to qualify under the REC to gain access to Sealing Pliers, with a register maintained by the Code Manager of individuals who are responsible for each set of Sealing Pliers. Consolidated Metering Code of Practice (CoMCoP) Appendix 19 Paragraph 25 states that, "Dies shall not be transferred between CoMCoP Parties".

Stark Energy Services Ltd submitted a Derogation Application on 13 November 2025 regarding the transfer of ownership of Sealing Pliers currently assigned to Siemens PLC.

Stark Energy Services Ltd (Company No. 16588782) are purchasing the Metering arm of Siemens PLC (Company No. 00727817). The purchase will see the entire Metering operation transfer from Siemens to Stark, including all contracts, equipment, people and processes.

The sale is expected to complete on 2nd February 2026.

Siemens retains possession of a significant quantity of Sealing Pliers coded "SES." These tools remain in usable condition and are essential for continued operational efficiency. Full records of the remaining stock can be provided upon request.

To avoid unnecessary financial and environmental costs associated with the destruction and replacement of these tools, we propose transferring the use and ownership of the Sealing Pliers from Siemens to Stark. This approach ensures continuity of service and maximizes the value of existing assets within the group. A summary of the Derogation and recommendations for the PAB to consider are set out below.

1.1 DEROGATION SUMMARY

The below information has been compiled by the Code Manager in relation to the Derogation Application:

	DEROGATION DETAILS
Summary of the issue	A Derogation is required to permit the transfer of the Sealing Pliers from Siemens PLC to Stark Energy Services Ltd as part of the transfer of people and assets to the Newco.
Summary of the proposed Derogation and impacted REC obligations	CoMCoP Appendix 19 Paragraph 25 states that, "Dies shall not be transferred between CoMCoP parties".
Related Derogations or applications	RECDER_24 allowed temporary (2 months) transfer of Sealing Pliers to allow agents to use Sealing Pliers whilst new ones were purchased following a TUPE of staff.

	RECDER_25 allowed transfer of Sealing Pliers between Parties that were undergoing organisational restructuring. RECDER_30 allowed transfer of Sealing Pliers between Parties that were transferring assets from one to the other.
Impacted REC Parties and Service Providers	Siemens PLC and Stark Energy Services Ltd
Impacts on Retail Risks	Retail Risk II has metering processes as a relevant scope area. The risk determination in this area is very high, hence the CoMCoP accreditation processes in place, including around sealing plier registration and management.
Legal advice obtained in relation to the application	N/A
Technical advice obtained in relation to the application	• No impacts have been identified to REC Systems, or the Enquiry Services; • There is no identified need for a technical Impact Assessment from any REC Service Providers; and • There is no identified need for any system monitoring or reporting to help inform future REC Changes.
Length of the Derogation	The derogation is to be a one-off event on the date of completion, 2 February 2026 (or other such date as notified by the applicant in the case of a change in completion date)
Conditions to any Derogation	Stark Energy Services Ltd will confirm to the REC PAB that the transfer of Dies has been accurately recorded, and that systems continue to operate in accordance with REC qualification and accreditation standards. Stark Energy Services Ltd will be responsible for maintaining and documenting the chain of ownership of Sealing Pliers being transferred. These should not be exchanged between operatives. This shall be inspected as part of the first CoMCoP audit of the recipient following the transfer.
Ofgem consent	Authority Consent is not required for this Derogation application

2 RECOMMENDATIONS

This is the fourth such Derogation that has been submitted within the last six months against this clause. The reasons for these transfers have been based on commercial restructures and or people and asset transfers. At the October PAB the previous similar application was presented with a recommendation from the Code Manager for a Change Issue to be raised to determine the appropriate criteria that would allow for the Code Manager to approve a transfer, and which require greater scrutiny, for example the approval of PAB or the Metering Expert Panel (MEP). Appendix B to this Paper is a draft of that Change Issue that the Code Manager will be seeking to have submitted into the Change Process.

3 PAB ACTIONS

PAB Members are invited to take the following actions:

- **CONSIDER** the Derogation Application received and recommendations set out;
- **AGREE** to grant the Derogation;
- **AGREE** to the conditions proposed for the Derogation; and
- **AGREE** the timescales for the Derogation.