RETAIL ENERGY CODE

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DEEP DIVE ON BETTER CROSS-CODE COLLABORATION

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FOR DISCUSSION	PAB Members are requested review the interim recommendations, presented within the paper to PAB, made by the working group comprising representatives from REC, BSC, UNC, IGT UNC and SEC Performance Assurance to improve collaboration to tackle risks and performance issues within the market. At the PAB meeting, the Code Manager seeks reflections from PAB Members, include Code representatives who have participated within the workshops on: • Do the recommendations capture the key areas of focus for the forthcoming Performance Assurance periods? Are there any other recommendations to capture here? • Are there any considerations the Code Manager must factor in whilst planning for and progressing initiatives to deliver on these recommendations?

Note: This paper has been updated since its publication on 20 January 2026, to reflect the discussions and recommendations from the workshop with Code representatives on 21 January. All updates are reflected in green text. A further update is planned to be presented to the PAB in February, when we will request PAB Members ratify the recommendations to enable further work to be conducted to ensure appropriate operational and governance routes exist to promote cross-Code collaboration.

1 INTRODUCTION

In line with the Performance Assurance Operating Plan, the Code Manager and PAB representatives from BSC, UNC, IGT UNC and SEC are conducting a deep dive on how we can achieve better cross-Code collaboration.

To support this deep dive, we invited PAB Members to participate in an interactive session to discuss their views on Cross-Code risks at the PAB meeting on 16 December 2025. The output from this meeting is summarised in Appendix A.

Furthermore, 4 workshops have been held with Performance Assurance representatives from REC, BSC, UNC, IGT UNC and SEC – with the final session on 21 January 2026 – to discuss the following areas:

1. Data sharing between Codes
2. Process for identifying interdependencies
3. Escalation of Major Service Incidents
4. Coordinated effort for escalatory corrective actions, such as sanctions
5. Coordinating initiatives whilst considering peak periods for Parties

1.1 ROLE OF THE PAB

As the committee responsible for overseeing performance assurance for the retail energy market, with a view to manage risks and performance issues which may impact consumers and/or market participants, the PAB tasked the REC Code Manager and the Performance Assurance representatives from other Code to conduct this deep dive to identify opportunities to establish better mechanisms for cross-Code collaboration whilst managing underperforming Parties.

The PAB's role includes:

- Reviewing recommendations from the cross-Code working group.
- Ratifying these recommendations to be delivered through future REC Performance Assurance Operating Plans and other initiatives under the REC.
- Seek support from similar committees under other Codes to enable a consistent approach across the retail energy market.

2 INSIGHTS AND RECOMMENDATIONS

The output from the workshops is summarised for REC PAB's considerations:

2.1 DATA SHARING BETWEEN CODES

2.1.1 OBJECTIVE

To ensure Code legal text and underlying processes enable committees responsible for performance assurance to share or request data from another Code to facilitate better market outcomes.

2.1.2 RATIONALE

As evident from previous PAB discussions, deteriorating performance in one area can often be an indicator of underlying issues. Therefore, sharing such information and collaboration can help facilitate early intervention and better risk management.

Data sharing and collaboration can also help Parties manage double jeopardy risks where an area of performance may be interlinked with processes governed under more than one Code, by enabling collaborative action by the Codes.

This can also help reduce the effort needed from Parties to consolidate and report data to support an investigation, if data from central sources could be shared.

There is currently work underway to change the REC and SEC to reflect this, as well as provisions in the BSC that already provide for data sharing.

2.1.3 RECOMMENDATIONS

RECOMMENDATION 1: A Code change should be initiated to introduce sufficient vires following the appropriate change process and consultation to facilitate information sharing and collaborations between Codes to manage risks and issues, and to support investigations into market and/or party performance, without prejudicing any confidentiality requirements within the respective Codes or under the law.

RECOMMENDATION 2: Respective Codes' Performance Assurance teams to agree procedures for initiating such contact and sharing of data in a controlled manner, with appropriate governance approvals, and using compliant tools. These procedures should consider how the received information may be distributed to prevent any unintended consequences and manage associated information security and data protection risks.

2.2 PROCESS FOR IDENTIFYING INTERDEPENDENCIES

2.2.1 OBJECTIVE

- To enable better visibility and trackability of interdependencies between Codes.
- To trial a cross-Code risk management framework to demonstrate a benefits case whilst testing its feasibility.

2.2.2 RATIONALE

At the interactive session at PAB on 16 December 2025, there was general consensus that having an end-to-end view of how processes governed under different Codes intersect in practice would be beneficial not only for performance assurance, but also for market participants whilst navigating Code compliance.

This initiative, as a pilot focusing on 3 scenarios, will help demonstrate whether a cross-Code risk management framework is beneficial, whilst also highlighting limitations and considerations for any future initiatives to roll this out at a larger scale.

2.2.3 RECOMMENDATIONS

It is recognised that industry processes span vires for more than one Code – often leading to interdependencies and upstream/downstream impacts. The Code representatives reflected on the challenges and opportunities when managing these interdependencies to derive recommendations:

Challenges	Opportunities	Recommendations
Industry processes span across various Codes	Develop cross-Code process maps, agree lead code, and determine and address assurance overlaps and/or gaps.	**RECOMMENDATION 3:** As a pilot, REC, SEC, BSC and UNC/iGT UNC to develop and maintain cross-Code process maps for the following market scenarios: 1. Meter lifecycle from new connection to termination. 2. Switching journey for an operational meter point. 3. Meter fault resolution journey for an operational meter point. *[Note: the list above reflects the top 3 areas identified for prioritisation at the 16 December REC PAB discussion. Please see Appendix A.]* These processes map should, as a minimum, include: - Vires for each Code. - Recognised risks. - Current/imminently planned Performance Assurance interventions. - Where possible, identify and agree a lead Code.
Separate governance arrangements	Improve sharing of information between relevant committees responsible for performance assurance to enable better decision making to tackle risks originating from part of the process governed under another Code.	**RECOMMENDATION 4:** Ensure appropriate representation from relevant Codes at relevant committees responsible for performance assurance, with ability to: • Raise matters relating to performance concerns and issues. • Participate in discussions to flag cross-Code impacts for consideration. **RECOMMENDATION 5:** Create and maintain a central record of key performance assurance contacts under each Code to enable better collaboration. **RECOMMENDATION 6:** Set up appropriate cadence of regular touchpoints between key performance assurance contacts under each Code to discuss emerging risks and issues.
No central view of cross-Code risks	Maintain a cross-Code register of risks and controls.	**RECOMMENDATION 7:** Develop and maintain a central register of highest priority cross-Code risks and currently operating market controls. • Within this register, for each risk area and control, assign a lead Code whilst also noting all interested Codes. • Track performance assurance interventions to reduce duplication of effort amongst Codes.
Vires to disclose performance issues	Strengthening legal text to facilitate better cross-Code governance.	[Covered by **RECOMMENDATION 1**] Review respective Code and, where required, raise legal text changes to enable sharing of performance information to address risk areas surpassing Code boundaries.

Challenges	Opportunities	Recommendations
Finite resources, defined priorities and stakeholder interests	Align objectives to facilitate more effective energy markets.	**RECOMMENDATION 8:** Whilst conducting the Code objective review under the Ofgem SDS, consider market risk management processes and opportunities for better cross-Code collaboration to improve market performance. **RECOMMENDATION 9:** Develop a coordinated stakeholder management plan for cross-Code risk management to ensure industry feedback is considered within the risk management and prioritisation. **RECOMMENDATION 10:** Leverage the knowledge and expertise of industry representatives at performance assurance committees by facilitating joint workshops. *This has previously worked well for MHHS Exemptions Workshops with volunteers from REC and BSC PABs jointly discussing risks and how to manage them, resulting in a robust unified process that satisfies the risk appetite for both Codes.*

2.3 ESCALATION OF MAJOR SERVICE INCIDENTS

2.3.1 OBJECTIVE

To ensure there are clear pathways and processes for major service incident response as well as escalation.

2.3.2 RATIONALE

Previous service incidents have highlighted the need for better collaboration to understand and minimise impacts whilst also ensuring resolution planned is sound.

Greater reliance on communications infrastructure which is delivered outside Code governance but key for the delivery of Code processes poses operational risks across the market.

2.3.3 RECOMMENDATIONS

The Code representatives discussed services both within Code governance, as well as those which are governed outside Code vires but required for successful delivery of Code processes. A list of these services identified is included in Appendix B.

RECOMMENDATION 11: Each responsible Code should maintain major service event response procedures that allow:

- Initial notification to all interested Codes to ensure awareness.
- When available, share information with all interested Codes to support understanding of impacts.
- Include impacted Codes in discussions for resolution to ensure there are no unintended consequences which may be detrimental to processes under other Codes.

These procedures should be enacted when a service event occurs that has a detrimental impact on the performance and/or security of downstream systems, such as:

- Service outage/ severe degradation
- Security breaches
- Data integrity issue

Where the incident response may sit outside the vires of some/all Codes (for examples, key services which are delivered outside Code governance such as DIP, DTS, IX – to name a few), consider:

- Individual escalation under each Code's governance via available processes.
- Collective escalations across Codes highlighting impacts.

RECOMMENDATION 12: The Code Reform and Code Manager licensing also offer opportunity for the Authority to consider its role in both managing major service incidents and other market risks to minimise impacts on consumers and the industry.

2.4 COORDINATED EFFORT FOR ESCALATORY CORRECTIVE ACTIONS, SUCH AS SANCTIONS

2.4.1 OBJECTIVE

To enhance processes for escalatory action to enable better decision making through better awareness, and coordination where more than one Code may be tackling severe performance issues in the market.

2.4.2 RATIONALE

Views presented during the workshop as well as lessons from previous instances where Market Sanctions have been applied under the REC and other Codes reflect consensus that coordinated action, supported by the Authority, will be most effective in managing severe non-compliance.

The workshop highlighted that Code provisions for escalatory corrective actions vary greatly with some Codes having access to techniques with financial incentives or reputational incentives. However, the Event of Default – which is often a last resort intervention to protect the market – tends to be a common provision across most Codes.

Procedures for and following an Event of Default are prescribed within the legal text for respective Codes. However, not all include notification to other Codes. Where required, there are Code change proposals being considered to address this.

2.4.3 RECOMMENDATIONS

For other escalatory corrective actions, such as Market Sanctions[1] as defined under the REC, there was consensus that it is beneficial to define processes for a formal notification to relevant performance assurance committee under other Codes when serious sanctions are being applied or recommended to allow coordination of action where more than one Code may be resorting to such measures to tackle market risks. To enable this, following recommendations were made:

[Covered by **RECOMMENDATION 1**] Review of governance arrangements to enable better sharing of such information between committees under different Codes.

[1] means that a Market Participant's right to make new Registrations is suspended (in accordance with Clause 16 of the main body of this Code) or is subject to similar restrictions under other Energy Codes.

[Covered by **RECOMMENDATION 12**] Code Reform and Code Manager licensing offer opportunity for the Authority to consider its role in such escalations to balance the risk to market.

RECOMMENDATION 13: Under the REC, when the Performance Assurance Techniques (PATs) are next reviewed, consider introduction of a Referral to Code Bodies PAT.

RECOMMENDATION 14: A review of REC governance should also be facilitated with a focus to enable PAB or an appropriate committee to extend sanctions to cover any interim period to balance risk of severe market or consumer detriment.

2.5 COORDINATING INITIATIVES WHILST CONSIDERING PEAK PERIODS FOR PARTIES

2.5.1 OBJECTIVE

To identify ways to maximise Party engagement with Performance Assurance activities by leveraging cross-Code collaboration to plan effective.

2.5.2 RATIONALE

It was recognised by the Code representatives that in order to be truly proportionate, whilst planning performance assurance activities, Codes should:

- Utilise awareness of other planned activities to avoid cascading multiple demands on Parties, detracting attention from operations.
- Leverage information and insights available through better cross-Code data sharing.

2.5.3 RECOMMENDATIONS

This can be facilitated through:

RECOMMENDATION 15: Review published operating plans for other Codes as part of the development exercise to avoid overlaps and also to align where appropriate.

RECOMMENDATION 16: Invite input from performance assurance bodies for other Codes whilst consulting on operating plans and other performance assurance artefacts such as risk registers.

RECOMMENDATION 17: Within the Performance Assurance Operating Plan, track key assurance activities for other Codes where PAB input will help enable better cross-Code risk management. These could be activities such as risk register consultations.

RECOMMENDATION 18: Awareness of information requests under one Code should be used to align information requests under others for related topics to simplify the process for Parties. This has previously been used whilst designing the reporting for R0155, which aligns with the Ofgem Request for Information. Whilst the data sharing governance is reviewed, this still offers opportunity for Parties to share the same report with more than one Code, rather than having to produce more than one report with similar data points but designed differently.

RECOMMENDATION 19: Use the consultation process to understand external demands on Parties to avoid peak periods coinciding with other industry events such contract rounds, price control, etc.

3 CONSIDERATIONS

Whilst the insights and recommendations presented within this paper are based on the knowledge, experiences and judgment of the Code representatives, there is recognition that to meaningfully deliver on these, the following are required:

3.1 EMBEDDED WITHIN THE CODE

It is recognised that the delivery of these initiatives is dependent on having sufficient the Codes' vires. Where this is not the case, Code changes may be required to facilitate the initiatives (for example, to enable cross-Code data sharing) and achieve the intended outcomes.

3.2 STAKEHOLDER BUY-IN

Each Performance Assurance committee is tasked with supporting the objectives of its respective Code. These committees are often delivering those with finite resources whilst juggling defined priorities and differing stakeholder interests.

Therefore, to enable them to collaborate on cross market risk management, stakeholder buy-in is key. To ensure success, we recommend that once these are ratified by PAB, these are presented to the wider industry and their views reflected in shaping the initiatives that take these recommendations forward.

RECOMMENDATION 20: With the importance of stakeholder engagement in mind, it is recommended that PAB's objectives and Terms of Reference are reviewed to achieve better industry and consumer outcomes.

4 NEXT STEPS

At the meeting, the Code Manager seeks reflections from PAB Members, include Code representatives who participated within the workshops on:

- Do the recommendations capture the key areas of focus for the forthcoming Performance Assurance periods? Is there anything else to capture here?
- Are there any considerations the Code Manager must factor in whilst planning for and progressing initiatives to deliver on these recommendations?

We will consolidate this feedback to refine the recommendations and present these to REC PAB in February for decision.

We are also working with the representatives from other Codes to present the insights and recommendations to their performance assurance committees to facilitate their endorsement, where possible. The Code Manager is expected to attend the SEC and BSC PAB meetings in February to enable this.

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APPENDIX A: OUTPUT FROM THE INTERACTIVE SESSION AT PAB

During the session, we asked PAB members to discuss risk areas based on current Code interactions and identify impacts. They were then asked to help with the prioritisation by using their 3 allocated votes against areas requiring most immediate focus. For more detail, please refer to RECPAB_25_1216_07 – Interactive Session Pre-read. The results of this exercise are summarised below:

Codes Affected	Risk Area	Cross-Code Interactions	Potential Impacts	Number of votes received
BSC / UNC	Retail Metering	Data integrity		3
REC / SEC	Clarity of process and coherence across codes			3
REC / SEC / BSC	Resolution of meter faults (traditional NHH & HH, Smart, AMR)	REC - obligation to fix faults SEC - comms hub fault (smart) BSC - commissioning & DC protocols	1. 'Meter faults' are not consistently defined across the market, leading practices being open to interpretation 2. Settlement errors 3. Consumer detriment-inaccurate billing 4. Supplier charges (MHHS, licence, double jeopardy)	3
ALL	Double jeopardy across codes & GSOP	How to nominate & manage lead code for X-code issues?		3
	Data	How do we share data to most usefully?		2
ALL	Coordinated data share for action	Following the Tomato issues - is there a way to share via the OAM service some pre-emptively work to resolve the broader issue? Are there joint PATs?		2
REC / SEC / BSC	Switch meter reads (dual fuel switches)	BSC - obligations SEC - required to obtain data REC - disputes process	1. First & final billing-settlement 2. Consumer satisfaction (credit held, prepayment) 3. Compensate other suppliers (avoidable costs) 4. People failing to meet settlement obligations	2
ALL	Does REC/UNC introduce			2

Codes Affected	Risk Area	Cross-Code Interactions	Potential Impacts	Number of votes received
	obligations that rely on SEC governed activity but requirement not passed through			
SEC / BSC	Consumer consent	How is the data used / what is it used for? How does it disseminate across all of the Codes		1
ALL	Intervention sharing	Could there be a way of knowing which Parties are in EFR? Or similar techniques		1
ALL	RFIs / requests	Is there any way for a central repository for data mining?		1
ALL	Data sharing	Is there any way for this data to be shared across the market appropriately?		1
Settlement Codes	Theft	Flow of consumption information - Under TRAS Experian were doing generic street level expectations for consumption - if it varies could it be a notification? The volumes that get submitted to various Parties - could this be simplified? Could this be some check-sum on settlement?		1
REC / SEC	Cost of compliance			1
REC / SEC / BSC	Switching data management	REC- Switching BSC- Change of supplier & market domain data SEC- Update of Tariff (IHD) & access to meter readings	1. On settlements 2. IHD- consumer satisfaction & ability to manage usage available tariffs 3. Both impact on consumer billing and settlement (inc. dual billing)	1

Codes Affected	Risk Area	Cross-Code Interactions	Potential Impacts	Number of votes received
REC / SEC / BSC	Accuracy of Meter Technical Details	REC - obligations to pass on metering events (install / remove) & switch / agent appointment REC - guidance on MHHS migration/MTDs particularly where impacts settlement performance BSC - data from suppliers	1. Supplier vs consumer contract with MEM 2. MTDs (settlement issues, billing based on estimates & incorrect reads) 3. Settlement impact / charges on settlement performance	1
REC / SEC / BSC	Services & service providers with conflicting authorities (switching & smart metering)	Coordinated improvement plans (don't exist today)	1. Not getting the right level of attention to massive issues	1
ALL	Undefined gas processes in REC	Need for clear handoffs between code when defending processes (end to end process MAPs)		1
ALL	Data availability	Need for cross-Code data cleanse coordination/working and data sharing arrangements		1
BSC	Metering	Avoid duplication or omissions		
BSC / UNC	Metering	Technical assurance	Billing impact is large, as is settlement impact	
BSC / UNC	Metering	Safety assurance		
	Metering	How do technical meter faults get cross-correlated between BSC, TAA & MEM?	This could show a consistent pattern	
ALL	Coordinating interventions	How do we manage Suppliers in EFR or other interventions when the buckets of resources are used to resolve a specific issue?		

Codes Affected	Risk Area	Cross-Code Interactions	Potential Impacts	Number of votes received
ALL	Requests	Shared calendar?		
ALL	New Connections			
SEC		How do SEC / REC relationships work - its new, how can it work well together? Could this be a case study?		
REC / SEC	REC unaware of SEC activities	REC a potential afterthought with DCC & SEC. To counter this, introduce quarterly updates from SEC PAB to REC PAB	1. DCC focused on SEC rather than a united approach with REC 2. REC gets an over-engineered and expensive service 3. REC changes take forever to process	
REC / SEC	Different approaches to smart meter data	Alignment on data security standards and consumer consent		
REC / SEC	Concentration risk	Understand extent of reliance and interdependence	Catastrophic failure	
ALL	Metering registration (data accuracy)	UNC / REC- MEM appointment rules		
ALL	Addition of shipper into the mix & lack of REC voices	How are (potential) issues passed between performance functions		
ALL	Theft in REC (does it flow to gas settlement?)	Reporting by code manager to CDSP		
ALL	Switch meter reads into CDSP	Billing vs settlement	Delay to billing	

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APPENDIX B: LIST OF SERVICES OF RELEVANT TO SUCCESSFUL DELIVERY OF CROSS-CODE PROCESSES

Governing Code	Service	Description
REC	Central Switching Service	Registration records master. Relied upon by BSC, UNC and SEC for settlement and smart metering processes.
REC	GRDS	Registration records. Relied upon by BSC, UNC and SEC for settlement and smart metering processes.
REC, BSC	ERDS, SMRS	Registration records. Relied upon by BSC, UNC and SEC for settlement and smart metering processes.
REC	EES, GES	Database of meter point records maintained by market participants. Must remain aligned with other registration services.
BSC	Electricity ISD/MDD	Industry standing data utilised by all market participants and CSS.
UNC	Gas MDD / CDSP	Industry standing data utilised by all market participants and CSS.
BSC	Electricity Central Settlement Services	Downstream system – does not impact retail or smart metering systems or processes but may impact trading charges such as DUoS.
UNC	Gas Central Settlement Services	Downstream system – does not impact retail or smart metering systems or processes but may impact gas distribution charges.
None	DTS	Key communication network used for market messages. Whilst Codes allow optionality, Parties may not be able to pivot to alternate methods of communication at short notice in event of a major service incident.
None (managed by Elexon but not under BSC)	DIP	Key communication network used for market messages. No optionality in method of communication so greater reliance on service availability and security to prevent impacts on Code processes.
None	IX	Key communication network used for market messages. Whilst Codes allow optionality, Parties may not be able to pivot to alternate methods of communication at short notice in event of a major service incident.
SEC	Smart Metering Communication Network	Ability to communicate with DCC-enrolled smart meters.

Governing Code	Service	Description
None	Communication networks (PTSN/2G/3G) and Hosting Services	More relevant to decommissioning decisions so industry can manage impact and transition to alternative technologies in a sustainable manner.