RETAIL ENERGY CODE

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DEEP DIVE ON BETTER CROSS-CODE COLLABORATION

BY VAISHNAVI CAMPBELL-SHARMA, PERFORMANCE ASSURANCE SENIOR MANAGER, REC CODE MANAGER

REVIEWED BY ANTON MODEN, PERFORMANCE ASSURANCE LEAD AND WALTER CARLTON, LEAD PERFORMANCE ASSURANCE PARTNER, REC CODE MANAGER

FOR DECISION

The Code Manager has refined the recommendations 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 following discussion at the January 2026 meeting, to reflect the feedback from PAB Members.

The Code Manager recommends REC PAB to:

- **APPROVE** the recommendations made in this paper for implementation, accepting ownership of oversight with a view to hold themselves, RECCo and any future REC Service Providers accountable for delivery.
- **APPROVE** the proposed plan to track progress of delivery with the next update to PAB expected in May 2026.

Note: Please refer to RECPAB_26_0127_07 for details on objectives and rationale for the recommendations presented here. This paper builds upon the insights and observations presented in January 2026.

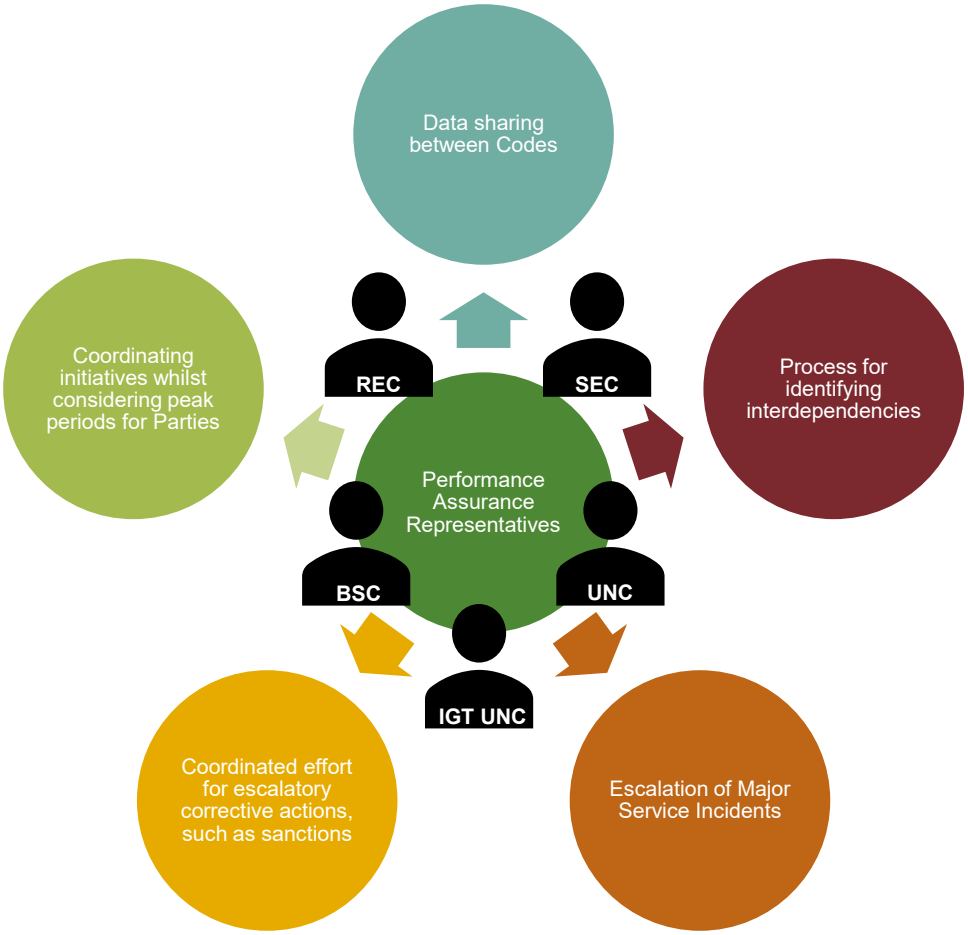
1 INTRODUCTION

Recent experiences, particularly with managing a specific Party's performance earlier in 2025, highlighted an urgent need for improved cross-Code collaboration and integrated Code Manager action. Currently, we lack robust, high-quality information regarding the effectiveness of existing cross-Code processes.

Based on a steer from REC PAB, and 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.

Furthermore, 5 workshops were held with Performance Assurance representatives from REC, BSC, UNC, IGT UNC and SEC to discuss the following areas:



Further discussion was held at the January PAB meeting and feedback from that has been included in this update.

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.
- Seeking support from similar committees under other Codes to enable a consistent approach across the retail energy market.
- Providing oversight over the delivery of these recommendations, with a view to hold themselves, RECCo and any future REC Service Providers accountable for delivery.

1.2 ENERGY INDUSTRY CODES' INCENTIVES TO IMPROVE COLLABORATION

The working group identified incentives for each Performance Assurance governing body to endorse these recommendations:

- Market processes and risks cut across multiple codes, for example, failure in metering data quality can lead to consumer harm, settlement errors and prevent the realisation of benefits from smart metering.
- Better grasp of these cross-Code risks enables the PABs/PAC to tackle systemic risks, and going beyond responding to local symptoms whilst reducing double jeopardy risk for market participants arising from dual governance.
- This also offers an opportunity for consistent assurance across the market, and reduces the cost of compliance.
- Working on industry transformation programmes like MHHS, we have realised some benefits of cross-Code collaboration, and want to extend these to performance assurance functions.
- This is also supported by Ofgem's direction, which is increasingly focused on consumer outcomes, resilience and value for money, rather than code-by-code compliance.
- Cross-Code collaboration also offers opportunity for early identification and application of more proportionate assurance techniques, lowering the burden on the industry and delivery better market outcomes.

2 SUMMARY OF RECOMMENDATIONS

The working group has proposed 21 recommendations which broadly fall into the following themes:



2.1 RECOMMENDATIONS, DELIVERY ROUTES AND NEXT STEPS

At the meeting in January 2026, REC PAB members took ownership of oversight of the final recommendations from the deep dive on improving cross-Code collaboration with a view to hold themselves, RECCo and any future REC Service Providers accountable for delivery. To support this, the following routes for delivery are proposed:

2.1.1 CODE CHANGE

Success of, as well as the ability to deliver, some of the recommendations is dependent on clear vires within the Codes. Therefore, the route for delivery for those recommendations to progress will be via Code Change – under the REC, as well as other respective Codes. Each Code Manager should take the lead to initiate their respective change, whilst ensuring alignment amongst the Codes to support implementation.

2.1.2 OPERATING PLAN FOR 2026-27

The Performance Assurance Operating Plan under the REC has multiple aspects, some linked to obligations defined within the Code for the Code Manager, whilst others may be based on needs or risks identified and prioritised by PAB. Broadly, we have categorised these recommendations into the following activities linked with the Operating Plan:

Development of the Operating Plan

Some recommendations, especially those related to aligning activities within Operating Plans for other Codes, must be considered whilst developing the Operating Plan for 2026-27. Additionally, recommendations linked with engagement with relevant stakeholders and seeking their views are key activities to be done upfront.

New Initiatives Endorsed by PAB

Each year, PAB prioritises initiatives aimed at managing market risks and improving performance and outcomes. As of the recommendation link with development and implementation of a Cross-Code Risk Management Frameworks, PAB may need to consider how it plans for and prioritises activities to deliver those as new initiatives for Operating Plan 2026-27.

Wider Improvement Programmes led by RECCo

With wider initiatives to review and enhance strategy and governance are planned by RECCo, the Operating Plan activities must ensure there are appropriate links and handoffs where required to collaborate effectively.

Review of Performance Assurance Framework (PAF) Products, as well as other wider Code Products

Lastly, the Code and the Code Managers' contracts mandate periodic review for certain Code Products. We have proposed alignment of these recommendations with those Code Products, including PAF products, where possible.

2.1.3 GENERAL WAYS OF WORKING AGREED BETWEEN CODE MANAGERS

Some recommendations are dependent on general collaboration between Code Managers to operationalise better Cross-Code process. To ensure their success, it is recommended for Code Managers to agree and document ways of work to ensure continuity of delivery. This will also be key to ensure how responsibilities and accountability are split between Codes.

2.1.4 DIGITAL STRATEGY PLANNING

Due to the prominence of digital transformation and its impact on market performance, as well as strain on Party resources, some recommendations link back into how the Digital Strategy Planning factors in the dependencies to ensure success.

2.1.5 MAPPING OF RECOMMENDATIONS WITH DELIVERY ROUTE AND NEXT STEPS

Each recommendation has been mapped to a route for delivery and it is proposed that the next set of cross-Code workshops, focusing on planning, are scheduled in April 2026 with an update to PAB on the progress made scheduled for May 2026:

RECOMMENDATION	ROUTE FOR DELIVERY
RECOMMENDATION 1: A Code change should be initiated to introduce sufficient vires following the appropriate change process and consultation to facilitate information sharing and collaboration 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.	Code Change
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.	Operating Plan for 2026-27: Performance Assurance Methodology and Techniques document review
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.**	Operating Plan for 2026-27: New initiative

RECOMMENDATION	ROUTE FOR DELIVERY
2. **Switching journey for an operational meter point.** 3. **Meter fault resolution journey for an operational meter point.** **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.**	
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.**	Operating Plan for 2026-27: PAB Terms of Reference and Procedures document review.
RECOMMENDATION 5: Create and maintain a central record of key performance assurance contacts under each Code to enable better collaboration.	Operating Plan for 2026-27: PAB Procedures document review
RECOMMENDATION 6: Set up appropriate cadence of regular touchpoints between key performance assurance contacts under each Code to discuss emerging risks and issues.	General Ways of Working agreed between Code Managers
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.**	Operating Plan for 2026-27: New initiative

RECOMMENDATION	ROUTE FOR DELIVERY
RECOMMENDATION 8: Whilst conducting the Code objective review under the Ofgem Strategic Direction Statement, consider market risk management processes and opportunities for better cross-Code collaboration to improve market performance.	Operating Plan for 2026-27 and wider RECCo improvement programmes
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.	Operating Plan for 2026-27: New initiative
RECOMMENDATION 10: Leverage the knowledge and expertise of industry representatives at performance assurance committees by facilitating joint workshops to discuss risks and how to manage them.	Operating Plan for 2026-27: PAB Procedures document review
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.**	Operating Plan for 2026-27: PAB Procedures and Major Incident Response documents review

RECOMMENDATION	ROUTE FOR DELIVERY
• **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 managing major service incidents, and other market risks – including severe performance issues requiring escalatory actions such as market sanctions – to minimise impacts on consumers and the industry.	Operating Plan for 2026-27 and wider RECCo improvement programmes
RECOMMENDATION 13: Under the REC, when the Performance Assurance Techniques (PATs) are next reviewed, consider introduction of a Referral to Code Bodies PAT.	Operating Plan for 2026-27: Performance Assurance Methodology and Techniques document review
RECOMMENDATION 14: A review of REC governance should also be facilitated with a focus to enable PAB or any appropriate committee for the Lead Code to extend sanctions to cover any interim period to balance risk of severe market or consumer detriment.	Code Change
RECOMMENDATION 15: Review published operating plans for other Codes as part of the development exercise to avoid overlaps and also to align where appropriate.	Operating Plan for 2026-27 development
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.	Operating Plan for 2026-27 development
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.	Operating Plan for 2026-27 development
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.	General Ways of Working agreed between Code Managers

RECOMMENDATION	ROUTE FOR DELIVERY
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.	Operating Plan for 2026-27 development
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.	Operating Plan for 2026-27: PAB Terms of Reference review; Code Change
RECOMMENDATION 21: As technology changes were becoming more prominent, having a greater impact on market participants, these should be appropriately assessed on a cross-Code basis.	Digital Strategy Planning

3 PAB Decision

PAB DECISION

The Code Manager recommends PAB to:

- **APPROVE** the recommendations made in this paper for implementation, accepting ownership of oversight with a view to hold themselves, RECCo and any future REC Service Providers accountable for delivery.
- **APPROVE** the proposed plan to track progress of delivery with the next update to PAB expected in May 2026.