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RETAIL ENERGY CODE

REFERENCE	**RECPAB_26_0602_10**
STATUS	**FOR DECISION**

PERFORMANCE ASSURANCE ANNUAL REPORT

BY THE PERFORMANCE ASSURANCE TEAM

REVIEWED BY WALTER CARLTON, PERFORMANCE ASSURANCE PARTNER

FOR DECISION 	We present for approval the Performance Assurance Annual report. We ask that the PAB: • **APPROVE** the wording of the report, to be submitted to the REC Board and provided to REC Parties. We would welcome feedback on the report. As the contents may change based on PAB feedback, we have provided placeholder visuals in some places, which will be replaced with improved infographics when the contents has been approved.

REC Performance Assurance Annual Report 2025-26

May 2026

RETAIL ENERGY CODE

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CHANGE HISTORY

Version	Status	Issue Date	Author	Comments
0.1	Draft	26/05/2026	REC Code Manager	Issued for PAB Approval

DOCUMENT CONTROLS

Reviewer	Role	Responsibility	Date

REC Performance Assurance Annual Report 2025-26

EXECUTIVE SUMMARY

Performance Assurance is fundamentally about achieving a healthy market that works for everybody – applying the agreed market rules and processes, delivering fair outcomes to market participants and safeguarding consumers. The retail energy market is vast, which means its critical for Performance Assurance to focus on the key areas that impact consumers and market health. To give a scale of the work we've set out below some key numbers:

2.6 million	137	826,543	54
Code or consumer exceptions identified	New organisations qualified this year	Data items cleared through data cleanse	Parties ready for key MHHS milestones Data items

A healthy market needs four things:

1. Code requirements that deliver the right outcomes, both for consumers and the market participants
2. Effective systems, that are responsive and consistent
3. Market participants that are capable of meeting their Code obligations
4. Accurate data, particularly where data relates to the consumer or meter point and is transferred when customers switch

Performance Assurance has taken action to improve all of these areas, with the most notable relating to identifying and tackling serious underperformance.

Code Requirements

Performance Assurance's role is in understanding where the Code is delivering the right outcomes and, where appropriate, identifying areas that need to be changed. Fourteen changes were released in the period that either related to an improvement to the assurance process, or improvements to the Code driven in part by assurance activity. These include improvements to theft processes, switching, resolving data issues and metering improvements. Three areas in particular are particularly important to highlight:

Tightening Meter Accreditation Schemes

In 2024, pervasive drafting issues were identified following implementation of the Consolidated Metering Code of Practice. This document has now had a comprehensive review, with improved drafting and assurance activities launched in November 2025, completing this important action.

Ongoing work to improve metering data

The importance of work to improve metering data was identified in 2023, where the Performance Assurance team worked with industry to identify three key improvements to gas metering processes to address data issues. One of these, R0198, which was implemented in 2026, enables organisations communicating about gas meter data to identify more reliably the mechanism through which they receive information from other Parties from February 2026, with improvements to fault processes and data reconciliation still going through the change process. While these improvements have still to have a demonstrable improvement to meter data quality, the efforts of Parties' data cleanse activities have made in-roads into this challenge. Tackling meter data quality issues will continue to be a key area of focus for performance assurance improvement.

Testing R0155 Effectiveness

Change R0155 aimed to improve retail markets for non-domestic consumers by speeding up and making more consistent decisions where the customer contacts the Supplier to say they are a new tenant at a premises. Work is underway to assess the impact and benefits of the change. Initial findings based on central data indicate that Suppliers are now more responsive to their customers, making the switching process faster and more reliable. This will be supplemented by evidence from those involved in the process, to assess if the process is working as intended.

Effective systems

In previous periods there have been challenges, particularly with the performance of the Switching Operator. Over this period, through consistent engagement, challenge and financial incentives we have seen gradual improvements to performance, particularly in relation to resolving switching incidents promptly. We have also engaged with enquiry services, particularly around improving service performance following Market-wide Half-Hourly Settlement (MHHS) go live, as well as on technical performance measures, such as data latency. Whilst overall business as usual performance has improved, all three system providers have experienced issues around maintenance and Code Releases (for example R0080 impacting CSS, R0098/108 impacting EES and scheduled maintenance impacting GES). Improving the reliability of technical releases is a key area for the PAB to consider in future periods to drive better system performance.

Market Participants

Tackling serious underperformance

Through the period the Performance Assurance team worked with Parties where performance issues were identified that ranged from minor to very serious. The most significant related to Tomato Energy, a business that had performance and regulatory issues under multiple Codes. Through the dynamic, data-led approach, the REC Code Manager was able to identify performance issues earlier and take action to reduce the impact of performance issues on the wider market, as well as on consumers. Following multiple Code breaches, we implemented clear limits on operation, as well as a plan of action to address Code breaches, protecting consumers. We also acted to resolve data errors caused by Tomato Energy which impacted other parts of the market, coordinating Party and Service Provider activity to prevent customer switches from being blocked and new Suppliers from inheriting issues with industry data.

This action was followed by regulatory intervention and action under other Codes, which culminated in Tomato Energy's entry into the Supplier of Last Resort process. Swift action by the PAB reduced the impact of this, on both Consumers and Parties. The robust management of this issue to secure good consumer outcomes can provide comfort to stakeholders that the PAB is focused on addressing the key challenges in the market, as well as capable of taking serious action where performance warrants it.

Readiness for Change

Through the period we have also taken action to prevent performance issues, by undertaking readiness assessments for two significant changes in the retail market, the most significant of which is MHHS.

MHHS Readiness

Significant progress has been made obtaining assurance that Parties are ready for this significant change to the electricity market, with 54 REC Party-Roles having already qualified for key milestones. Ongoing qualification waves (0-4) are progressing, with Waves 0 and 1 complete. As of 1 May 2026, 20% (7.5 million) of MPANs have been migrated.

R0155 Readiness

R0155 has brought in significant improvements to the experience of customers of the non-domestic market. This change is complex, balancing both consumer improvements as well as protections to prevent Suppliers being defrauded. We conducted readiness assessments which focused on assessing the changes to systems and processes, which acted to prevent issues, not just correct them following detection.

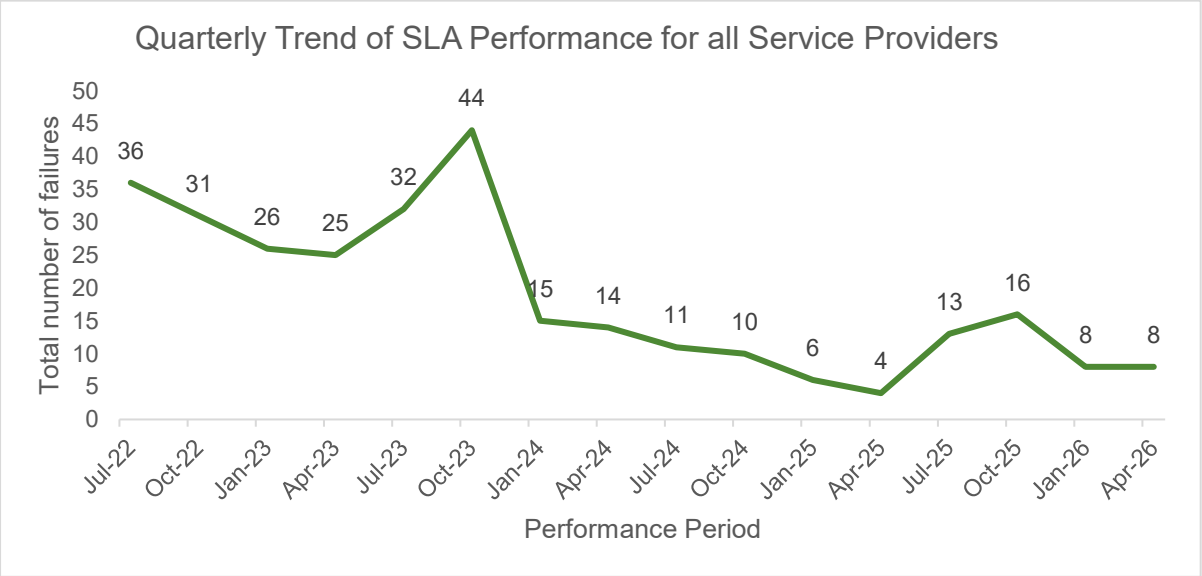
Accurate Data

There have been continuous efforts made to improve data quality across the industry, recognising its increasing importance as the industry transforms to meet net-zero challenges. We have run multiple focused sprints to improve particular data quality issues, in particular driving improvements to data needed by MHHS, as well as tackling issues relating to new meter installs.

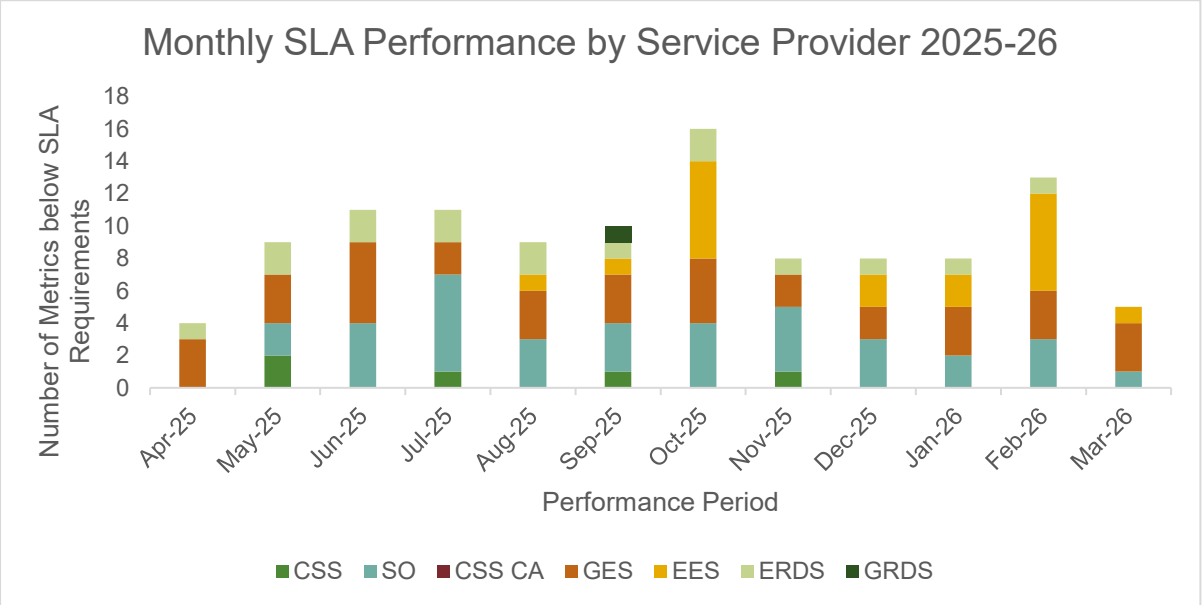
Risk I: Retail market systems are not effective or efficient.

The overall trends of SLA performance

We set out below the historic trend of Service Provider Performance.



Since CSS go live there has been a consistent trend of performance improvement, with two key changes to this trend, an incident in 2023, as well as performance issues that have been addressed following MHHS system's introduction. The underlying numbers varied by Service, as set out below:



Through this period there has been consistent performance from the Central Switching Service (CSS), CSS Certificate Authority (CA) and the Gas and Electricity Retail Data Services (GRDS and ERDS). The larger, more complex services have each had performance challenges through the period.

The highest SLA failures related to the Gas Enquiry Service (GES) with 26. Many of these had a single cause, data latency issues which user feedback suggests reflect performance metrics that are not significant to users, and RECCo are therefore in the process of changing. Real issues arose due to issues with the cloud platform Microsoft Azure and change -related platform incidents.

A similar level of missed performance metrics (35) exists with the Switching Operator (SO) who manage incidents across these services. Notable however is that, unlike in previous periods, in many of these misses the SO's performance was often close to the target, which represents a significant improvement. We have also identified several misclassified incidents which don't affect end users, resulting in the SO's reported performance not reflecting its impact on end users.

Following the MHHS transition the EES Provider, who has historically performed well, suffered an increase in SLA failures. Some of these, like the SO, have been reported by the Service Provider due to the technical design of the metrics, despite having little or no impact on end users. The EES Provider did suffer issues relating to cloud infrastructure delays, which affected the response time of DIP messages under the new MHHS requirements, but took steps to resolve these issues promptly.

Risk II: Retail market processes are not effective or efficient, including the incomplete or inaccurate updating of REC data.

Progress resolving the appointments of unqualified MEMs.

During the reporting period, we launched a large-scale exercise prompting Suppliers to update the appointments of Metering Agents to the relevant Registered Meter Points (RMPs). Metering Agents ensure that data related to RMPs is correct and take care of physical safety and condition of the meter. Having correct and qualified appointments is therefore essential for the safety and accurate billing of consumers. The exercise involved 53 Suppliers who reduced the number of meters without a qualified MEM appointed from 133,732 to 38,699 marking a 71% reduction. The majority (33,397) of remaining the RMPs belong to two Suppliers. Ignoring their RMP population, the other 51 Suppliers have addressed the issue on around 89% of their RMPs.

95,033

Agent appointments resolved

While significant efforts have been made to action the relevant appointments (and where relevant, improve data quality), given the constant movement in portfolios and the activity in the retail energy market, this will likely need to be an ongoing effort as opposed to a one-off undertaking. Therefore, we are exploring ways to ensure the industry upholds this level of progress and prevents the data quality from deteriorating. One such way would be to ensure that Qualified MEM appointments form part of Data Cleanse activities in the future.

Issues with the annulments process

Following an investigation into the use of Annulments by a large Energy Supplier, we noted inconsistent interpretations of the Annulments definition across the industry leading to different approaches being taken. If left unresolved, this ambiguity had the potential to cause harm to consumers and other market participants by enabling distortion of the competitive market and breaches of valid contracts between Suppliers and consumers. These breaches would further result in loss of revenue for Suppliers and additional costs associated with potential exit fees for consumers. Additionally, the fallout from this ambiguity could erode the trust of consumers in the energy market. To proactively resolve the issue and provide clarity to Suppliers on the permissible and impermissible behaviours in relation to Annulments, we worked to amend the Code. The amendment made it clear that Losing Suppliers may only initiate Annulments where the consumer has not entered a contract with the Gaining Supplier. The consumer must also ask the Losing Supplier to prevent the Switch from taking place. This additional clarification was approved by Ofgem and came into force on 27 February 2026. This marked an important step in increasing transparency and clarity of the regulation, bringing SLC and REC back into alignment to create a consistent regulatory environment.

The implementation of meter technical details reconciliation into electricity

MHHS brings about new processes where meter data is held centrally by DNOs, but updated by others, most notably Meter Operator Agents (MOAs). The consistency of these two is a key measure of if these processes are delivering the right outcomes – accurate and consistent data.

1.6 million

Meters where the MOA and the DNO have inconsistent data

Following changes to the Performance Assurance Report Catalogue MOAs are now required to provide details of key information held for each appointed meter point. We reconcile these to EES, which is based on DNO data.

Initial issues with the application of data validation rules for provision of data caused issues for some Parties submitting this data so the reconciliation has not yet provided full market coverage, with data submitted by 62% of MOAs but only covering 24% of the market currently. We have worked with the wider Code Manager team, Parties and RECCo to promote resolution of these challenges and support Parties in providing the required data. PATs have now been applied for Parties who have consistently not provided data to move to full coverage.

The data we have suggests 1.6 million meters have inconsistent data, which suggests that significant work is needed to address this. We reconcile multiple data items, and this did show some of the most important data (such as the meter serial number) had few issues, although there were some data items that we would expect to be correct with the correct meter serial number, such as the meter type or register digits, that had significantly higher errors.

Parties have made progress cleansing the data through the sprints but given the scale of the challenge we have agreed with PAB that we define a detailed assurance approach in this area, engaging directly with MOAs to understand root causes and refine and prioritise data items for cleansing in parallel to the Data Cleanse Sprint Activity.

The resolution of data issues

Through the period we tackled many specific data issues, with two more significant ones summarised below:

CSS EES misalignment

CSS and EES are key parts of the switching service, which should provide consistent information, for example on which Supplier is responsible for each electricity meter point. A Supplier highlighted inconsistencies between EES data and REC billing data, which led us to investigate the matter, alongside DCC, C&C and RECCo.

108,872

Data discrepancies that could impact switching

Initial analysis by DCC identified two populations of exceptions contributing to this difference:

- 67,324 Meter Points which had two registration records within the CSS database – a correct entry and an additional obsolete entry.
- 41,548 Meter Points that had been disconnected (and hence had the status set to Terminated in CSS where Suppliers had not completed the final de-registration flow (for which historically there was no Code Mandated timeframe – an SLA was introduced as part of R0191 in November 2025).

The Code Manager worked with RECCo and DCC to progress resolution of the above two items, through a combination of DCC action to apply bulk data correction and by providing details of individual meter points and guidance on required actions to Parties, working closely with OAMs. In addition, we conducted our own analysis using available information which identified a residual difference between the CSS and EES records.

Our analysis was initially limited by the fact meter point level data was not available from CSS, however this has recently been provided, and we are working with DCC to quantify and identify root causes for the residual differences and confirm the accuracy of existing reporting produced from CSS.

We also resolved data issues related to Tomato Energy, which we have described in more detail later.

Progress on the data cleanse process

826,543
Data items have been cleared from the data cleanse report

We have continued to operate the Data Cleanse Reporting and associated sprint processes over the period. Parties continue to provide positive feedback on this approach including appreciation of the prioritisation the Data Cleanse Sprints provide. Over the period we have introduced four new Data Cleanse reports and operated two Data Cleanse Sprints. These sprints have focused on data cleanse required to support MHHS migration, correction of the Domestic Premises Indicator and issues with meter data quality in Gas including from the CDSP Reconciliation and improvement of MAP ID. We have continued to evolve target setting, including making greater use of ageing-based targets – focusing on reducing long running issues rather than short term exceptions.

The majority of Parties engage well with the Data Cleanse sprints, with 55% of Parties meeting some or all targets each sprint. Significant improvement has been seen in respect of incorrectly classified unmetered supplies, domestic premise data and ESME ID and meter location for newly installed meters.

Progress with gas meter data quality has been more challenging, with the annual frequency and reporting lag of the Gas CDSP Reconciliation process (as set out in REC Schedule 14) meaning information for the Data Cleanse sprint can be out of date before being used, thus creating unnecessary work for Parties and the Code Manager. REC Change R0252 has been raised to address this and is progressing through the Change Process. We also included activity to populate missing meter asset provider details, however despite significant effort by Parties in many cases data within GES was not amended. We have been working with Parties and Xoserve to understand the root causes of this which include challenges with the complex messaging flow within the gas industry.

The administration of Theft Detection Incentive Scheme

We continue to administer the TDIS scheme, including monthly data processing and reporting and annual activities including target setting and calculation of debits/credits. To support the changes outlined above and other RECCo initiatives relating to energy theft we have significantly revised the processes, data model and reporting of theft data during the period. This has included:

- Changes to data processing to facilitate reporting across a wider range of theft investigation types, evolving from the previous approach which was focused on confirmed thefts as per the original REC requirements.
- Introduction of additional data validation checks to identify potentially incorrect data to provide alerts to Suppliers, without excluding the investigation from TDIS processes.
- Significant revisions to the theft dashboard, including additional detail on non-confirmed investigations, additional functionality to support data validation self-serve by Suppliers and matching of theft investigations with ETTOS leads to monitor whether leads are being

followed up and supporting wider activity to maximise the value of the ETTOS process by RECCo.

- Provision of additional regular data extracts, including to Elexon and to support the RECCo theft portal.

Energy theft scheme improvements

19,440
Industry Confirming Thefts

14,877
Detailed investigations of cases

Energy theft increases the bills of paying customers and can result in significant public safety risks. It is therefore a key Assurance priority. During the year REC Change R0173 was implemented (through associated change R0259) which introduced a significant change to the TDIS arrangements – putting in place incentive payments for Desktop Investigations linked to ETTOS Leads and all Site visits where the investigation does not result in a confirmed theft. This change is intended to continue to encourage engagement with theft investigation, to recognise both the deterrence effect of investigations that are not able to meet the evidential threshold for a confirmed theft and the effort expanded by Suppliers across diverse portfolios. The impact of this will be first quantified as part of the TDIS incentive payment published in August 2026.

Linked to this change we have also introduced additional validation procedures in relation to theft reporting – with sample-based testing of individual cases being performed to validate Suppliers are completing activities as per Code requirements, and a rolling programme to review relevant processes at sampled Suppliers.

Ongoing improvements in the address management process

The DCC, in its role as the Switching Operator, has continued to develop methods to enhance its activities related to reviewing, investigating, and correcting address quality issues and anomalies impacting Retail Energy Location (REL) addresses. The full implementation of the Batch Re-Matcher tool has significantly contributed to the Switching Operator's ability to resolve unmatched addresses more efficiently. This tool is utilised by the Switching Operator to queue unmatched REL addresses for systemic matching against historic epoch updates.

The Switching Operator is undertaking significant work to understand the composition of the unmatched REL volume, including identifying non-addressable records. This process is vital as it will help reduce the volume of unmatched addressable records and enable REC Parties to make informed prioritisation decisions. These decisions are crucial for understanding and agreeing the resources required to support the investigation and improvement of MPL addresses.

Other activities currently being undertaken by the Switching Operator to improve address management outcomes include:

- Identification and exclusion of non-operational meters based on RMP status.
- Identification of new STOP words and standardisation of non-addressable descriptors.

- Running a pilot to signpost addresses containing “Plot” and map them to the appropriate Registered Supplier.
- Flagging “reverted unmatched” records to REC Parties.

Changes R0283 and I0200 are currently being progressed and monitored by the Code Manager. R0283 aims to introduce an Address Prioritisation Matrix which, when applicable, will place obligations on REC Parties to improve address data. I0200 seeks to establish Code-level targets for address improvements and the resolution of address data issues. These changes will help ensure that a mechanism for setting targets for address data cleanse is in place and that Performance Assurance Techniques (PATs) can be utilised where appropriate.
Since R0283 has now been implemented, the Code Manager is collaborating with the Switching Operator to determine how this change will be rolled out and to establish a clear timeline for each activity required to achieve the desired outcome.

An analysis of the Risk Driver data

The REC Performance Assurance approach is risk based, with assurance activities driven by the risks to consumers and the effectiveness of the retail energy market. High or increasing risk will result in the application of one or more Performance Assurance Techniques (PATs).

1.2 billion

events analysed

2.6 million

exceptions identified

The number of PATs that we issued as part of the monthly review of Risk Driver data increased by 34% from 116 in 2024/25 to 156 in 2025/26. This is not necessarily symptomatic of an increase in systematic poor performance but instead indicates a strong and effective PAT regime. For example, for one Risk Driver we reduced the threshold at which PATs are applied to help drive the continuous improvement of performance for that Risk Driver. Additionally, there are multiple Risk Drivers where overall industry performance has improved, but the number of PATs has remained steady or increased due to the repeated poor performance of individual Suppliers.

Performance against some switching-related Risk Drivers has worsened in 2025/26, partially attributed to the general increase in the number of Switches over this period placing additional burden on systems and processes, which was compounded by the recent instability in wholesale fuel prices. This has become an area of increased focus for Performance Assurance activities that will continue into 2026/27.

The breakdown of PATs issued for these Retail Risks are as follows:

Retail Risk	2024/25 # PATs	2025/26 # PATs	% Change
Inaccurate Address Management data results in errors that impact consumers.	17	22	29%

Delayed Switches provides a negative consumer experience of the energy market.	60	76	27%
Inaccurate data or data that is not maintained appropriately **leads to a delay in the Switching process**.	24	8	-67%
Erroneous Switches occur, which result in a negative consumer experience of the energy market.	15	50	233%

The increase in PATs issued for the Risk Driver on **Inaccurate Address Management** is entirely driven by the increase in the number of PATs issued for Risk Driver 6.2 (Supplier unable to updated MPL Address promptly), which has increased from 4 to 9 in the current year. These 9 PATs are spread across 3 Suppliers, with each of them are hovering around the threshold for this Risk Driver. We have had success in applying Action Plan PATs to 2 Parties that had significantly poor performance against related Risk Driver 6.1 (DNO unable to update MPL Address promptly), and both Parties are now under threshold for that Risk Driver. If Supplier performance against Risk Driver 6.2 does deteriorate further, we will look to issue similar Action Plans.

The increase in PATs issued for the Risk Driver on **Delayed Switches** is almost entirely driven by a rise in PATs against Risk Driver 8.9 (High Objection Rate with CoO), which has increased from 20 in the previous year to 33 in the current year. While the average Risk Driver score across the industry has remained broadly stable, this increase in the number of PATs reflects the repeated application of PATs to a smaller number of Parties as they continue to adjust to the requirements introduced through R0155.

The decrease in PATs issued for the Risk Driver on **Inaccurate data leads to a delay in the Switching process** is wholly attributable to Risk Driver 10.3 (Data quality issues preventing Switching). This reflects both improved familiarity with the CSS architecture and processes, as well as the continued focus placed on this area as a Performance Assurance priority. The application of PATs has been targeted and effective, driving greater engagement from Parties and contributing to improved Switching processes around data quality.

The significant increase in PATs for the Risk Driver on **Erroneous Switches** is not primarily driven by worsening performance, but rather by targeted interventions and changes in approach to specific Risk Drivers. For Risk Driver 12.3 (Inappropriate use of the Annulments process), the introduction of a lower threshold has resulted in an increase from 0 to 8 PATs year-on-year; this threshold change was to enable the Performance Assurance team to gather more information from Parties and monitor their performance in advance of the implementation of R0287 which clarified the Annulments process. The rise in Risk Driver 12.7 (Re-Registration delay following ES resolution), from 1 to 15 PATs, is largely attributable to a known issue with Parties not sending NOSI flows which feed into the Risk Driver scores; this issue is being investigated as part of the Erroneous Switching Working Group, and

industry performance against this Risk Driver has significantly improved in recent months. Separately, Risk Driver 12.4 (Inappropriate use of the Withdrawal process) has increased from 1 to 12 PATs, all of which are concentrated on 3 Suppliers; the scores for 2 of these Suppliers are trending positively, while the third has provided evidence that its processes remain compliant with the Code.

Next year will see the introduction of a new, outcome-focused Performance Assurance Strategy co-designed between RECCo and the PAB; the intention of these changes are to build on the strong existing analysis of Risk Driver performance and to further strengthen links between identified risks, assurance activity, and market outcomes.

Changes relevant to the service levels or resolving known performance issues

During the period there were 59 changes made to the REC. These vary widely in scope, with thirteen highly relevant to the Performance Assurance.

- Eight which improved Performance Assurance or metering accreditation processes. These included updates to enable monitoring of MHHS, improvements to TDIS processes, enhancements to security assurance of CSS and improvements to the Address Management plan to create a clear set of assurance activities.
- Two which made important changes to switching processes to protect consumers which were identified through the Performance Assurance process. These related to improvements to non-domestic change of occupier processes, which was in part initiated through Performance Assurance related engagement, as well as clarifications to the annulment definition which followed an investigation relating to the use of annulments by one large Energy Supplier.
- One which clarified Service Provider SLAs, to align them better with User expectations.
- Two which created the facility to better tackle instances of missing messages or inconsistent industry data, enabling issues identified by Performance Assurance to be resolved more quickly in future.

Further change is in progress which has been initiated through the identification of the root causes of issues through Performance Assurance, most notably in relation to gas metering data, an area where work on multiple fronts is required to tackle this challenge.

Risk III: Customer interests and data are not protected in the operation of the REC.

Work to tackle the underperformance of Tomato Energy

In 2024/25 we identified risks to both consumers and market participants as a result of the performance of Tomato Energy. This was only possible through the structured, data led approach taken under the REC, designed to respond to a really dynamic retail market. Entering 2025/26 PAB had already prevented the acquisition of any further customers until Tomato Energy had demonstrated they could meet the standards of the REC, resulting in Tomato Energy clearing message backlogs and significantly improving their erroneous switch and switch meter read processes. Following this improvement, issues arose in other parts of energy system, which meant Tomato faced further sanctions, including a Provisional Order issued by Ofgem and sanctions under the BSC.

Coordination across the industry was key to managing these performance issues before they caused further harm. Reflecting upon the process, PAB identified ways to better coordinate across these bodies, resulting in a deep dive to improve cross Code coordination, enhancing Code governance and the ability to deal with complex situations.

Resulting data issues

DNOs provide ERDS which contains critical meter point level data used across the industry, including in the switching process. DNOs work across many Energy Codes, including Distribution Connection and Use of System Agreement (DCUSA) which includes how DNOs charge Suppliers for the use of their networks. Following the default by a Supplier on payment of these charges, DNOs can prevent specific Suppliers from registering new customers in their operational area. A DNO exercised this right in January 2025, when Tomato Energy had failed to pay relevant charges. The sequence of events resulted in approximately 1000 customers which had switched to Tomato Energy being rejected in ERDS. This required remediation activity, coordinated by the PAB, between the DNO and DCC to resolve the individual cases and realign these key systems, without causing further disruption to customers, or their future Suppliers.

1,000

Customers able to switch through the resolution of this data issue

Work by the PAB to manage the impacts of two Supplier of Last Resort events

The PAB played a proactive and structured role in managing the impacts of recent Supplier of Last Resort (SoLR) events. Two Suppliers, Rebel Energy in April 2025 and Tomato Energy in November 2025, entered the SoLR process this year; in both cases British Gas was appointed as the receiving Supplier. These events marked the first SoLR activity since February 2022, presenting an opportunity to apply the lessons learned from previous SoLRs.

95,000

Domestic customers affected

10,000

Non-domestic customers affected

During both SoLR events, PAB and the Code Manager worked closely with British Gas to support the fulfilment of its obligations to Register the MPANs from the failed Suppliers. This included ensuring the continuity of REC Services, facilitating access to relevant data, and maintaining a proportionate and balanced approach to Performance Assurance during the transition. We also considered the wider impact on REC processes, such as how these SoLRs would impact TDIS targets and activities. Additionally, we facilitated the engagement with other Parties where needed, including by reminding Metering Equipment Managers of their obligations around appointment timeframes. These activities were supported by the establishment of a SoLR Response Team to coordinate activities and address emerging issues in real time via daily calls.

One notable issue during the Rebel Energy SoLR was that other Parties were relying on the testing completed by Rebel Energy and their Service Providers to support their own MHHS Qualification. PAB therefore approved a derogation to not suspend Rebel Energy's CSS Certificates until this testing could be completed by other Parties, ensuring that the transition to the MHHS arrangements would not be unnecessarily delayed. This decision was undertaken with due consideration of risk and proportionality and demonstrated PAB's ability to apply pragmatic decision-making while maintaining the integrity of the Code and the Performance Assurance Framework.

Following the wave of SoLRs in 2021–2022, the Code Manager undertook a comprehensive review of SoLR-related processes. This resulted in updates to Local Working Instructions to enhance clarity and responsiveness, and also updates to PAB Procedures to ensure that a proportionate Performance Assurance approach would be taken to support Parties involved in the SoLR whilst also holding them to their obligations under the REC. In light of the 2025 SoLR events, a further review is now underway to ensure that arrangements remain fit for purpose and continue to support an evolving market landscape. Specifically, the SoLR Working Group has been convened to consider further improvements arising from these recent experiences. Key areas of focus include identifying what additional support would be most beneficial for Suppliers during SoLR events, improving the efficiency of REC Services transfers, and enhancing the provision and quality of data.

These SoLR events also have a wider impact on PAB activities, such as over resolving the misalignment between CSS and EES data and may also have impacts on end consumers such as over switching and billing. PAB and the Code Manager will therefore continue to act swiftly during SoLR Events and support through continuous improvement in SoLR process preparedness and execution.

Progress of the voice of the consumer

Previously reported to the Board as a key priority, the Assurance and Change teams worked closely with Parties to develop a voice of the consumer, a direct survey of Consumers linked directly to consumer outcomes in the REC. This intended to help improve performance for consumers, as well as reform the Smart Meter Installation Survey. Following the changes to the future assurance strategy, work on this has been paused but will progress further, aligned to consumer outcome measurement.

Forward looking work, to establish assurance coverage over tariff interoperability

The Tariff Interoperability (TI) arrangement, led by the Department for Energy Security and Net Zero (DESNZ) in partnership with RECCo, will facilitate the provision of Tariff Pricing Data to TI Users and Customer-Specific Tariff Information to Registered Tariff Interoperability (RTI) Users. Consultation on this arrangement took take place between November 2025 and January 2026, with changes to the Retail Energy Code (REC) expected in Q2 2026. The Code Manager has provided support to RECCo in developing the performance assurance framework, which will ensure continuous monitoring and validation of data integrity, system performance, and compliance across all market participants involved in the Tariff Interoperability arrangement.

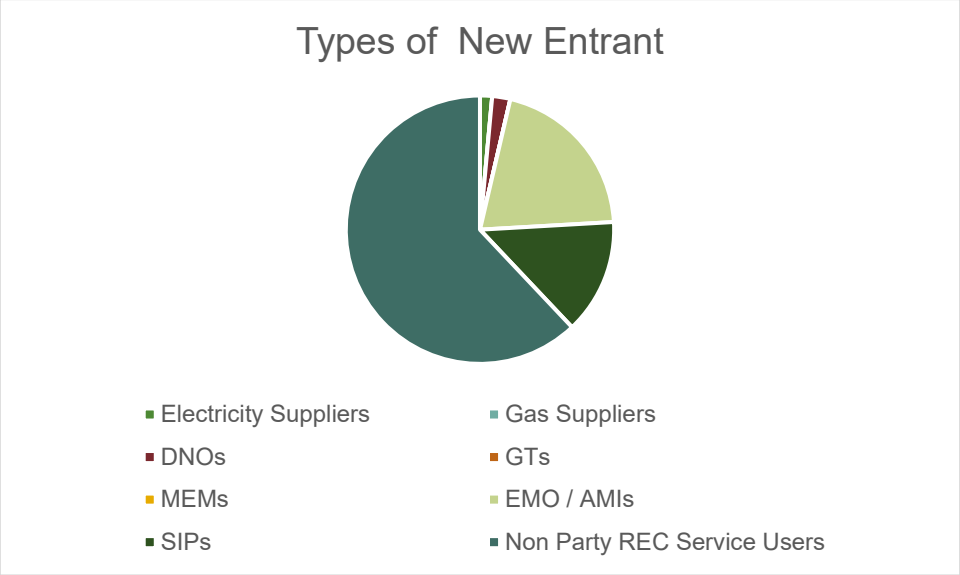
Key assurance strategies proposed to support the Tariff Interoperability arrangement include:

- **REC Code Manager Monitoring Tool:** Utilising this tool (which sends daily API messages to Suppliers), the Code Manager will be able to validate that the system is compliant and operational.
- **Monthly Reporting:** TI Energy Suppliers will be required to provide monthly reports against metrics related to areas such as data availability and response time.
- **Annual Statement (Maintenance of Qualification):** Suppliers will be required to confirm compliance with the overall TI arrangements annually.

Qualification and Maintenance

A key way the Code Manager protects consumers is through providing a Qualification service that only lets organisations access REC data, or undertake REC processes, when they can demonstrate that they are capable of doing so. This varies by role, but includes a combination of information

security, data protection, business process and technology assessments. Consistent with previous years, there continues to be a high demand for access to REC Services, with an increasing variety of use cases and organisation types. 137 businesses sought a new REC qualification, which we've summarised below:



Further new Suppliers and DNOs are in the process of gaining a qualification, which is a strong sign of a health market, which should result in innovation that improves the market for consumers.

Each qualified organisation has a level of ongoing maintenance required depending on the level of risk they pose. For simpler organisations this involves annual management assertions, including an information security and data protection assertion, but for organisations processing sensitive data it can involve a more detailed assessment. 133 of these assessments were performed during the year, protecting customers data, as well as the reputation of the energy industry.

Risk IV: The REC does not evolve to drive continuous improvements and efficiencies.

Sandbox and Derogation requests

Sandbox trials and derogations provide flexibility within the REC, intended to facilitate innovation, as well as allowing the REC arrangements to adjust for unforeseen circumstances. PAB has overseen:



Whilst each of these is important, we would highlight the following three matters:

1. Two robotics related trials, which reflect moving user expectations to allow SDEP users the ability to use modern IT techniques. These have been combined and will allow a wider set of Parties to be involved in the trial, starting from November 2026.
2. Multiple requests for the transfer of sealing pliers, most commonly in relation to business reorganisation where the same individuals will use these pliers. These indicate a need to update this rule in particular, as well as identify whether modernisation of the sealing pliers approach is needed.
3. The ending of a broad derogation provided to metering Parties, which was closed in November 2025 following the rectification of issues identified with the Consolidated Metering Code of Practice.

The PAB has also improved monitoring through more regular and structured reporting, increasing its visibility and oversight of this activity.

Work to assess the impacts of continuous improvements in the form of R0155 (Change of Occupier: Evidentiary Standards and Timescales)

A key challenge identified across various initiatives under the REC is the frequent failure to realise the intended benefits of implemented changes, despite substantial preparatory efforts by all involved Parties, including additional staffing, process modifications, and policy updates. Often, the benefits derived do not justify the costs incurred. To address this, a deep dive was initiated into R0155, a complex change focused on introducing evidentiary standards and timeframes for processing change of occupier

3,000

businesses attempt to switch as new occupier in an average month.

(COT) requests for non-domestic consumers. This specific change was selected to thoroughly assess its effectiveness and the broader implications for future change management.

Our deep dive into R0155 encompasses a comprehensive assessment of the change process itself, including the preparations undertaken and the communication strategies employed. We are also evaluating the impact of the change by analysing whether there has been an improvement in the number of rejected versus accepted requests, alongside a review of the processing times for these requests. Furthermore, we are gathering sentiment from both consumer groups and Suppliers to gain a holistic understanding of the change's reception and effectiveness, and we have recently sent a survey to Parties to capture this feedback.

Our initial review of the reporting data submitted by Parties, which will be updated to reflect more recent submissions, did not indicate a significant increase in the number of approved CoOs. The rate of approved CoOs between Parties also varied significantly, with rates ranging widely from 25% to 100% of total requests received. While this data indicated that the median time to resolve a CoO has reportedly decreased from 18 days to 6 days following the introduction of R0155, some Suppliers continue to operate significantly above the timeframes specified within the REC. Despite these mixed quantitative results, qualitative feedback gathered during Supplier PA Check-Ins has been largely positive. Suppliers have noted increased clarity within the Code as a direct result of R0155 and have praised its targeted approach in addressing a specific pain point related to evidence standards and resolution times, rather than implementing broad, sweeping changes. This focused approach has been highlighted as contributing to a more positive overall impact.

CoMCoP Improvements

In November 2025 R0152 went live, a change to resolve the pervasive inconsistencies introduced by this Code of Practice. This meant the safety requirements established in this Code of Practice were once again enforceable, resulting in much better governance of electricity and gas metering works. In parallel to this change going live RECCo also enhanced the methodology for metering assurance. This made the assessments easier for Parties, as well as reducing the level of back and forth between the metering auditors and Parties, where the Party had not understood the information they needed to provide.

172

CoMCoP site audits

151

Desktop audits completed by the metering auditor

This improvement has been coordinated with tightening of investigations into metering providers' activities. These include responding to whistleblowing events, that resulted in substantiating that the Party was meeting their obligations, as well as identifying evidence to remove metering accreditation in two cases where performance did not meet the standards expected.

CR Improvement Plan

The CRS Improvement Plan, a collaborative initiative between DCC and RECCo, has driven significant improvements within the switching process, ultimately benefiting market participants. As of February 2026, DCC and RECCo reported progress across several key workstreams, laying a robust foundation for future operational efficiency and data quality.

The plan has focused on critical areas, delivering targeted enhancements and measurable outcomes:

- **Address Management:** A significant achievement has been the enhanced industry engagement and collaboration, facilitated through dedicated workshops and the detailed analysis of the 'unmatched pot' has been integrated into the Address Quality Plan (AQP) for FY 2026/27.
- **Change Management:** The introduction of a new Small Change Process and improved formal change procedures has enhanced efficiency, reducing costs and time, and ensuring that system changes better meet user requirements.
- **Incident Management:** Comprehensive requirements have been developed for a suite of improvements, including automated routing and new incident templates and categories.

These collective improvements contribute to a more efficient, transparent, and cost-effective switching environment. The plan's aim to enhance data quality, streamline operational processes, and improve overall market participant experience. Key initiatives, such as automated routing, will continue to be delivered into FY 2026/27. It therefore remains essential for delivery of the plan to continue to be tracked and benefits measured.

Risk V: Process Change through MHHS directly impacts REC systems and processes

MHHS arrangements drive huge change in electricity settlement arrangements, which in turn unlock significant innovation and change in the retail sector. Several coordinated assurance activities have been established to support its successful delivery.

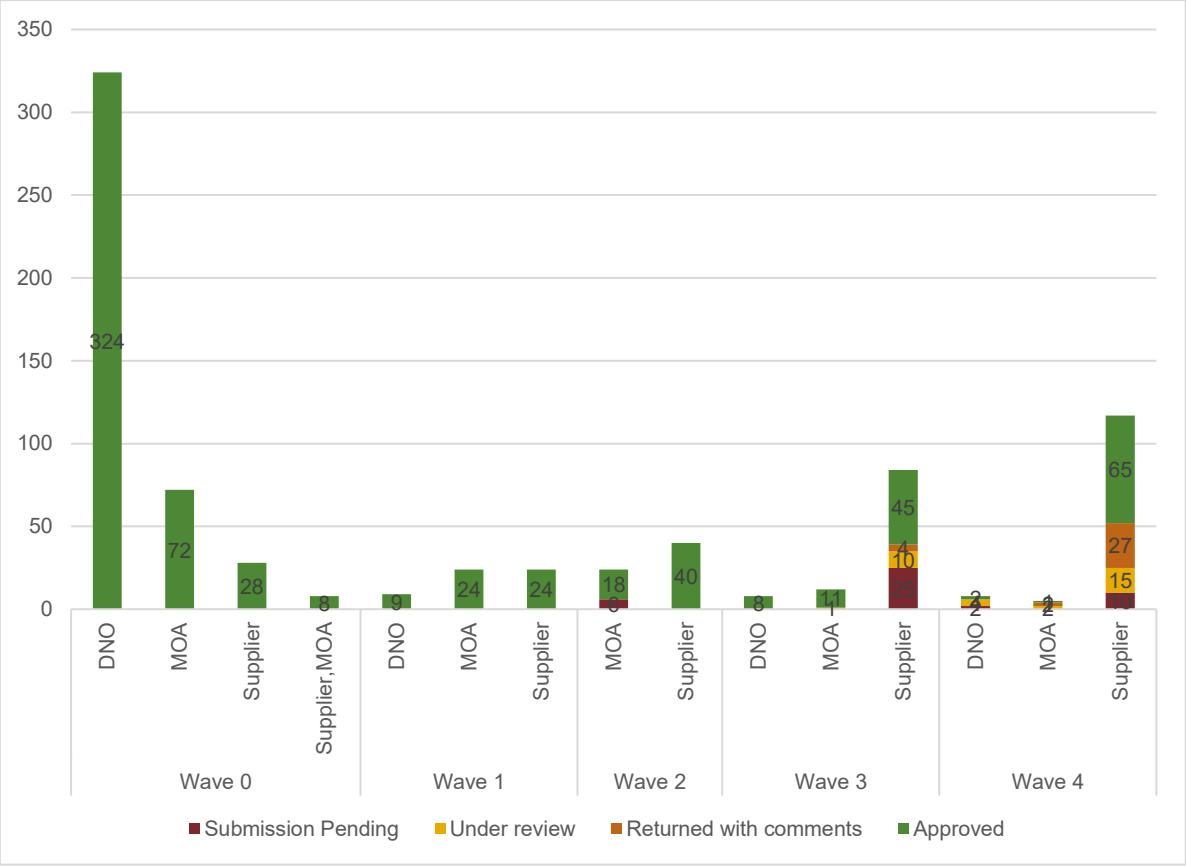
Data readiness

Parties and the Code Manager have been making preparations for MHHS go live for several years. One element of this was cleansing data within the existing Code requirements to simplify MHHS go live. This data has been within both the scope of the REC and BSC, with the REC data subject to data cleanse. In advance of the programme we have helped Parties cleanse ESME ID, locations recorded as energised, but without a recorded meter and those with invalid elements of the Supply number, referred to as invalid topline. This work aims to enable a smoother go live, and coordinate with data cleanse activities the MHHS programme have delivered.

MHHS Qualification

To simplify the assurance needed to oversee Parties making such a significant change, Elexon and REC have collaborated to deliver a single qualification approach. The Code Manager approved the MHHS Qualification of 54 REC Party-Roles prior to the relevant M10 and M11 milestones, including 36 DNOs, 6 Suppliers, 6 Advanced MOAs, and 6 Smart MOAs.

Parties need to submit information to us in the form of a Qualification Assessment Document, which is split into sections. To monitor the progress of Parties through this process, we monitor the completion of each section. We have set out below the progress of each application type through the MHHS Qualification process, as of 06 May 2026:



Applicants in the current process

All Wave 0 and Wave 1 REC Parties have successfully now been Qualified.

The current status of progress is:

- **Waves 0 and 1** – all Parties in these waves have successfully Qualified.
- **Wave 2** – Is on track with 7 participants now Qualified. 18 Final QADs have been approved, and 1 participant has withdrawn from MHHS Qualification.
- **Wave 3** – All Initial QADs have been received and 24 of 31 approved. 7 participants are working through their Initial QAD comments and are resubmitting sections for review, which.
- **Wave 4** – Is the largest Qualification Wave, with all Initial QADs now received and 17 of 43 having been approved. Final QAD window closes on 24 July 2026.

Migration

The goal of the MHHS Migration phase is to migrate MPANs across the UK to the new settlement arrangements fairly without adversely impacting the industry or consumers. This phase is complex and is the most critical time for assurance activity since the Faster and More Reliable Switching go-live in July 2022. By M14 (28 October 2026), MPANs cannot be moved back into the Non-Half-Hourly (NHH) regime on Change of Supplier. Any Suppliers who have not put these arrangements in place will not be able to take on new customers via sanctions applied under the BSC.

7.5 million

MPANs migrated by Parties who met the REC and BSC MHHS qualification standards

As of 1 May 2026, a total of 7.5 million migrations (20%) of all MPANs have been completed. Migration volumes are currently tracking behind plan with underperformance due to localised issues experienced by a few Suppliers. The shortfall is expected to be caught up in future sprints and does not currently pose a risk to key programme milestones, when all Suppliers must have migrated all MPANs into the new MHHS arrangements.

Live operation

For those organisations operating within new MHHS arrangements changes how they need to complete key REC processes, with new messages and a new messaging platform the Data Integration Platform (DIP). It also changes when, with a critical change being that several processes need to complete faster, and therefore Parties need to act faster. We have been overseeing live operation, through monitoring of DIP data. Whilst there have been some Parties who have flagged practical concerns about meeting their requirements, for example providing meter technical details promptly when it can be challenging for them to access them themselves, overall performance to date has been good.

Looking forwards, we anticipate that as the final wave of 43 Parties qualify and the programme heads towards completion that there is most likely to be issues that arise with performance. These are most likely to include data issues causing migration challenges, or issues meeting the new timelines. Monitoring is in place to enable effective oversight and coordination through the autumn and winter to prepare to address any challenges that may arise.

Performance Assurance Board (PAB) Self Assessment

In March 2026, the Code Manager held an interactive session for PAB Members to reflect on its role in its key annual communication with the Board, including ways in which it could be enhanced currently and as part of the Code reform. The outcome of that session is detailed below.

Key Strengths of the PAB:

PAB Members agreed that they effectively focus their attention on the most critical areas pertinent at any given time. Discussions are maintained at an appropriate level, avoiding both triviality and excessive detail so that the monthly meetings are used effectively. PAB Members demonstrate an appropriate balance between offering constructive feedback and maintaining a firm stance when necessary, enabling constructive discussions and decisions. The PAB benefits from a broad range of expertise among its members, from industry representatives, and representatives from other Code and regulatory bodies to independent members, which enables representation across the various aspects of the industry. They further agreed that the PAB is characterised by its ability to act swiftly and make decisive decisions, for example acting to resolve data issues that were caused by the non-payment of industry charges, which then resulted in data issues affecting multiple organisations. Transparency within the Board's operations has notably improved in recent years, with an increase in papers becoming white and available to the public without redactions. The PAB will continue to maintain anonymity of Parties where appropriate, for example during investigations which may result in the Party being found to have met its obligations.

Areas to be enhanced:

PAB Members identified the following potential enhancements:

- A review of membership following the RECCo transition in September 2026, as well as in anticipation of Code Reform.
- Following the Central Registration Service (CRS) transfer decision, greater involvement in PAB procedures of the Data Communications Company (DCC), given its important role in switching.
- A clearer process for delegation and decision-making, explicitly defining what gets decided and by whom to avoid confusion and delays, and help support decisive decision making.
- Enhancing opportunities for contributions during meetings would not only enrich discussions with a more holistic perspective but also help to foster an environment where all voices feel comfortable contributing.

- There is a desire amongst Members for greater insight into the day-to-day state of the market, rather than solely focusing on key events, to include ongoing trends and insights, such as the recent presentation and discussion surrounding the Energy Price Shock and Impact on the Retail Market.

Areas where PAB views the level of involvement is too great, and the Code Manager should take a greater role:

The PAB identified the following areas to delegate to the Code Manager so the Board could focus on more strategic matters:

- Decisions related to granting access to REC Services, including decisions related to new use cases or forms of access.
- Decisions on the transfer of Sealing Pliers, where multiple derogations had been sought, indicating a need for enhancement of the obligations in the Code.



To find out more please contact:
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RETAIL ENERGY CODE