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Reference	RECPAB_26_2909_08_ - PAB DEROGATION REPORT – EXEMPTION TI ENERGY SUPPLIER MESSAGE RETRY REQUIREMENTS
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Retail Energy Code Performance Assurance Board Paper

PAB DEROGATION REPORT – EXEMPTION TI ENERGY SUPPLIER MESSAGE RETRY REQUIREMENTS

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Reviewed by: Kat Higby, Assurance Integration Lead, RECCo

For Decision	This paper sets out a report to the PAB on a Derogation Application received on 3 September 2026 from RECCo. The Derogation relates to the message retry requirements within Schedule 35. Specifically, the Tariff Interoperability (TI) Arrangements are not compatible with the RESTful API design adopted for Phase 1a. The supplier-side retry obligations in paragraphs 2.9(c) and 2.16 are not technically applicable and were inadvertently retained in the Phase 1a drafting, therefore this Derogation aims to exempt TI Energy Suppliers from this retry obligation until February/March 2027 when Phase 1b is introduced into REC Schedule 35. The Code Manager recommends that the REC Performance Assurance Board (PAB): • **APPROVE** the aspects of the derogation as set out below, including the timescales and recommended conditions.
Appendices	RECPAB_26_2909_08_A_ -Tariff Interoperability Arrangements _Schedule 35 - Tariff Interoperability Arrangements

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1.1 Background

On 3 September 2026, RECCo raised a Derogation request for all Tariff Interoperability (TI) Energy Suppliers to be exempt from testing and implementing the TI message retry requirements.

The REC Code Manager has identified that the message retry requirements within Schedule 35 of the TI Arrangements are not compatible with the RESTful API design adopted for Phase 1a. Under the current API model, a TI User submits a request and either receives the requested data or an error response, with no mechanism for the TI Energy Supplier to verify whether the response was successfully received. As a result, the supplier-side retry obligations in paragraphs 2.9(c) and 2.16 are not technically applicable and were inadvertently retained in the Phase 1a drafting.

To provide urgent clarity to Suppliers currently building and testing their solutions ahead of the February 2027 implementation, a Derogation is being sought for all TI Energy Suppliers to disapply the supplier retry requirements, while retaining the expectation on TI Users to apply their own retry strategy before raising a query. The Derogation is requested to be in place until Phase 1b is implemented into REC Schedule 35, currently estimated for February/March 2027, which will include the required update to the Phase 1a TI Energy Supplier requirements.

This Derogation will reduce confusion for TI Energy Suppliers and TI Users and avoid this leading to a delay in Phase 1a go-live.

1.2 Derogation Summary

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

	DEROGATION DETAILS
Summary of the issue	The Code Manager has identified an issue with the RESTful API design for certain TI data requests under Schedule 35. The current design does not support the message retry requirements placed on TI Energy Suppliers in paragraph 2.9(c) and paragraph 2.16. The affected interactions are: • A TI User requests a list of Tariff IDs from a TI Energy Supplier, and the Supplier returns the applicable Tariff IDs. • A TI User requests the details for a specific Tariff ID, and the TI Energy Supplier returns the associated tariff information. For both interactions, the TI User sends a request and either: • Receives a successful HTTP 200 response containing the requested data; or • Receives an HTTP error response, as defined in the TI API Technical Specification. The API design does not require the TI Energy Supplier to confirm that the TI User has successfully received a response. Instead, the response is assumed to have been delivered. If a TI User does not receive the information requested, they can either submit the request again or raise a query with the TI Energy Supplier. Schedule 35 paragraph 3.2(c) already expects TI Users to apply a retry approach before raising a query. However, Schedule 35 currently assumes that TI Energy Suppliers must also operate a retry process for all TI API messages they send, including responses to the requests described above. While this requirement was included in the November 2025 consultation on the TI Arrangements, the subsequent phased delivery approach means these Supplier retry requirements are not needed for TI Phase 1a, which is scheduled for implementation in February 2027. We have since identified that these provisions were unintentionally retained in the Phase 1a drafting. As TI Energy Suppliers are already undertaking build and testing activities for Phase 1a, it is important to clarify this position as soon as possible.

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Summary of the proposed Derogation and impacted REC obligations	A Derogation is requested to exempt the TI Energy Supplier message retry requirements in Schedule 35 paragraphs 2.9(c) and 2.16, as these provisions were included in error and are incompatible with the RESTful API design adopted for Tariff Interoperability. Approval of the Derogation will provide timely clarity to TI Energy Suppliers on their Phase 1a obligations, enabling them to complete system build and testing activities during Q4 2026 and remain on track for the February 2027 go-live. Although alternative options, such as a REC Change or Government intervention, were considered, a Derogation is viewed as the quickest and most effective way to provide certainty to industry. Subject to approval and PAB support, the Schedule 35 legal text would later be formally corrected through the changes that are being progressed to implement TI Phase 1b, with supporting communications and industry engagement used to mitigate any risk arising from the REC text remaining unchanged in the interim.
Related Derogations or applications	N/A
Impacted REC Parties and Service Providers	All TI Energy Suppliers. This Derogation will also reduce confusion for TI Users on the operation of the TI Arrangements. The Derogation will also reduce the risk that TI Energy Suppliers are not ready for TI Phase 1a go-live on 18 February 2027.
Legal advice obtained in relation to the application	N/A
Technical advice obtained in relation to the application	No technical impact has been identified
Length of the Derogation	Until Phase 1b is implemented into the REC allowing for the Remove TI Energy Supplier message retry requirements (est. Feb/March 2027).
Conditions to any Derogation	RECCo/Code Manager will communicate the Derogation to all affected TI Energy Suppliers and TI Users, update relevant implementation/testing guidance, and obtain confirmation through Supplier engagement that obligated Suppliers understand the interim position impacts, reporting to PAB on a quarterly basis.
Ofgem consent	Department for Energy Security and Net Zero (DESNZ) is leading the development of the TI arrangements in partnership with RECCo. DESNZ has been kept informed of the actioning of this Derogation and is supportive of the solution.

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1.3 Impact and Risk Rating

This risk assessment is assigned by scoring the **likelihood and impact** of risks across five key areas: consumer, market, cross-code, operational and compliance impacts. The combined score, together with Code Manager judgement and consideration of mitigations, determines an overall **Green, Amber or Red** rating, which informs the approval decision, conditions and monitoring requirements.

Without this Derogation, it is likely that Suppliers will design/build against conflicting requirements, leading to inconsistent implementation, unnecessary development, testing uncertainty, and ultimately risk to Feb 2027 readiness.

This could increase costs, delay customers realising the benefits of bill reductions and could lower take-up and overall confidence in the proposals, reducing the overall Net Zero benefits.

With these impacts taken into account the Code Manager gives this derogation a Risk Rating (2).

	SEVERITY				
Impact/Probability	1 - Very Unlikely	2 - Unlikely	3 - Possible	4 - Likely	5 - Very Likely
1 - Negligible	1 - Low	2 - Low	3 - Low	4 - Low	5 - Low
2 - Minor	2 - Low	4 - Low	6 - Moderate	8 - Moderate	10 - Moderate
3 - Moderate	3 - Low	6 - Moderate	9 - Moderate	12 - Moderate	15 - High
4 - Significant	4 - Low	8 - Moderate	12 - Moderate	16 - High	20 - Critical
5 - Severe	5 - Low	10 - Moderate	15 - High	20 - Critical	25 - Critical

1.4 Recommendation

Based on the information provided by the applicant and the assessment undertaken by the Code Manager, the following recommendation is made for the PAB's consideration.

To provide clarity for TI Users and TI Energy Suppliers, and to minimise the risk of delays to the TI Phase 1a implementation resulting from the inadvertent retention of Schedule 35 paragraphs 2.9(c) and 2.16, the Code Manager recommends that the Derogation request is **APPROVED** until the relevant amendments can be incorporated into Schedule 35 as part of TI Phase 1b.

The Code Manager considers that approving the Derogation will have minimal, if any, negative impact on Service Providers or other stakeholders. Instead, it will provide timely clarity on the obligations of TI Energy Suppliers and support a consistent approach to implementation.

Should the Derogation be approved, the decision will be clearly communicated to all TI Users and TI Energy Suppliers through an appropriate communications and stakeholder engagement plan.

REC PAB Decision
The Code Manager recommends REC PAB to: • **APPROVE** the aspects of the Derogation as set out above, including the timescales and recommended conditions.

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