



Our 2024-25 *Budget*



Foreword to the 2024-25 Budget



Brian O'Shea
Chief Financial Officer

Brian O'Shea

RECCo is the corporate vehicle for ensuring the proper, effective, and efficient implementation and ongoing management of the Retail Energy Code (REC). We are cognisant that we are spending industry and consumers' money, and we have an obligation to deliver secure, scalable, adaptable services which are economical, efficient and meet REC Service users' needs.

The REC requires the Board to prepare a strategy setting out the key activities which RECCo expects to carry out in the coming year. The strategy is prepared based on the functions and duties assigned under the REC and other activities considered by the Board to further REC Objectives.

The Board consider that all activities set out in this Budget will further REC Objectives, particularly ensuring customer interests are protected and continuous improvements and efficiencies are driven in the operation of the REC and its central systems and communication infrastructures.

We adopt a bottom-up approach to developing the Budget, which is subject to review by the internal Executive team and Finance and Audit committee prior to Board approval. This process ensures cost allowances are meaningful and justifiable.

Our full suite of services have been live since Summer 2022. They meet the majority of stakeholders' needs with a commendable level of service whilst employing a new model for code management. However, we have identified improvement areas through stakeholder feedback, input from Ofgem, data-driven evidence, and, crucially, engagement and collaboration with our service providers. This includes REC change management and performance assurance, better engagement with REC Parties and improvements in our technology and data estate. In 2024-25, we will address those areas utilising all available contractual soft and hard levers, and we will invest in change where necessary.

In Summer 2023, Ofgem confirmed its intention to consult on the potential separation of the Central Registration Services ('CRS') from the Smart Communication Licence, with an option to transfer responsibility fully to RECCo. The Board consider this would further the REC Objectives. In Q1 2024, Ofgem asked RECCo to consider this. To meet this we have included a modest project allowance (<1% of our total budget) which the Board consider to be a reasonable estimate. We will deliver our enduring obligations for Market-wide Half-Hourly Settlement (MHHS), new regulatory initiatives

(e.g. Code Reform), and further develop our role in supporting the industry to address energy theft. In 2024, the completion of the next phase of the future Code Manager services and Enquiry Services projects will inform our procurement decisions. For the Code Manager services, we will review and, where appropriate, re-package current and emerging activities, leading to competitive procurement before 2027. We will give the incumbent Gas and Electricity Enquiry Service providers the opportunity to provide compelling commercial proposals to renew contracts. The current contracts allow sufficient time to procure should such proposals not be forthcoming.

We have agreed a mechanism which allows us to review costs in-year alongside a transparent Central Switching Service (CSS) budget-setting process, which provides the opportunity for constructive scrutiny and challenge. This has reduced future costs.

To achieve its objectives, RECCo must be a right-sized, expert organisation, consisting of employees with a deep understanding and knowledge of REC Services. This enables internal knowledge development and retention and reduces our reliance on consultants and contractors. and

Foreword to the 2024-25 Budget

REC Services. This enables internal knowledge development, retention, and reduces our reliance on bought-in services from contractors and consultants.

Our resource capacity for 2024-25 is expected to grow moderately. This is driven by economic factors (recruitment of employees rather than reliance on contractors), increased delivery obligations (e.g. Prepayment Levelisation Scheme, subject to confirmation following Ofgem statutory consultation), and an evolving understanding of the resources needed to drive value from our service providers.

In summary, our 2024-25 Budget reflects:

- Focusing internal resource capability on addressing service areas which require improvement;
- Increased service delivery obligations;
- Delivery of key programmes to meet REC Service users' current and future needs as well as acting on direction from Ofgem; and
- Enhanced internal capacity and capability.

We are happy to report that we have successfully reduced our 2024- 25 Budget to £53.05m, a 5% decrease of £2.5 million from the expected costs for that year. Our achievement is a result of our continued focus on providing core services, securing cost reductions in service provision through active supplier management, and delivering key projects while working closely with our service providers to ensure value.

To provide REC Parties with early sight of longer-term costs we have provided indicative values for years 2 and 3. In 2025-26, the costs increase due to the timing of the Code Manager services procurement and then reduce in the subsequent year. To address key feedback from REC Parties, we have developed a plan which will deliver significant investment in our digital services over the coming 3 years. These investment costs are indicative and will be validated as part of our market testing activities in 2024-25.

You are invited to [join our stakeholder event](#) on 28th February 2024, where we will present the Budget and answer questions. If you have any questions in advance of that event, please do not hesitate to email Brian O'Shea at brian@retailenergycode.co.uk.



Our Process

Budget consultation process

The Retail Energy Code (REC) requires the REC Board to consult on its proposed strategy including indicative costs for key activities. On 15th January 2024, the REC Board published its draft Strategy & Forward Work Plan for 2024-2027, and associated 3-year financial projections for consultation. The Board invited comments by 5th February 2024.

We received one response from DCC, which in part related to the Strategy – DCC performance improvement and CRS Transfer – and in part did not – the application of the Switching Incentive Regime. The Board have fully considered the comments and assessed them against their obligation to further REC Objectives. The Board consider that the allowances are required to further the REC Objectives. Furthermore, they believe that the approach set out in the Budget for DCC performance improvement is fair and reasonable, and aligns with their policy of holding service providers accountable for performance and driving continuous improvement. In addition, the Board believe that the project allowance included for CRS Transfer meets the objective of protecting customers’ interests and is a reasonable estimate, representing <1% of the total. The allowance is needed for RECCo to consider the possible transfer of CRS responsibility and for RECCo and DCC to work collaboratively with Ofgem to deliver the best outcomes for

consumers and industry.

This Budget is published to ensure transparency to REC Parties and service users. REC Parties are able to appeal the Board’s decision to approve the budget to the Authority (Ofgem). Any appeal must be specific to one or more individual cost items – not to the budget as a whole – and must be submitted within ten working days of publication, no later than 6th March 2023.

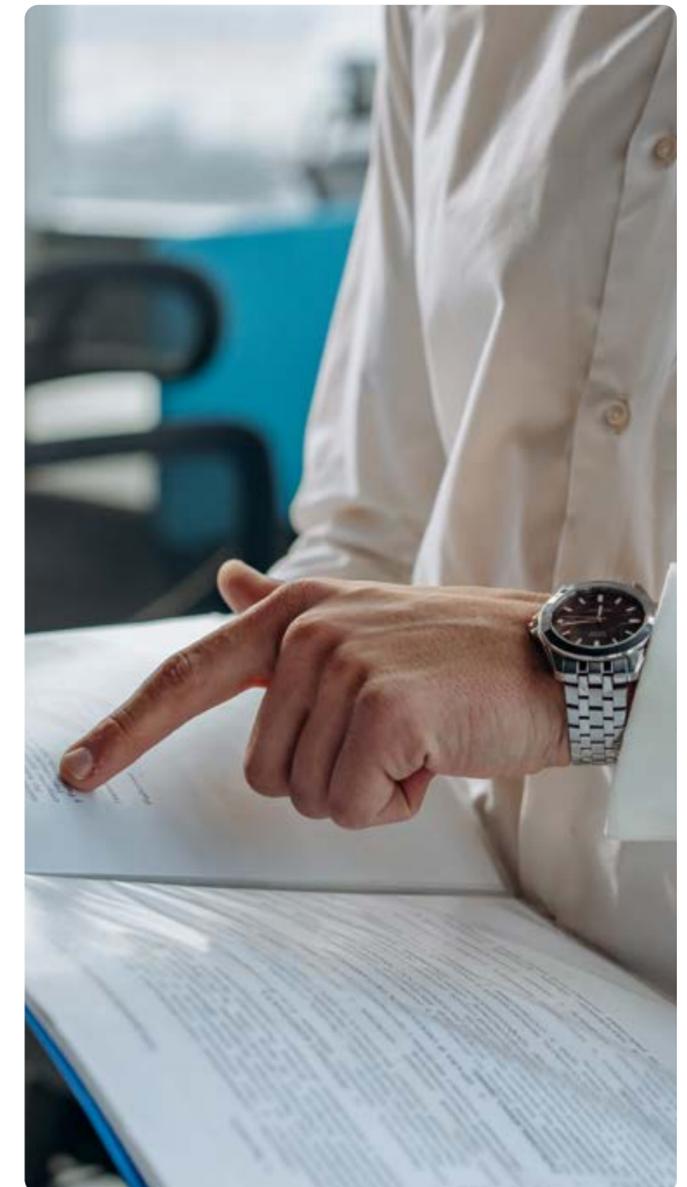
The Authority may allow an appeal where they are satisfied that the cost item in question:

- a) was not consulted upon as part of the draft budget or in accordance with Clause 9.5 or the REC Board failed to have reasonable regard to any consultation responses submitted;
- b) is not a legitimate item of expenditure for the REC Board;
- c) is a manifestly inappropriate provision for the activity in question, and there are insufficient safeguards in place to ensure that the actual costs incurred will be efficient; or
- d) will, or is likely to, prejudice unfairly the interests of one or more Parties, or cause them to be in breach of this Code, the Energy Licences and/or Law.

Where the Authority allows an appeal of the budget, the Authority may:

- a) refer the cost item back to the REC Board for further consideration and, if appropriate, to pursue a revision to the prevailing budget;
- b) revise the provision for that budget item to a figure which it reasonably considers to be a better forecast of the cost likely to be incurred, whether that is higher or lower than the REC Board budgeted figure; or
- c) direct the REC Board to remove that cost item entirely, and make suitable revision to its annual budget and strategy.

Pending resolution of any appeal, RECCo shall not incur costs in respect of the cost item that is subject to appeal, except as necessary to comply with legally-binding obligations which it has previously incurred in accordance with this Code. Should a REC Party wish to appeal one or more budget items then they must submit their appeal to Ofgem industrycodes@ofgem.gov.uk no later than 6th March 2024, setting out the rationale for such appeal with reference to the criteria set out in REC Section 9.



Financial Overview

We recognise the challenges facing REC funding parties and will, wherever possible, look to minimise the financial impact on them to the extent that doing so would not compromise our ability to deliver the REC Objectives or meet our financial liabilities. We utilise a bottom-up budget approach, and our projections include a modest value of contingency, which can only be utilised following appropriate approvals. As outlined in the foreword, our 2024-25 Budget includes the resources to address the REC Services areas which require improvement and which can be delivered within a year. This will be our priority for the coming year. Future indicative budgets include our best estimates for those issues which may take longer to resolve.

Our draft 2024-25 Budget is £53.05 million, and this shows a £2.5 million (5%) reduction on the indicative costs we expected for 2024-25.

For CRS, we have developed a financial control regime which allows for more stringent and challenging budget-setting processes, as well as an in-year review of costs. This has resulted

in reductions in CSS delivery costs for the coming years compared to what was originally expected.

The scale, scope and complexity of RECCo's obligations under the MHHS project are significant, with resulting impacts on the REC assurance regime, CSS and Electricity Enquiry Services. Consequently, MHHS accounts for 55% of our total project spend for 2024-25.

RECCo is not immune to the current 'cost of living' crisis and the impact of high levels of inflation. However, we have been able to partly mitigate the impact by placing fixed-price contracts which are not subject to indexation for their initial terms. This contributes to the broadly flat cost profile on key services such as the Code Manager service and Electricity Enquiry Service for next year.

For 2024-25, we will focus on improving and enhancing the current Theft initiatives (e.g. Tip-Off Service marketing and Theft Detection Incentive Scheme) and making incremental gains in harnessing energy theft data rather than implementing new complex services such

as data analytics and theft prosecution.

In response to Ofgem's DCC Phase 1 Review Decision letter in 2023, we have included a modest budget allowance (<1% of the total budget) to deliver the request from Ofgem to consider the potential transfer of responsibility for the Central Registration Services, including CSS, from DCC to RECCo. Our project aim is to work with Ofgem, industry and DCC to develop an outcome which delivers the best outcomes for industry and consumers.

We have retained the Change Allowance at £4 million. This decision reflects RECCo having full financial liability for all CSS change costs from April 2023, and the potential for future developments driven by the need to improve service standards and meet industry-driven change. All proposed change costs are subject to a series of gated assessments (both by the Code Manager service providers and by RECCo processes) to ensure they deliver the requirements and offer value for money.

In line with its REC obligation to develop budgets on a bottom-up basis, the Contingency Allowance included has been maintained at a modest rate (c3.7%). This contingency is to mitigate inherent uncertainty in the market, hedge against any future regulatory requirements developed by DESNZ or Ofgem, and to guard against market instability. We have removed any project-specific contingencies from individual project budgets and have also removed project budgets where the spending is not directly within RECCo's control. Consequently, we anticipate greater reliance on using contingency than in previous years.

Financial Overview

We have disclosed the costs we forecasted to incur in 2024-25 for comparison purposes. These values are shown in the first column of each table.

RECCo operates on a not-for-profit basis with its income matching its costs in each financial year. Any underspend (including change allowance and contingency) against the overall Budget is returned to funding parties as a rebate against the following year's charges. RECCo expects to underspend against its 2023-24 Budget and, to the extent possible, this underspend will be returned as a reduction against the 2024-25 charges.

Table 1 provides an overview of the 3-year indicative financial projections. Most costs over the period remain largely consistent. The increase in 2025-26 is due to the inclusion of costs anticipated for the Code Manager services procurement. The original indicative costs for 2024-25 are shown for comparison purposes. REC Services are those services which are live and in operation currently. Projects reflect proposed initiatives for the coming year.

Table 2 provides a summary of the 2024-25 Budget. To provide early sight of longer-term projections, we also provide indicative costs for years 2 and 3. In response to REC Party feedback, we have developed a plan to invest in the REC digital services, consider the future Code Manager services model, and ensure continuity of the enquiry services. Our projections allow for this work, and the costs will be validated over the coming year.

Table 1: RECCo 2024-25 charges by category of funding party

Charges by REC Funding Parties	Annual charge £
Energy Suppliers - Charge per RMP	£0.834
Energy Suppliers - MHHS Charge per RMP	£0.064
Electricity Distribution Networks > 750k RMPs on MPAS, annual charge < 750k RMPs on MPAS, charge per RMP	£42,000 £0.02

Table 2: 2024-25 Budget and indicative projections for following two years

RECCo 3-year projections summary	2024/25 Indicative £'000	2024/25 Budget £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
REC Services	38,040	34,185	37,493	40,801
RECCo Operations	5,315	6,102	6,513	6,788
Projects	6,122	6,760	10,510	3,550
Change Allowance	4,000	4,000	4,000	4,000
Contingency	2,000	2,000	2,000	2,000
Total	55,477	53,047	60,516	57,139

REC Services

RECCo is required to provide a suite of services including Change Management, Market Assurance, Theft Tip Off and data services such as the CSS and Enquiry Services. These are essential to the efficient operation of the retail energy market and delivering consumer benefits. For example, a failure in the CSS could stop a consumer switch, while a failure in the Enquiry Services could inhibit an Energy Suppliers call centre’s ability to deliver service quality. Our REC Service users have identified where improvement is required. Our focus for the coming year will be ensuring we utilise all the hard and soft levers in our service provider contracts, alongside implementing new developments as necessary, to ensure achievable improvements are delivered.

The increase in REC Service costs in 2025-26 compared to 2024-25 reflect the combined impact of indexation, where applicable, and new services e.g. theft data analytics coming on stream. These impacts carry through to 2026-27.

We use active service provider management to extract value from our contracts. We allow our service providers to work in partnership with us to deliver innovation and new ways of working to improve the services provided to REC stakeholders. We continually seek to expand our service provider portfolio and encourage organisations to present their credentials on how they can help us achieve REC Objectives.

Central Switching Service (‘CSS’)

From April 2023, RECCo assumed financial responsibility for the CSS. CSS costs are primarily governed through the Smart licence price control, supplemented by budgeting processes in the REC. We have established in-year financial performance review processes and a transparent approach to budget setting. This has enabled us to identify efficiencies for 2023-24 which flow through to subsequent years.

This has reduced the 2024-25 CSS costs by c£2m from what was indicated for the coming year.

Code Manager

Costs for 2024-25 are not materially different from expectations. The initial contracts expire in September 2024 and RECCo can extend them for up to two further years. We have a procurement plan which will see the Code Manager service reprocured by 2026-27. The costs of this procurement are shown in Projects. The uplift in Code Manager costs in 2026-27 (as shown in Table 3) reflects the expected increased costs from re-procurement. While we do not expect the underlying service requirement to change materially, we are cognisant of inflation over the five years to 2026.

Table 3: REC Services

RECCo 3-year projections summary	2024/25 Indicative £'000	2024/25 Budget £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
Central Switching Services	18,554	16,500	17,540	18,598
Code Manager	10,713	10,663	11,142	13,103
Enquiry Services	4,846	4,772	5,005	5,225
Theft Services	3,104	1,469	2,840	2,908
REC Support Costs	600	505	436	411
Other Services	223	276	530	556
Total	38,040	34,185	37,493	40,801

REC Services

Enquiry Services

Reflect the combined costs of the Electricity Enquiry Service (EES), the Gas Enquiry Service (GES) and the Green Deal Central Charging (GDCC) database. The costs for 2024-25 are not materially different from expectations. The initial term of the current contracts expire in July 2025 and can be extended for up to two further years. In the coming year, we will give our incumbent service providers the opportunity to provide us with compelling proposals for further extensions beyond 2027. Should they fail to grasp this opportunity, we have time to carry out a full competitive procurement.

Theft Services

Reflect the costs of the Energy Theft Tip-off Service ('ETTOS') and the supporting marketing and awareness campaign. It also covers the development of a 'proof of concept' theft portal and the operation of a social media monitoring service which identifies and analyses energy theft content. This data will enable targeted marketing of the safety risks of energy theft. In the coming year, we will consider and evaluate the requirement for a theft data analytics service and/or a theft investigation or prosecution service. Each will require a robust business case which demonstrates a positive consumer outcome.

REC Support Costs

Include allowances for the legal review of REC Changes as well as the cost of funding independent members of both the Change Panel and Performance Assurance Board. The REC requires RECCo to fund these costs.

Other Services

Include several sundry data reporting services, which are required to support the Performance Assurance Framework, as well as an allowance to fund the centralised administration costs for the single metering code of practice auditor procured in 2023.

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RECCo Operations

Our Operations team have been sized to enable the effective management of all the listed services. Our portfolio of services includes significant data processing requirements and, in most cases, RECCo is the Data Controller in the service contract. Consequently, we have allowed an appropriate level for data and information security expertise in the financial projections. Recognising and acting on lessons learnt from the Market Stabilisation Scheme we are bolstering our Operations team to support the delivery of an increasing number of mutualisation's schemes (e.g. Theft Detection Incentive Scheme and Tariff Levelisation, subject to confirmation following Ofgem statutory consultation).

RECCo's operational costs include maintaining a fully independent and remunerated Non-Executive Board and infrastructure costs. This enables the company to discharge all its REC and Companies Act obligations, successfully manage and mitigate the risks inherent in its outsourced business model, have the capacity to deliver successful change, and effectively and efficiently manage all the REC Services.

RECCo has a policy whereby reliance on Subject Matter Experts is minimised, and talent and knowledge are developed and retained internally in the organisation. The maturing nature of our services means we are better

informed on the level and nature of resources required to deliver our obligations and manage our services effectively and efficiently. We have sized our operational capability and capacity accordingly. Together, this has driven the increase in our staff costs.

This is driven by a combination of economic factors (recruitment of employees rather than reliance on contractors), increased delivery obligations (e.g. Prepayment Levelisation Scheme, subject to confirmation following Ofgem statutory consultation), and an evolving understanding of the resources needed to drive value from our service providers.

Over the planning period, our operating costs as a percentage of the total budget remain broadly static at c.11%. For the planning period, RECCo's human capital will be structured:

Strategy and Development

The role of the Strategy and Development team is to ensure that the REC remains relevant and continues to evolve to meet the changing needs of REC Parties and wider stakeholders. This involves considering the code content and the associated services provided by RECCo.

Table 4: RECCo Operations

RECCo 3-year projections summary	2024/25 Indicative £'000	2024/25 Budget £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
Board Costs	284	336	377	369
Staff	3,954	4,647	4,965	5,195
Operating Costs	1,077	1,119	1,171	1,225
Total	5,315	6,102	6,513	6,789

Data, Technology and Transformation

Given the nature, complexity and number of data flows (and contracts) that RECCo is responsible for as Data Controller or Processor, and recognising the extensive and complex GDPR arrangements inherent within the REC, data management and transformational activities have been consolidated under a dedicated team. This team is responsible for delivering RECCo's Data and Digitalisation strategy and technology architecture, dealing with increasing data, security and information issues as well as delivering robust project governance to the organisation.

RECCo Operations

Operations

The role of the Operations department for 2024-25 is threefold. Firstly, continue to ensure that each RECCo service provider is delivering its services in line with REC requirements, contractual obligations, and to the required quality standards.

Secondly, to deliver improvements in those areas of service which are not meeting REC Service Users needs.

Thirdly, to ensure that industry programmes and other operational initiatives are successfully integrated into operations. The resource model we have established will ensure that each service provider/service function has a service manager lead who will be the expert on the service. Resources will be assigned to reflect the scope and quantum for each service.

Finance and Commercial

The role of the finance and commercial function is to ensure that RECCo's finances are managed in an efficient manner to ensure it has the resources available to meet its financial liabilities and deliver its strategy and projects. The commercial function is required to ensure that RECCo's commercial risk is managed, services are procured competitively and, working alongside the operational and transformation teams, that all services are delivered to their contractual requirements.

Corporate Affairs

The corporate affairs function is responsible for leading RECCo's stakeholder engagement strategy, communications, marketing, HR, people and culture functions within the business.

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Board Costs	284	336	377	369
Staff	3,954	4,647	4,965	5,195
Operating Costs	1,077	1,119	1,171	1,225
Total	5,315	6,102	6,513	6,789

RECCo's Operating Costs reflect the day-to-day operational and infrastructure costs of the company. They are predominantly a necessity to comply with legislation, REC requirements or good business risk management practice e.g. audit fees, insurance, training and development, and IT costs.

Through establishment of pro-active financial control we have minimised the impact of bad debts and, consequently, the 2024-25 budget allowance for bad debts is not material in the context of the budget as a whole.

Projects

For the coming year, recognising the need to focus on core service delivery and achievable service improvement, we have prioritised our project work to focus on ten key programme initiatives.

The first six projects listed are initiatives, projects and workstreams that will be undertaken to ensure compliance with either a REC, General Law or Contract requirement or deliver an Ofgem request e.g. potential CRS Transfer. The next 4 four projects, 16% of the total budget, are continuations of initiatives from 2023.

Any change to the assumptions included in our strategy will impact the values attributed to each project or workstream.

Our 2024-25 Project Budget is £6.7m, and this shows a 10% increase on our original expectation for the year. This is a mix of reduced allowance for areas such as Open Data with increases shown in the Code Manager project and the initiation of a CRS Transfer project to deliver the Ofgem request for us to consider the potential transfer of

CRS obligations from DCC to RECCo. Any new regulatory obligations, e.g. Consumer Consent, will be funded from the company Contingency allowance.

Market-wide Half-Hourly Settlement

As noted earlier, the scale, scope and complexity of changes to the REC and the REC Services mean that MHHS accounts for 55% of our overall project budget. The dedicated project team are responsible for delivering the required changes to the Electricity Enquiry Service and the CSS, as well as the implementation of the REC Assurance requirements.

Code Manager and Enquiry Services

For 2024-25, we have allowed for two procurement projects to deliver the next stages of the re-procurement of the Code Manager services and the possible extension of the incumbent Enquiry Services contracts. For the Code Manager service, we will carry out our stakeholder and market engagement activities to validate our proposed strategy. The

Table 5: Projects

RECCo 3-year projections summary	2024/25 Indicative £'000	2024/25 Budget £'000	2025/26 Indicative £'000	2026/27 Budget £'000
MHHS	3,704	3,745	1,720	0
Code Manager Procurement	518	880	7,200	350
CRS Transfer	0	420	0	0
Enquiry Services Evolution	161	300	190	1,000
Code Reform	0	100	200	0
TPIs: Accreditation Scheme	0	100	0	0
Theft Programme	575	500	500	1,000
API Gateway Implementation	0	415	0	0
Open Data Programme	876	100	500	1000
REC Development	175	100	100	100
Other Projects	113	100	100	100
Total	6,122	6,760	10,510	3,550

Projects

significant increase in 2025-26 Code Manager services procurement costs is anticipated to cover a repackaging of the core services and mobilisation of any new service providers and/or enterprise software, where necessary, to deliver enduring improvements to service standards and user experience. For the Enquiry Services, we will give the incumbents the opportunity to provide compelling proposals to support contract extensions. Should these proposals not meet our expectations, there is time for a full procurement if necessary.

CRS Transfer

In Summer 2023, Ofgem confirmed its intention to consult on the potential separation of the Central Registration Services (CRS) from the Smart Communication Licence, with an option to transfer responsibility fully to RECCo. This is a position RECCo supports, as we consider it would strengthen our ability to manage switching services while delivering potential cost savings and other service synergies. We have strong support for this transferring of responsibility. This modest project allowance (<1% of our total Budget) will enable us to deliver

on Ofgem’s request to us to both develop a business case for the potential transfer of responsibility and engage with them and DCC to ensure the best outcomes can be achieved for industry and consumers. Should this project not be initiated then those consumer outcomes could not be assessed. This project allowance reflects our assessment of the resources and work required to meet the Ofgem request for the period to the date Ofgem publish its decision, expected in Autumn 2024.

Should Ofgem decide to transfer responsibility, then the further work after that date would be funded from Contingency.

Theft Reduction Programme

For 2024-25, our theft programme will focus on the evolution of existing Theft initiatives, such as further development of the Theft Detection Incentive Scheme. We plan to increase awareness and change attitudes towards the issues associated with energy theft, explore opportunities to identify, procure and analyse data that can help identify the scale and location of likely theft, and consider

strengthening the options available to REC Parties to tackle serious and systemic instances of theft.

Data & Digitalisation Programme

We will address issues experienced by users of our Enquiry Services and any disparities in the use of technologies, standards of security and access to data. Alongside this, we will continue to simplify the process by which REC Parties and other users access Enquiry Service data while maintaining strict controls over what they have access to and for what purpose.

In 2024, RECCo will implement an Application Programming Interface (API) gateway. This is a fundamental enabler to deliver the strategy of moving towards a microservice architecture. This will allow greater flexibility in our systems, better enable continuous improvement to access and security, and reduce long-term interfacing costs for REC Parties as well as other stakeholders. Moving to this approach will support our drive to deliver large, complex applications in a more agile way, bringing with it improved reliability and scalability.

Code Reform, REC Development and Other Projects

Reflects an allowance for a suite of small research-driven projects. Detail on the individual areas is set out in the Forward Work Plan and Strategy and each are areas, either currently or likely to be in the future, governed by the REC and directly linked to the REC Objectives. None of these projects are speculative. In particular, we are preparing for the next phase of Code Reform and RECCo becoming a Licenced Code Manager.

Change Allowance and Contingency

Change Allowance

This has been retained at the expected level for 2024-25 and is used to fund investment in existing REC Services. This change investment is driven either by REC Changes or through RECCo initiatives. In 2024-25, we expect that change investment will be required to fund a backlog of CSS changes and the return to historic switching volumes, investment in the Enquiry Services to meet changes in user profiles, usage volumes and peak demands, some quick win improvements to the User Experience for our digital services, and further developments to the Prepayment Levelisation service for multi-rate meters and volume charging, subject to confirmation following Ofgem statutory consultation.

All proposed change investments are subject to a stagegate scrutiny process whereby the requirement is validated, and the service proposal is tested to ensure it meets the requirements and will deliver value for money and a positive net benefit. All changes are formalised within a contract.

Contingency Allowance

RECCo is required to develop its budget on a bottom-up basis. We have not included any project or service-specific risk premiums in the appropriate budget lines. This contingency, which is c3.7% of our total budget, is to mitigate inherent uncertainty in the market, hedge against any future regulatory requirements developed by DESNZ or Ofgem, and to guard against market instability.

Table 6: Change allowance and Contingency

RECCo 3-year projections summary	2024/25 Indicative £'000	2024/25 Budget £'000	2025/26 Indicative £'000	2026/27 Budget £'000
Change Allowance	4,000	4,000	4,000	4,000
Contingency	2,000	2,000	2,000	2,000
Total	6,000	6,000	6,000	6,000



Comments

We invite all comments from any interested parties via email by 5pm on 6th March 2024 to:

brian@retailenergycode.co.uk

recco_strategy@retailenergycode.co.uk

Webinar

We would be happy to answer any questions you may have at our webinar on Tuesday, 28th February at 10am.

Register



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