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**RECCo response to: Call for input – proposed indicators of Ofgem performance and the health of the energy sector**

We welcome the opportunity to respond to this consultation. Our non-confidential response represents the views of the Retail Energy Code Company Ltd (RECCo), which was established specifically to facilitate the management of the Retail Energy Code (REC). RECCo is a not-for-profit, corporate vehicle ensuring the proper, effective, and efficient implementation and ongoing management of the REC arrangements. We seek to promote trust, innovation and competition, whilst maintaining focus on positive consumer outcomes.

As the current Code Manager and operator of the REC, and as the proposed phase 1 code manager licensee for that Code, we have responded primarily from the perspective of code governance and licensing and have therefore focused on those questions most directly concerned with code management and the award or operation of licences.

We welcome the broader recognition, reflected both in this consultation and in the energy code reform programme, that Ofgem is an integral part of - rather than separate from - the wider governance architecture of the GB energy industry. In that context, indicators of Ofgem's performance should be designed to operate in a complementary way to those applied to Code Managers and other market actors, so that the framework as a whole promotes aligned incentives, transparency, timely decision-making and effective delivery of strategic change, rather than treating regulatory performance and code governance as distinct or disconnected matters.

We also consider it important that the performance framework reflects Ofgem's wider role in driving strategic change through the Strategic Direction Statement (SDS). Ofgem now has a central role not only in deciding modifications, but in setting the strategic direction against which Code Managers are expected to prioritise and deliver change. We would therefore welcome indicators that assess the efficacy of the SDS itself as a planning and prioritisation tool, including whether changes expected in the near term have been signalled sufficiently early through the SDS time horizons, and whether Ofgem's direction provides the clarity and visibility needed for Code Managers and industry to budget, plan and implement strategic change efficiently.

We are happy to discuss any of the points raised in this response.

Yours sincerely,

**Jon Dixon**  
**Director, Strategy and Development**

## Appendix: RECCo response to consultation questions

### Q1: Are the indicators outlined in Annex 1 the right set of indicators to illustrate Ofgem’s performance, and the health of the energy sector against the priorities in the Multiyear Strategy?

#### Timeliness of code modification decisions:

We welcome the inclusion in Annex 1 of an indicator on “% of code modifications that meet the target”. RECCo has previously argued that Ofgem should reintroduce a KPI on modification decision-making<sup>1</sup>, noting that the absence of any such benchmark is a gap in the framework and that clear performance expectations for the regulator would improve consistency, confidence and the timely delivery of market change. Given the wider code reform focus on faster, more strategic and better coordinated change, it would be anomalous to impose clearer expectations on Code Managers and stakeholders, while leaving Ofgem’s own decision-making - which can sometimes be the lengthiest stage in the process - without equivalent timescales or accountability.

In our view, a measure of this kind is both appropriate and necessary. Historically, Ofgem operated against a KPI of issuing decisions on 90% of modification proposals within 25 working days. We consider that benchmark was broadly proportionate and robust, and it provided stakeholders with a useful degree of predictability.

That said, we recognise the case for a more nuanced indicator which reflects the fact that not all modification decisions are alike. Some proposals are relatively straightforward, while others - particularly those involving charging methodologies, cost allocation or wider commercial impacts - may require a greater degree of modelling, consultation and analytical assessment before a well-founded decision can be reached.

We would therefore support a tiered KPI. For example, Ofgem could retain a tighter target for standard or less complex modifications, while allowing a longer decision period for defined classes of more complex changes. If this approach is adopted, the categories and applicable timescales should be published clearly in advance, together with transparent reporting on performance against each tier, so that the indicator drives efficiency without encouraging overly compressed decision-making on more complex matters.

#### Licence applications:

We support the inclusion of an indicator on how long Ofgem takes to determine licence applications. Licensing timeliness is a meaningful measure of regulatory pace, affects market entry and investment, and is relevant to both Ofgem’s performance and the health of the sector.

However, the indicator should apply across all licence types and be reported separately by licence category, rather than as a single aggregate measure. At a minimum, this should cover electricity and gas supply, generation, networks, and new licence classes such as load control. A single combined figure risks masking delays in one regime with better performance elsewhere.

The measure should also do more than record whether decisions are made “*within the specified time period*”. Ofgem could publish, for each licence type, the target timescale, the proportion of duly made applications determined within that timescale, and the average or median end-to-end determination period. That would provide a clearer picture of whether performance is genuinely efficient and proportionate.

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<sup>1</sup> [“RECCo response to: Consultation on Code Manager Licence Conditions and Code Modification Appeals to the Competition and Markets Authority”](#), June 2025

We consider that the timeline for the grant of a licence should be proportionate to the risk of consumer harm that may arise from the licensed activity and should be justified primarily by the procedural rigour required rather than, for example, the availability of regulatory resource. In that sense, the staffing and capacity of the licensing function should reflect not only the cost to Ofgem, but also the opportunity cost to applicants and to the wider economy.

Ofgem's own approach already appears to recognise that principle to some extent. It has indicated that other licence application types can be processed much more quickly, including electricity generation licences at around 65 working days. The proposed indicator should therefore not merely measure performance against a long internal benchmark; it should also help test whether Ofgem's underlying service standard is itself efficient and proportionate. That point is especially important in the context of load control licensing. The regime would apply to a nascent, currently unlicensed market, likely to include a small number of established suppliers but also a much larger population of smaller and newer entrants, for whom regulatory delay may materially impede growth, investment and long-term viability. In that context, the proposed 9 to 12-month timeframe appears far too long and risks creating a regulatory bottleneck.

It may also be helpful to look at comparable processes in other regulated sectors. For example, Ofwat states that a water supply and sewerage licence typically takes around 60 days, including a 20-working day consultation and a 40 working day assessment, while a complete self-supply application takes around 45 working days, with completeness checked within 5 working days.<sup>2</sup>

#### **Q5: What indicators would be useful for Ofgem to publish relating to code modifications?**

Whilst Ofgem has proposed several performance indicators for code managers that could form complementary indicators for Ofgem itself, we also recognise that decision-making on code modifications is a relatively small aspect of Ofgem's role and metrics in this area should not be disproportionate to or distract from its wider performance. We therefore agree that there should be relatively few performance indicators, with the timeliness of decisions being the key one.

That said, it should also be recognised that Ofgem's role in the code modifications process is wider than decision making-only. Particularly through the publication and prioritisation of requirements as part of the Strategic Direction Statement (SDS), Ofgem will now be a key instigator of modification proposals, even if these are to be raised and developed by the code managers. We would welcome further thought being given to the efficacy of the SDS process in identifying and expediting genuinely strategic and necessary change. This could for instance focus on the efficacy of planning, such as the % of "act now" changes that have first been signalled in the "listen and wait" and/or "think and plan" stages rather than being included at short notice with the expectation of immediate or short-term implementation.

We would also welcome an indicator capturing the extent and quality of Ofgem's engagement with Code Managers and industry stakeholders. While we recognise that the "send back" process is an important safeguard and can help avoid the rejection of proposals that may have merit but are evidentially incomplete or otherwise deficient, it will inevitably add delay and should not become a substitute for early, open and constructive engagement by Ofgem during proposal development. One useful measure could therefore be the number of modification reports sent back to the Code Manager, supported by analysis of the reasons for the send back and, in particular, whether the issue was one that could and should reasonably have been identified through earlier engagement. Although Ofgem must always avoid fettering the Authority's discretion on the final decision, that does not preclude it from asking pertinent questions, identifying potential evidential gaps, or highlighting areas that require further consideration at an earlier stage in the process.

<sup>2</sup> ["Application guidance for Water Supply and Sewerage Licence"](#), Ofwat, May 2018