



Independent Networks
Association

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Call for input on Energy Code Reform

I am writing on behalf of the Independent Networks Association (INA) who represent the Independent Distribution Network Operators (IDNOs) and the Independent Gas Transporters (IGTs). Thank you for the opportunity to respond to this call for evidence. The INA and its members broadly support the reform of energy codes to facilitate a net zero transition.

Design Principles Q1: Do you agree with the design principles proposed to frame our assessment of code consolidation options?

Yes, we agree with the design principles. To add to the principle on 'supporting the ongoing operation of central systems'. The success and deliverability of more rapid change will be predicated on the ease of delivery of changes to central systems (existing or other providers) and the cost of that change – that will ultimately be passed on to consumers. A solution to code consolidation should consider how code managers can be intelligent developers of how deliverable code changes are managed and the delivery options open to them.

Code Consolidation Q2: What are your views on the high-level options for code consolidation we have described ('no consolidation', 'vertical' & 'horizontal')?

We agree that vertical i.e. fuel specific consolidation is most appropriate at this stage. The key developments on electricity around a two-way eco-system of players, which will be very



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different to changes to the gas system, whether that be greater interaction with green gases or a move from natural gas for heat. This may change in time, depending on how Government policy develops.

Q3: Do you agree with our initial preference to explore vertical code consolidation options and, if so, do you have any observations on the potential models set out in Cornwall Insight's April 2022 report?

- **Whether the UNC and IGT UNC should be consolidated**

We agree that these codes should be consolidated at the right time. The difference between the gas codes exists around the IGTs focus on the connection and adoption of new gas networks. The Future Homes Standard, due to be implemented in 2025, looks to remove the option of natural gas connections to new homes and therefore removes most of the complication of consolidation and so the INA and its members support gas consolidation post-Future Homes Standard implementation. This will provide a stable platform and more of an alignment of interests under the new consolidated code

- **If/how to consolidate the electricity codes**

A single electricity code (option 4B) would be easier for parties to engage with compared to multiple codes and should be the preferred end state. This would allow the overall Code Manager to understand where the impacts are and experts can develop specific changes that are optimised across the codes. This takes the onus away from market players having to identify the interactions between the various codes. Multiple codes making simultaneous changes is more challenging to deliver and may result in suboptimal delivery through IT and data systems. Cost apportionment over various market players becomes an issue but it is one that has precedents, such as under the Xoserve model.

- **Whether the REC and SEC should remain separate.**

We believe these should be brought together to enable a consistent customer experience, remove inefficiencies and make best use of available resources that are currently deployed in REC and SEC.

- **Whether the consolidation of any codes should be prioritised.**

We should look to where the current challenges are. This seems to be around network investment across electricity and the development of flexibility to ensure we are not over



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investing. As mentioned above, gas code consolidation can be delivered optimally after the implementation of the Future Homes Standard.

Implementation Q4: Do you agree with our preferred implementation approach (Option 2 to have common contractual framework and governance arrangements)?

Yes, it will also offer the opportunity for better benchmarking across all code managers in order to challenge and review their performance.

No comments on Qs 5-9.

Stakeholder Forums: Q10: What options/issues should be considered in terms of constituting the stakeholder advisory forum(s), in terms of membership and securing appropriate representation?

A true measure of success will be for disruptors, smaller players and underrepresented groups, who may have different perspectives, to have a voice and be specifically engaged under the new arrangements. For the sake of good governance, there should be checks and balances on code managers decisions and a clarity in the regard the code manager pays to the opinion of stakeholder forum / fora. This includes clarity on the route and scope of appeals, that we understand will form part of a separate consultation.

Q11: Are there any lessons learnt (either good or bad) from the current code arrangements that should be considered?

Members have highlighted the arrangements under the REC where there are multiple panels (or stakeholder fora in this context) look at specific aspects and so engage relevant experts. As we are advocating combined codes, this will work well.

Please let me know if there are any questions on any area of our submission.

Yours sincerely,

Nicola Pitts
Executive Director