
Call for Volunteers – FSO Codes Change Programme

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We are calling for volunteers to participate in a dedicated Cross-Code Workgroup (CCWG) to develop the industry code modifications required for the establishment of the Future System Operator (FSO), as part of the FSO Codes Change Programme (FSO CCP).

We invite views from industry stakeholders on the approach outlined in these launch artefacts. We particularly welcome responses from gas and electricity licensees and market participants, Code Administrators and parties to industry codes, parties with cross-code expertise, gas and electricity suppliers, and all other impacted parties.

This document outlines the scope and purpose of the CCWG, including information on how you can get involved. It also outlines questions we are seeking to resolve in the lead-up to the convening of the first CCWG meeting, in addition to longer-run questions which will be addressed through discussion during the Workgroup Phase.

Once our Call for Volunteers is closed, we will consider all responses. We will publish non-confidential responses we receive alongside a decision on next steps on our website¹. More information on the FSO can be found on our dedicated FSO webpage².

¹ Ofgem's website is accessible at: <https://www.ofgem.gov.uk/>

² Ofgem's FSO webpage is accessible at: <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/future-system-operation-fso>

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Glossary

BETTA	British Electricity Trading and Transmission Arrangements
BSC	Balancing and Settlement Code
CACoP	Code Administration Code of Practice
CCWG	Cross-Code Workgroup
CUSC	Connection and Use of System Code
Day 1	Day 1 is the date by which both designation of the FSO and the new FSO gas system planner and electricity system operator licences come into effect
D-CODE	Distribution Code
DCUSA	Distribution Connection and Use of System Agreement
Department	Department for Energy Security and Net Zero, previously known as the Department for Business, Energy and Industrial Strategy
Effective Date	Means the date that the FSO code modifications come into effect, as specified in the Relevant Authority’s notice of decision on the code modifications issued in accordance with section 167(4) and (5) of the Energy Bill It is expected to fall on or following Day 1
EIPC	Energy Industry Panel Chairs
Energy Bill	The Energy Bill (as amended) that was introduced to Parliament in July 2022, and will set the overarching legislative framework for the FSO. Cross-references to the Energy Bill in this document refer to the latest amended version of the Bill at the time of publication (version amended in the Public Bill Committee, dated 11 July 2023 and available at https://bills.parliament.uk/bills/3311)
DNO	Distribution Network Operator
FSO	Future System Operator. This is the name currently given to the body that will be designated as the ISOP under the Energy Bill. References to the FSO in this document should be read as referring to that body. The Energy Bill provides for the ISOP to have statutory functions and duties. After the Energy Bill receives Royal Assent and the ISOP is designated, the ISOP will take on some functions that already exist (e.g., the role of electricity transmission system operator), but many of its responsibilities (including those related to the provision of advice to government and Ofgem) will be completely new.
FSO CCP	Future System Operator Codes Change Programme
GDPR	The General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK’s withdrawal from the European Union (“UK GDPR”)
GEMA	Gas and Electricity Markets Authority. The terms “GEMA”, “the Authority”, “Ofgem”, “we” and “us” are used interchangeably in this document.
iGT UNC	Independent Gas Transporters Uniform Network Code
ISOP	Independent System Operator and Planner, see FSO definition
NGESO	National Grid Electricity System Operator Limited

NGT	National Gas Transmission plc
Ofgem	Office of Gas and Electricity Markets, see also the definition of "GEMA"
PMO	Project Management Office
Project Partners	NGESO, NGT and Elexon
REC	Retail Energy Code
Relevant Authority	Means the Secretary of State of the Department or the Gas and Electricity Markets Authority (GEMA), per section 166(7) and section 167(9) of the Energy Bill. Additionally, under section 166(5) the Secretary of State may direct GEMA to exercise the section 166(1)(c) modification power
Relevant Document	A Relevant Document is defined by section 166(7) of the Energy Bill to mean a document required to be maintained in accordance with the conditions of a relevant licence, e.g., such as industry codes
SEC	Smart Energy Code
SQSS	Security and Quality of Supply Standard
SRO	Senior Responsible Officer
STC	System Operator - Transmission Owner Code
UNC	Uniform Network Code

Executive Summary

Policy Decision

In April 2022, the Office of Gas and Electricity Markets (Ofgem) and the Department decided to proceed with the creation of a new, independent Future System Operator (FSO), an impartial, expert body designed to accelerate the transition towards Net Zero, whilst ensuring energy security, and minimising costs for consumers.

The FSO will take on all the existing roles and responsibilities of National Grid Electricity System Operator Limited (NGESO), in addition to several new roles and responsibilities across electricity and gas, which include taking a whole energy system approach when operating, planning, and developing the network.

Ofgem and the Department have been working closely with NGESO and National Gas Transmission plc (NGT) to further define FSO Day 1 roles — and consider potential future ones — and are in the process of drafting FSO Day 1 licences.

Ofgem and the Department have also been working closely with Elexon, NGESO, and other industry stakeholders, to establish a new ownership structure for Elexon.

Ofgem and the Department intend to use provisions of the Energy Bill (once enacted), to consult on and subsequently amend the licencing regime and industry codes, as required for the establishment of the FSO (described in the Energy Bill as the Independent System Operator and Planner or ISOP). We may also decide to use existing powers, or Energy Bill powers, to enact temporary modifications to industry codes and licences to progress necessary updates to industry codes, contracts and systems.

Depending on several factors, including timings of the Energy Bill and delivery by key parties, Ofgem and the Department's aim is for the FSO to become operational in 2024.

Codes Change Programme

This document invites volunteers from industry to participate in a dedicated Cross-Code Workgroup (CCWG) to develop the industry code modifications required for the establishment of the FSO as part of the Future System Operator Codes Change Programme (FSO CCP).

It also seeks views on defining the scope of this exercise and managing the impacts of 'change-on-change' with respect to the pipeline of industry code modifications expected to occur during the lifetime of the FSO CCP. We would also like input on the best approach to ensuring readiness assurance from industry with respect to the code changes stemming from this work.

Call for Volunteers – FSO Codes Change Programme

We believe it is vital to the success of the FSO CCP that CCWG membership spans all impacted codes and relevant constituencies, and possesses the appropriate skills, knowledge, and experience to participate fully in the workgroup.

Powers of decision in all matters relating to the modifications made to industry codes rest with the Relevant Authority, as provided for in the Energy Bill.

The SRO for the CCWG will be an Ofgem official (acting on behalf of the Authority) and will be present and active in the CCWG to follow its progress. The SRO will be responsible for mediating and moderating matters relating to the output of the CCWG.

We intend to engage an industry Chair to moderate and facilitate discussion among CCWG members driving the development of solutions and liaising with the SRO and Secretariat to consider issues related to progress and delivery.

Call for Volunteers

We would be grateful for volunteers with an interest in participating in the CCWG to send responses to FSO@ofgem.gov.uk. A sift process, outlined in Chapter 2 of this document, will be used to determine CCWG membership.

We hope to convene the first meeting of the CCWG in early Autumn. Dates will be provided in due course.

At the first CCWG meeting, members will be provided with a set of launch documents, including marked up text for each relevant code containing proposed modification solutions.

We have worked with Project Partners to identify code text which requires modification to prepare the codes for the designation of the FSO. Annex 1, published alongside this document, describes the issues we have identified, categories of change, and proposed code modification solutions based on this analysis.

Chapter 1: Introduction

1.1 The purpose of the CCWG is to develop proposals for the industry code modifications required for the establishment of the FSO.

These proposed code modifications, will be based on:

- An overarching regulatory framework described by Part 5 (“Independent System Operator and Planner”) of the [Energy Bill](#);
- The corresponding licence framework described by:
 - draft licence conditions to be published in an Ofgem informal FSO licences consultation in summer 2023,
 - FSO price control and regulatory finance draft licence conditions, as well as the consequential modifications to wider licences required for coherence published in a separate Ofgem informal consultation later in the year, and
 - any transitional licencing arrangements as a consequence of the Elexon ownership decision, draft conditions to be published in summer 2023;
- Policy rationale set out in:
 - the 6 April 2022 joint consultation response on [Proposals for a Future System Operator](#)³,
 - the 23 March 2023 joint consultation response on [The future ownership of Elexon](#)⁴,
 - the 10 May 2023 government consultation on a [Strategy and Policy Statement for Energy Policy in Great Britain](#)⁵, and
 - the upcoming publication of the joint Department and Ofgem Future System Operator Second Consultation and Update Document.⁶
- Analysis conducted by our Project Partners (NGESO, Elexon and NGT), as well as early feedback from codes industry panels and forums, to whom we express our thanks for contributions to date.

³ <https://www.gov.uk/government/consultations/proposals-for-a-future-system-operator-role>

⁴ <https://www.gov.uk/government/consultations/the-future-ownership-of-elexon>

⁵ <https://www.gov.uk/government/consultations/strategy-and-policy-statement-for-energy-policy-in-great-britain>

⁶ FSO publications are available here: <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/future-system-operation-fso>

- 1.2 The CCWG is underpinned by objectives to:
- avoid unintended consequences of or negative interactions with the FSO-related code modifications;
 - permit wide stakeholder input to supplement and assure those modifications, and to identify where modifications impact them; and
 - assist stakeholders in navigating the change process.
- 1.3 As such, we believe it is essential to create the CCWG from a dedicated group of industry experts to review and revise the work to date and develop proposed modifications which are supported by industry. We are therefore seeking responses and representations from industry participants who are interested in participating in the CCWG. Please see below for details on how to engage with this process.

Structure of this document

- 1.4 The remainder of this **Chapter 1** expands on the introduction above providing:
- high-level **policy background** with expected FSO-related code modifications;
 - the parameters of the Energy Bill which have shaped the **implementation process** for modifying industry codes;
 - a high-level set of **activities** for the FSO CCP against an indicative **timeline**;
 - **governance** arrangements beyond the Energy Bill;
 - and areas where we have **questions** for stakeholders.
- 1.5 **Chapter 2** sets out the ways of working and **Terms of Reference** for the CCWG.
- 1.6 **Annex 1**, published alongside this document, sets out the proposed **code modifications already identified**. It follows the spirit of standard modification proposals describing the issue, categories of change and proposed solutions based on analysis by and with our Project Partners. This Annex will be updated to reflect ongoing analysis of the codes in the lead-up to convening the CCWG.
- 1.7 In due course, we expect to provide and maintain the following **additional Annexes** throughout the duration of the CCWG:
- a Microsoft Project file with the timeline of activities;
 - a Microsoft Excel file with the code modification analysis;
 - Microsoft Word documents corresponding to marked-up legal text of the respective code.

How to respond

Joining the CCWG

- 1.8 We want to hear from anyone interested in participating in the CCWG. Please express your interest by 23 August 2023 to FSO@ofgem.gov.uk.
- 1.9 Expressions of interest in CCWG participation will not be published. See Chapter 2 on the CCWG for more information on the sift process.

Representations

- 1.10 We welcome full and frank responses from all interested stakeholders to the substance of this document and the questions included in Appendix 1. Please send your responses to FSO@ofgem.gov.uk by 23 August 2023.
- 1.11 Non-confidential responses will be published on our website subject to review by the Authority and, where appropriate, reflected as updates to this document.

Getting in touch

- 1.12 If you have any comments or questions related to this work, please contact FSO@ofgem.gov.uk. Please include “FSO Codes Change Programme” in the subject line when submitting a response.

Policy background and interactions with codes

- 1.13 In April 2022, government and Ofgem jointly published a consultation response (which included key decisions taken) on the Proposals for a Future System Operator⁷ stating an intent to “establish the FSO as a public corporation, with operational independence from government”. The Department’s open consultation on its proposed Strategy and Policy Statement for energy policy in Great Britain⁸, published on 10 May 2023, stated that depending “on a number of factors, including timings of the Energy Bill and delivery by key parties, our aim is for the FSO to be operational in 2024.”
- 1.14 The April 2022 response set out a “commitment to create a genuinely independent system operator” where there would be “work to shape the new licensing and codes arrangements necessary to deliver smooth, rapid change”,

⁷ <https://www.gov.uk/government/consultations/proposals-for-a-future-system-operator-role>

⁸ <https://www.gov.uk/government/consultations/strategy-and-policy-statement-for-energy-policy-in-great-britain>

moreover that “codes will need to be modified where necessary to take account of the new arrangements, with consultation of industry stakeholders where appropriate”.

1.15 As a consequence of that decision and our analysis of policy intent with respect to and including planned licence modifications, we consider that **the following industry codes require modification:**

- Balancing and Settlement Code (BSC)
- Connection and Use of System Code (CUSC)
- Distribution Code (D-Code)
- Distribution Connection and Use of System Agreement (DCUSA)
- Grid Code
- System Operator Transmission Owner Code (STC)
- Security and Quality of Supply Standard (SQSS)
- Uniform Network Code (UNC)

we have **not identified any modifications required for:**

- Independent Gas Transporters’ Uniform Network Code (iGT UNC)
- Retail Energy Code (REC)
- Smart Energy Code (SEC)

1.16 We expect the packages of code modifications to cover modifications required to establish the FSO as a public corporation (**“Institutional”**), which include:

- Definitions of the new Company;
- References to its two new FSO licence categories (the gas system planner licence and the electricity system operator licence);
- References to the new licences structure;
- Consequential references.

1.17 Modifications associated with the statutory functions and duties and new and enhanced roles to be obligated by licence on Day 1 (**“Enablers of Day 1 roles”**), which we expect may be driven by the following policy areas:

- Advisory, whole systems and planning;
- Information exchange, including with NGT;
- New interactions between gas and electricity regulated persons, where not captured above (**“Gas roles”**);
- Financial arrangements, including charging, funding and other cashflow impacts.

- 1.18 Elexon ownership modifications which arise from the creation and public ownership of the FSO, which may include transitional arrangements to not impede the delivery of the FSO (**“Elexon Ownership”**). Note, code modifications to enable the changes to Elexon ownership will not form part of the FSO CCP scope unless transitional arrangements are required.
- 1.19 Notwithstanding the above, code modifications are largely expected to be facilitative of the statutory functions and duties, rather than being new or separate obligations.
- 1.20 Modifications are predicated on the general assumptions that NGEN is the entity which will substantively become the FSO; the FSO will perform administrative duties and functions where NGEN does so currently; and existing code administration and governance arrangements such as membership, accession rules and modification procedures will remain unchanged as part of the transition to the FSO.
- 1.21 Subject to enabling legislation, Energy Code Reform⁹ changes, such as the licensing and appointment of Code Managers or code consolidation solutions will follow a separate policy development pathway where those changes are generally expected to take place after the FSO creation.

Implementation process

- 1.22 Subject to Royal Assent of the Energy Bill, **the powers and procedures to implement the FSO code modifications are not expected to be the business-as-usual code modification process**, as set out between the Standard Licence Conditions, Standard Special Conditions of electricity and gas licences, nor their corresponding processes implemented in the respective codes (the usual code modification process).
- 1.23 Per section 166(1) and (3) of the Energy Bill, a Relevant Authority may modify a Relevant Document *“in preparation for the designation of a person (as the FSO) under section 159(1), or in connection with or in consequence of the designation of a person under that provision.”* This power to modify Relevant Documents is subject to a three-year sunset period following first designation of the FSO (under

⁹ See Part 6 (“Governance of Gas and Electricity Industry Codes”) of the Energy Bill and the April 2022 consultation response on Energy Code Reform, available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1066722/energy-code-reform-consultation-government-response.pdf; and, the December 2022 call for input, available here: <https://www.ofgem.gov.uk/publications/energy-code-governance-reform>

section 166(6)). That is, **either Ofgem or the Department may modify codes for a three-year period following the FSO creation, and before it.**

- 1.24 The **Energy Bill will enable a Relevant Authority to consult and then modify directly** licence conditions and codes documents subject to notice. In support of this, we intend to **provide guidance and instruction** to industry parties on what assistance will be required and against which timeline, to streamline and choreograph a process so that the necessary licence and code modifications needed to implement the FSO happen simultaneously with the wider FSO implementation changes facilitated by the Department in conjunction with other central parties.
- 1.25 Notwithstanding the powers of the Relevant Authority to make code modifications, **it is our intent to establish a CCWG with industry representatives for each code identified in paragraph 1.15, so that the collective modifications to codes text on which we will employ these Energy Bill powers are arrived at on a consensual basis as far as practicably possible.**
- 1.26 During the FSO CCP, the Relevant Authority intends to:
- publish notices about proposed modifications, e.g., based on CCWG outputs;
 - consider representations about those modifications;
 - publish notices about modification decisions;
 - make modifications directly in codes.

Activities and Timeline

- 1.27 We foresee the following process in relation to developing the required code modifications, where steps, schedules and Terms of Reference may be amended from time to time in line with the wider FSO implementation plan:
- **(In-Progress) Draft proposed modifications for each of the impacted codes have been arrived at jointly** by Ofgem and its Project Partners over a period of months based on bilateral discussions about the consequences of policy as described in the introduction. These drafts will form an input for the CCWG (see Annex 1 on Code Modifications, published alongside this document), but do not preclude consideration by the CCWG of any other relevant code modification proposal brought by its members.

- **Call for Volunteers to participate in the CCWG is sought** by 23 August 2023, subject to the scope and Terms of Reference described in this Chapter 2 of this document.
- **The first CCWG will be convened** in due course after the publication of an update to this Call for Volunteers and will run until the Workgroup Phase end-date, at which time final draft code texts resulting from the CCWG are submitted to the Relevant Authority. Current timings indicate Workgroup Phase end-date as first quarter 2024.
- **During the Workgroup Phase**, the following activities are anticipated:
 - (1) The core activity of developing proposed code modifications;
 - (2) Informal consultations to gather views on the package of modifications;
 - (3) Provision of assessments: implementation requirements for readiness and compliance with the modifications, any other user or system impact; and,
 - (4) Adaptation of the implementation plan and schedule accordingly.

Chapter 2 on Cross-Code Workgroup provides more detail and the proposed Terms of Reference.

- In exercising the section 166 power to modify code documents, the Relevant Authority will make the final decision as to whether proposed code modifications should be implemented. That decision will be informed by advice which includes that from informal consultation or consultations with members of the CCWG, and other relevant parties, as well as with persons named in accordance with section 167(1)(b) and (2) of the Energy Bill.

In providing their advice, subject to the CCWG Terms of Reference, members and relevant persons will be giving a view on the respective code objectives as met, impact to users and systems, and other readiness considerations of the new code obligations were they to be given effect.

It will be for individual users to ensure that they evaluate their own plans such that they are in a position to carry out activities in accordance with code obligations on and from the date that the FSO code modifications come into effect (“the Effective Date”).

Governance

- 1.28 As soon as is practicable, either the Authority under existing powers, e.g., section 11A of the Electricity Act 1989 or section 23 of the Gas Act 1986, or the Relevant Authority under the powers of the Energy Bill may **make temporary modifications to industry licences and codes to support the implementation process and facilitate cooperation**, and provide a mechanism for industry to have greater clarity on the process, what adjustments may need to be made and when these need to be completed, including the process outlined in this document.
- 1.29 The temporary modifications could include obligations to progress measures needed to implement the FSO reforms, such as progressing necessary updates to codes, contracts and systems.

Chapter 2: Cross-Code Workgroup (CCWG)

Key Questions

Q1: Terms of Reference – *Do the proposed CCWG Terms of Reference provide sufficient clarity with regard to the stated purpose and functions of the CCWG and its membership?*

Q2: Scope of code assessment and change – The proposed Terms of Reference in Chapter 2 set out draft principles against which the CCWG should work to produce modification proposals for evaluation by the Relevant Authority. Annex 1 (published alongside this document) sets out code modifications we have identified as: (i) required for a functioning FSO at its designation, and (ii) modifications which we would like to take the opportunity to complete as part of the transition to the FSO to keep the codes current and coherent with other parts of the regulatory framework (e.g., the FSO’s new licence conditions). The latter group includes (for example) the removal of legacy conditions, such as the Seven Year Statement, as well as revising the methodology for the CUSC credit cover calculation. The proposed modifications to support this latter group would still be subject to a case-by-case assessment of complexity and the volume of consequential modifications to ensure CCWG objectives are completed within the FSO project timeline.

Do you agree that proposed code modifications in the latter group which are coherent with the transition to the FSO and needed to maintain coherence with other parts of the regulatory framework (e.g., the new FSO licence conditions) should be considered within the scope of the FSO CCP?

Q3: Industry readiness assurance – At specified stage gates during the lifetime of the CCWG, we will seek views from CCWG members on requirements for readiness and compliance, as well as potential impacts not previously identified. This input, and any remedy sought as a result, is likely to provide a form of assurance of industry readiness with regard to the code modifications arising from the FSO CCP. ***What limits do you foresee in terms of the level of assurance you might be able to provide for final code modifications?***

Q4: Managing change-on-change – Given the scope, process, and implementation timeline set out across this document and Annex 1; ***Do you consider there to be any factors that might impede delivery of the existing pipeline of industry modifications or the work of the FSO CCP? How might the Department or the Authority support industry in prioritisation and delivery? What form of support would you advocate?***

Summary

1.30 Where the purpose of the FSO CCP is to develop the code modifications required for the establishment of the FSO, the CCWG will be its main delivery vehicle, spanning:

Developing legal text

- The core activity of the CCWG is to develop proposed FSO code modifications. This does not preclude convening code-specific sub-workgroups, including pre-modification forums with impacted parties within or outside of the CCWG, provided any issues, risks, dependencies or other consequences of such discussions salient to the timely delivery of FSO code modifications are brought to the CCWG.
- Informal consultations to gather views on the package of modifications:
 - a. A single CCWG consultation, where members may express views.
 - b. Informal consultations per impacted code, where code parties may express views.

Providing implementation input

- Provision of assessments: implementation requirements for readiness and compliance with the modifications, any other user or system impact.

Management and implementation

- Adaptation of the code modification implementation plan and schedule accordingly. Provision by the Relevant Authority to the workgroup of:
 - a. updates to policy, code modification implementation plan, and or schedule, and
 - b. the final set of inputs to enable members to finalise draft legal text.

Representation

- Ensuring programme participants', especially code body perspectives are appropriately represented, enabling transparency of code modifications for all impacted parties and stakeholders.

1.31 Subject to the proposed Terms of Reference (below), the **CCWG membership is to be constituted from code body and regulatory experts from each code, Project Partners, constituency and / or industry representatives.**

Summary roles as:

- **An Ofgem official (acting on behalf of the Authority) will be the SRO;** Ofgem is ultimately responsible for readying the code modifications in time for the FSO,
- We intend to engage an **industry Chair to moderate and facilitate** the CCWG, driving the development of solutions,
- **Code Administrators will conduct business-as-usual assessments** where appropriate (outside existing formal code governance processes) and **facilitate sub-workgroups and informal consultations**, and
- **CCWG members will represent their stakeholder group(s) and or code(s)' objectives and refer code modifications** within the scope of the FSO CCP to the group.

1.32 **Members shall be chosen from** the cumulative list of:

- Candidates **put forward by** the Code Administration Code of Practice (**CACoP**) Forum, who may determine an appropriate representative to attend the CCWG on behalf of a code body or parties to a code;
- Candidates **put forward by the Energy Industry Panel Chairs (EIPC);**
- **Expressions of interest** received in response to this publication;

There is no intended hierarchy of the above sources.

1.33 The consolidated **list of potential members will be sifted and evaluated by Ofgem to prioritise** individuals who meet multiple required criteria in order to have a nimble group. Not in any order of priority, we consider these to be candidates:

- with **cross-code expertise**, that is who actively work across multiple codes;
- who routinely **span multiple constituency** and or industry perspectives;
- who is or was a **member of a code panel;**
- to whom a **code body has or will agree to delegate** their input as may be reasonably required with respect to the CCWG activities (e.g., developing and assessing code changes), or such other matter as provided for in the proposed Terms of Reference;

- who can, where possible, **participate in the CCWG for a reasonable period** to ensure consistency of approach, retention of knowledge and delivery within the project timelines;
 - with the **appropriate skills, knowledge, and experience** to participate;
 - where these desired criteria are neither cumulative nor exhaustive.
- 1.34 Where multiple potential members fill the same role, or roles remain unfilled, we may work with our Project Partners, the nominating party, and individuals to optimise industry coverage against the requirements identified above.
- 1.35 The final list will be shared in advance of the first CCWG session in order that objections or omissions may be considered for the constitution to be ratified at the first CCWG session.

Terms of Reference

Purpose

- 1.36 The purpose of the CCWG is to oversee the development of modifications that impact multiple industry codes, *in preparation for the designation of a person (as the FSO) under section 159(1) of the Energy Bill, or in connection with or in consequence of the designation of a person under than provision.*
- 1.37 Notwithstanding the powers of the Relevant Authority to take forward code modifications under the Energy Bill (once enacted), it is our preference that the collective modifications to code text are broadly industry-supported.

Scope

- 1.38 The CCWG will be the main delivery vehicle for the work of the FSO CCP. The CCWG shall consider any issues and modifications that are identified as relevant to the establishment of the FSO which are referred to it by its members.
- 1.39 The CCWG shall consider issues and modifications to the:
- Balancing and Settlement Code (BSC)
 - Connection Use of System Code (CUSC)
 - Distribution Code (D-CODE)
 - Distribution Use of System Agreement (DCUSA)

- Grid Code
- System Operator - Transmission Operator Code (STC)
- Security and Quality of Supply Standard (SQSS)
- Uniform Network Code (UNC)
- and whether there are consequential impacts not previously identified to the Independent Gas Transporter UNC (iGT UNC), Retail Energy Code (REC) and Smart Energy Code (SEC)

Principles

1.40 Modifications must align with the intention and scope of the Energy Bill powers. All proposed modifications will be subject to an assessment and decision by the Relevant Authority on the appropriateness of implementing them using the relevant Energy Bill powers.

1.41 As such, the **principles¹⁰ the CCWG should adhere to when developing modification proposals** are generally those which:

- implement the new institution of the FSO;
- cascade FSO-related licence modifications directly into codes; and,
- have no betterment.

1.42 **Treatment of proposed modifications beyond 1.41:** The responsibility of the SRO is to bring forward the required code modifications for a functioning FSO at its designation, for the Relevant Authority to decide whether to implement them. The SRO will mediate and moderate the CCWG accordingly. Nevertheless, analysis by and with our Project Partners has identified potential modifications coherent with the transition to the FSO and with other parts of the regulatory framework (e.g., the FSO's new licence conditions), but which are not required for Day 1 operability or as a result of the FSO being designated. These are modifications which we would like to take the opportunity to consider as part of the CCWG (see Annex 1 for details).

¹⁰ Note that our intent is for the CCWG to use these principles when developing proposed code modifications, and these draft principles are not intended to apply to the Relevant Authority in exercising the Energy Bill powers to implement industry code modifications.

1.43 We therefore include **principles the CCWG should adhere to when raising or developing such modification proposals**. Those principles are generally, but not limited to, **where proposals** cumulatively:

- are deliverable within project timeline;
- are markedly a better way to solve the problem, where a modification proposal or solution already exists;
- will not frustrate the process of arriving at consensus;
- avoid novel or contentious modifications;

1.44 We appreciate that these proposed modifications could introduce volumetric changes which jeopardise the delivery timeline, and or may be deemed to contradict the principle of no betterment. As such, these will be considered on a case-by-case basis.

1.45 All proposed modification solutions should ultimately be deliverable within project timelines and enable the timely delivery of FSO Day 1.

Membership

1.46 The CCWG membership is constituted from code body and regulatory experts from each code, Project Partners, constituency and or industry representatives.

1.47 Our constituency representative list is expected to span the following categories, where the CCWG Governance category (save for the Chair and PMO function) is fulfilled by the Authority and its representatives:

Category	Responsible party	Representative
CCWG Governance	SRO	Ofgem
CCWG Governance	Legal Counsel (for the SRO)	Ofgem
CCWG Governance	Policy (for the SRO)	Ofgem
CCWG Governance	Chair – Delivery	
CCWG Governance	PMO & Secretariat (joint with Ofgem)	
Project Partner(s)	NGESO, Elexon, NGT	NGESO, Elexon, NGT
Code Administrators	All impacted codes	
Constituencies (see 1.33 for criteria)		
Elec. Transmission Owner / Operator		

Elec. Generator		
Elec. DNO		
Gas Transporter / DNO		
Gas Shipper		
Supplier		

A Microsoft Excel File of CCWG Membership will be provided as an Annex in due course.

Senior Responsible Officer (SRO)

- 1.48 The SRO of the CCWG will be an Ofgem official (acting on behalf of the Authority), who is ultimately responsible for readying the code modifications in time for decisions by the Relevant Authority.
- 1.49 The role of the SRO is to be the point of escalation – including to mediate and resolve the scope of modifications according to the principles above; and with the aid of the secretary consolidate risks identified within the CCWG and reflect back to the CCWG updates to policy and implementation plans as it interacts with wider FSO governance. The SRO will be present and active in the CCWG to follow its progress and must be sufficiently assured of the solutions developed within the CCWG as giving effect to the FSO policy.

Chair – Delivery

- 1.50 We intend to engage an industry representative as Chair of the CCWG (the CCWG Chair).
- 1.51 The role of the CCWG Chair is to enable delivery of the code modifications by facilitating discussion among members to enable challenge and ensure comments from the group are sought, logged, and addressed appropriately, as well as to act as a single point of contact between the CCWG and such external bodies which may have an interest in its work but are not represented among its membership.
- 1.52 The CCWG Chair will be delivery orientated driving the development of solutions and liaising with the SRO and Secretariat to consider issues related to progress and delivery.

1.53 The CCWG Chair may appoint another CCWG member as Deputy Chair, to carry out the responsibilities of the Chair in the event of their absence.

PMO and Secretariat

1.54 We are yet to engage experienced secretariat support but expect either Ofgem or the Department to have a role in bridging administrative and secretariat activities of the CCWG in partnership with an industry party or parties.

1.55 The secretary shall be responsible for:

- convening meetings of the CCWG (as directed by the Chair);
- shaping agendas based on CCWG progress;
- publishing within a reasonable timeframe relevant meeting documents, minutes, and actions log (setting out who is responsible for delivery against each action and associated timescales);
- providing status updates to relevant parties upon request;
- reporting to the relevant programme governance groups (e.g., FSO governance).

Attendance by non-CCWG members

1.56 In addition to the appointed CCWG members – for FSO project governance management, policy or specific risks or issues – the following may be invited by the SRO or Chair to attend any CCWG meeting and fully participate in discussion:

- a representative(s) of the Relevant Authority;
- a representative(s) of any service provider with responsibility for systems that may be impacted by any of the modifications;
- other representatives invited by the SRO and or the Chair.

Alternates

1.57 Any CCWG member may, upon notice to the CCWG secretary and subject to no objection being raised by the relevant code body, nominate an alternate with similar authority and expertise to attend the CCWG or sub-workgroups on their behalf, with a minimum of 24 hours' notice, and subject to the same conditions set out in these Terms of Reference.

Quorum

1.58 Quorum for CCWG meetings is achieved, where:

- For the CCWG PMO update (on the latest implementation plan, risks, issues, actions) – each representative has a nominated attendee or alternate;
- For a code specific agenda item – each representative of the relevant code, including across multiple constituency groups has a nominated attendee or alternate;
- For cross-code agenda item – as above, for all impacted codes;
- Otherwise – each representative has a nominated attendee or alternate to progress the agenda item.

Ways of Working

1.59 CCWG members are requested to work in a coordinated and cooperative fashion, with the foundational principles of early transparency and ‘no surprises’, and to maintain a consensus mindset to avoid cycling through unhelpful options or frustrating the process.

1.60 The CCWG will meet every two to three weeks, or as deemed necessary by the Chair, in consultation with members.

1.61 Members will determine the most appropriate method of communication. It is expected that most interactions (in between meetings) will take place via email, with teleconference facilities utilised where additional discussion is required.

1.62 We intend to host live drafts of code modifications and associated CCWG documents on an email-permissioned SharePoint platform. Further details will be shared in advance of the first CCWG meeting.

1.63 For project governance purposes and to ensure disparate code modification discussions are centralised into the CCWG, we expect information to flow as indicated below:

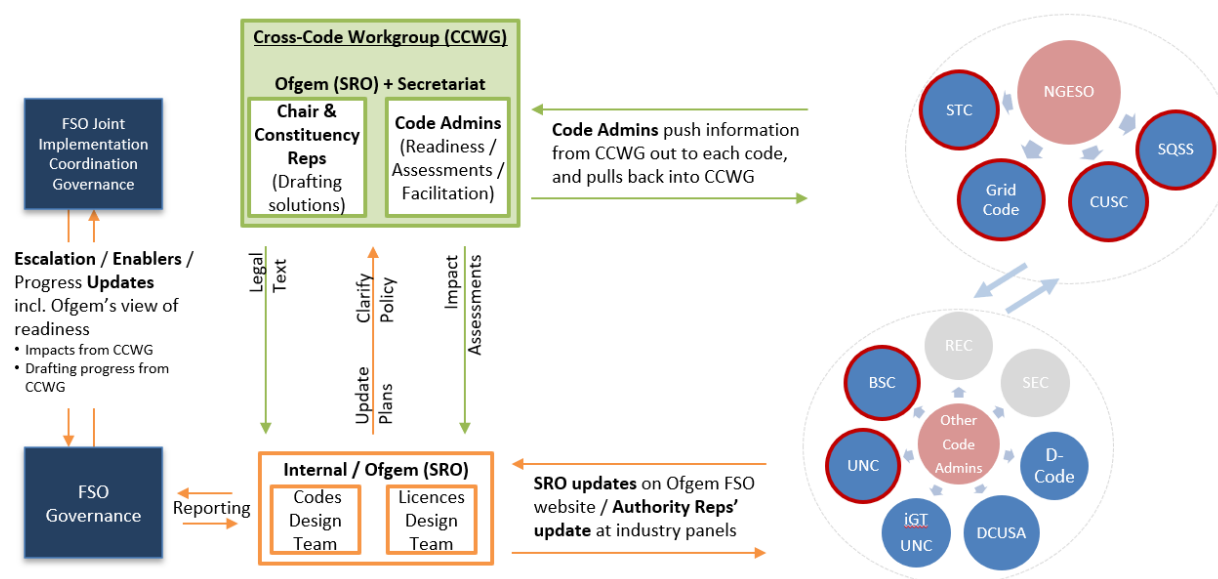


Figure 1. CCWG information flow

Consultation

- 1.64 **CCWG consultation:** The CCWG Chair will open and close an informal consultation (of the CCWG) on the package of draft code modifications, to the timetable published by the Relevant Authority from time to time in agreement with CCWG members.
- 1.65 If this consultation determines that further work is needed to develop proposed draft code text, the CCWG will develop a solution based on responses received as soon as practicably possible. The CCWG Chair is not expected to facilitate a further consultation but may do so if the Chair and SRO consider it appropriate.
- 1.66 **SRO-led informal (Code Administrator) consultations:** for each impacted code, the corresponding Code Administrator will facilitate a joint (SRO-Code Administrator(s)) informal industry consultation with a summary of representations made. Code Administrators are not expected to facilitate additional consultations in the event further work is identified by code parties.

Readiness and Assurance

- 1.67 We will request some assurances of impact were the new proposed modifications to take effect. Based on the draft proposed modifications, we currently expect there is 'low' or 'no impact' of the proposed code modifications and, moreover,

that they are not user-facing. However, we will keep this assessment under review as work progresses.

1.68 Unless otherwise agreed by the CCWG, the SRO and or Chair will request Code Administrators provide an indication of implementation requirements for readiness and compliance, within three to four weeks of the convening of the first CCWG and again at the informal consultations mentioned in paragraph 1.66. This might include:

- a) A system and user impact assessment in line with industry standards;
- b) A summary report (e.g., traffic-light system) against:
 - outcomes of sub-workgroup discussion: issues, risks, dependencies
 - interactions with other non-FSO code modifications based on a Horizon Scan;
- c) Release cycles, including parameters for the Relevant Authority to consider when setting the Effective Date in the Energy Bill notice of decision on the code modifications.

1.69 Where Code Administrators identify obstacles to the work of the CCWG, including those outside the scope of the CCWG, they will recommend a route for escalation, and indicate timescales according to which the issue must be resolved to ensure readiness on and for the Effective Date.

1.70 It will be for individual users to ensure that they evaluate their own plans such that they are prepared to carry out activities in accordance with code obligations on and from the Effective Date.

Amending these Terms of Reference

1.71 Changes to the Terms of Reference may be proposed by submitting a change proposal to the Chair or SRO.

1.72 The Chair or SRO may at any time undertake a review of these Terms of Reference and or the efficacy of the CCWG working arrangements which they seek to facilitate.

Appendix 1 – Questions

Q1: Terms of Reference – *Do the proposed CCWG Terms of Reference provide sufficient clarity with regard to the stated purpose and functions of the CCWG and its membership?*

Q2: Scope of code assessment and change – The proposed Terms of Reference in Chapter 2 set out draft principles against which the CCWG should work to produce modification proposals for evaluation by the Relevant Authority. Annex 1 (published alongside this document) sets out code modifications we have identified as: (i) required for a functioning FSO at its designation, and (ii) modifications which we would like to take the opportunity to complete as part of the transition to the FSO to keep the codes current and coherent with other parts of the regulatory framework (e.g., the FSO’s new licence conditions).

The latter group includes (for example) the removal of legacy conditions, such as the Seven Year Statement, as well as revising the methodology for the CUSC credit cover calculation. The proposed modifications to support this latter group would still be subject to a case-by-case assessment of complexity and the volume of consequential modifications to ensure CCWG objectives are completed within the FSO project timeline.

Do you agree that proposed code modifications in the latter group which are coherent with the transition to the FSO and needed to maintain coherence with other parts of the regulatory framework (e.g., the new FSO licence conditions) should be considered within the scope of the FSO CCP?

Q3: Industry readiness assurance – At specified stage gates during the lifetime of the CCWG, we will seek views from CCWG members on requirements for readiness and compliance, as well as potential impacts not previously identified. This input, and any remedy sought as a result, is likely to provide a form of assurance of industry readiness with regard to the code modifications arising from the FSO CCP. ***What limits do you foresee in terms of the level of assurance you might be able to provide for final code modifications?***

Q4: Managing change-on-change – Given the scope, process, and implementation timeline set out across this document and Annex 1; ***Do you consider there to be any factors that might impede delivery of the existing pipeline of industry modifications or the work of the FSO CCP? How might the Department or the***

Authority support industry in prioritisation and delivery? What form of support would you advocate?

Your response, data and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 2.

If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

Appendix 2 - Privacy notice

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for six months after the project is closed.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically

- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".