

Smell gas?

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on 0800 111 999

Department for Energy Security and Net Zero
Electricity Systems Team
3-8 Whitehall Place
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Email: NESOproject@energysecurity.gov.uk

Office of Gas and Electricity Markets
Future System Operator Team
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Canary Wharf
London, E14 4PU
Email: FSO@ofgem.gov.uk

9th May 2024

Dear Department of Energy Security and Net Zero, & Ofgem

Re: Energy Code Reform: Statutory Consultation on National Energy System Operator licences & other impacted licences

Thank you for the opportunity to provide representation on the above noted Statutory Consultation. Whilst we have reviewed the consultation and associated documents; due to the volume of documents provided we were unable to give them as full a consideration as we would have liked, therefore should anything come to light at a later stage we would raise this via the appropriate channels. Below is Northern Gas Networks (NGN) response only in relation to licence conditions impacting the Gas Distribution Networks and our own Special Conditions.

1. We would like to draw attention to the Gas System Planner Licence Conditions (Annex G), *Condition C5 Licensee's obligations regarding critical national infrastructure*: This appears to be a complete duplication of the Electricity System Operator Licence *Condition C6 Licensee's obligations regarding critical national infrastructure*, and therefore refers to Electricity sites, systems and assets only. We would therefore request that, before the final determination, this is amended to reflect gas 'sites, systems and assets'. Additionally C6.37, C6.10 & C6.13 also appear to be drafted from an electricity perspective, and would ask that the drafting of these is also amended accordingly.
2. Annex G conditions C10.11 & C11.9 refer to a three-year cycle for revision of these documents. Given the likely level of change year on year, it would seem more appropriate for this to an annual process, and suggest that this wording be amended to '*and no later than every third Financial Year thereafter*'.

we are
the network

Northern Gas Networks Limited is registered in England and Wales, no. 5167070.
Registered office: 1100 Century Way, Thorpe Park Business Park, Colton, Leeds LS15 8TU



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3. The absolute requirement within Annex G C10.12 of *(d) how each pathway meets legally binding carbon reduction*, could result in pathways being engineered to meet each Carbon Target without ensuring that they work with the wider requirements and realities, potentially resulting in a more complex and expensive energy system than by following an optimum pathway that may not fully achieve all carbon targets, but still deliver against the ambition for 2050.
4. We note within consultation Annex G Condition E1, and GT Standard Special Conditions Part A Consolidated (Annex R), that the ISOP will be acceding to the UNC and as such will have similar rights to other code parties, including the raising of modifications. Currently gas transporters provide, and are responsible for the cost of, legal text, costs for central data system changes provided for under the Data Services Contract (DSC) are funded by the gas transporters and shippers via the annual Business Plan provided by the Central Data Services Provider (CDSP). We would therefore welcome clarity in relation to how additional costs from modifications, and potential related system changes, are intended be managed and budgeted for by industry, along with how these costs are expected to impact end consumers.

We look forward to further clarity being provided in later consultations whether, once the code manager roles are in place, there is any intention that this would impact the ISOPs role within the UNC. Especially regarding whether the ISOP still retains powers to raise modifications, or if it is intended that these types of modifications will be raised and managed by the new code manager.

5. We have identified some amendments within Annex R *SSC applicable to both NTS and DN Licensees: Part A* that are not shown in change mark, and hope that Ofgem would ensure that these are identified to relevant parties prior to the final direction:
 - a. A11 10(ab) - The addition of '*the ISOP*' to this paragraph is not shown in change mark.
 - b. A28 1 - The full amendment from '*oblige*' to '*set and obligation on*' is only partially shown in change mark
6. We have identified some minor errors that should be corrected prior to final direction:
 - a. Annex R – GT Standard Special Conditions - Part A consolidated
 - i. A11 24 "*fast track self-governance criteria*”(b)(i) has an erroneous '-before the text '*updating names or addresses listed in the uniform network code*;'
 - ii. A15 *Part A Obligations of the licensee in ensuring the continued appointment of a CDSP*, has an erroneous '-before the '*ensuring the continued...*'
 - iii. A15 5, has an erroneous '-at the end of the line between '*CDSP is*' and ':'
 - iv. A28 1, has as erroneous '-between '*Relevant Network Licences*' and '*take a joined up approach*'
 - b. Annex S – Gas Transporter Licence: Standard Conditions
 - i. Condition 9, 12 b. i. has an erroneous '-at the start of the sentence, before '*to make a modification to..*'
 - ii. Condition 9 16. has an erroneous '- & an additional space between '*that any question*' and '*arising under*'

I hope these comments will be of assistance and please contact me on details provided below should you require any further information on this response.

Yours sincerely,

Tracey Saunders (via email)
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 (Interim) Head of Market Regulation and Compliance
 Mobile: 07580 215743

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