



Lauren Jauss  
Market Development Manager  
RWE Supply & Trading GmbH  
Whitehill Way, Swindon SN5 6PB  
Tel: +44 7825 995497  
[lauren.jauss@rwe.com](mailto:lauren.jauss@rwe.com)

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Electricity Systems Team  
Department for Energy Security and Net Zero,  
3-8 Whitehall Place,  
London, SW1A 2EG  
[nesoproject@energysecurity.gov.uk](mailto:nesoproject@energysecurity.gov.uk)

Future System Operation,  
Office of Gas and Electricity Markets,  
10 South Colonnade,  
Canary Wharf,  
London,  
E14 4PU  
[FSO@ofgem.gov.uk](mailto:FSO@ofgem.gov.uk)

Dear Ofgem,

**RWE's Response to Ofgem's consultation on modifications to industry codes to implement the Independent System Operator and Planner (ISOP) relating to National Security**

RWE welcomes the opportunity to respond to this consultation published on 22<sup>nd</sup> May 2024. I am responding on behalf of RWE Supply & Trading GmbH, RWE Generation UK plc and RWE Renewables GmbH.

As set out in this consultation, we understand that the Energy Act 2023 conveys powers to the Secretary of State regarding long-term threats to security so that they could be mitigated, for example by instructing NESO not to procure services from providers that could present a risk to National Security. We recognise this concern, but it is not clear to us how this would lead to a breach of the codes.

It is essential that these specific powers are clearly conveyed, and do not lead to concerns by market participants that NESO might be relieved of its short term operational obligations that are laid out in the codes. NESO and other code signatories, such as generators and suppliers, have clear obligations during an energy supply emergency, when declared, and it is important that these arrangements are adhered to during such a scenario and that





there is no uncertainty whether these could be overridden. The emergency arrangements have been carefully developed and have evolved to ensure that appropriate protections are in place for Generator and Supplier “bystanders”. For example, during the 2021/22 energy crisis, electricity market liquidity was severely affected due to the risks that generators were exposed to should an energy emergency occur. The codes were subsequently amended so that the markets were able to resume normal activity and were able to properly function.

We believe that the circumstances where it is proposed that the Secretary of State will have powers to intervene need to be set out more clearly to justify an amendment to codes. “By-standers” such as generators and suppliers should be afforded protection in those circumstances. If there is a risk that the Secretary of State will intervene and bystanders are not protected, they are likely to act in such a way so as to protect themselves from the risks that they would otherwise bear, having undesirable consequences on the energy markets.

Yours faithfully,

*By email*

Lauren Jauss,  
Market Development Manager,  
RWE Supply & Trading GmbH

**RWE Aktiengesellschaft**

RWE Platz 1  
45141 Essen, Germany  
Germany  
[www.rwe.com](http://www.rwe.com)