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17 June 2024

ESO Response to: Statutory consultation on establishing the Independent System Operator and Planner (ISOP) in GB industry codes 2024

Dear Sir or Madam,

We are pleased to submit our response to Ofgem's 'Statutory consultation on modifications to industry codes to implement the Independent System Operator and Planner (ISOP)'. This letter provides a summary view of our response and key points, with further detail in response to the consultation questions included in Appendix 1. Appendix 2 sets out our specific comments on the draft modifications to each code, and the other documents set out in the consultation, where applicable.

Who we are

As the Electricity System Operator (**ESO**) for Great Britain, we are at the heart of the energy system, balancing electricity supply and demand second by second.

Our mission, as the UK moves towards its 2050 net zero target, is to drive the transformation to a fully decarbonised electricity system by 2035, one which is reliable, affordable, and fair for all. We play a central role in driving Great Britain's path to net zero and use our unique perspective and independent position to facilitate network and market-based solutions to the challenges posed by the energy trilemma.

As National Energy System Operator (**NESO**) we will continue to build on the ESO's position at the heart of the energy industry, acting as an enabler for greater industry collaboration and alignment. We will unlock value for current and future consumers through more effective strategic planning, management, and coordination across the whole energy system.

Our general views on this consultation and the draft code modifications

This Ofgem statutory codes consultation sets out the detailed analysis and rationale behind the proposed modifications to industry codes. We have worked closely with Ofgem to develop each suite of code changes. ESO colleagues have been heavily involved in the process of implementing NESO in codes, drafting the initial

proposals for each code. We have had a continuing presence at the FSO Code Change Programme Cross Code Work Group (CCWG) where the modifications have been assured and the more substantive provisions were discussed.

Overall, we agree with the approach to the code modifications and the drafting proposed in annexes B – L of the consultation.

Our key points on the industry code modifications

- **Classification of modifications**

Under s.169 of the Energy Act 2023, the Relevant Authorities are authorised to make further changes to industry codes for a period of three years following the designation of NESO. This affords Ofgem (or DESNZ) the opportunity to implement further changes to industry codes as NESO's roles evolve. This is illustrated in Annex A of the consultation, which shows the results of a line by line analysis of NESO's new licences. This exercise was undertaken to understand which code modifications are required for Day 1 and which roles may require further code amendments in the near future.

With this in mind, we agree with the approach taken to develop changes as minimum requirements to enable the establishment of NESO. This approach has prevented scope creep at the CCWG and has allowed for timely development and assurance of the draft modification packages.

Where more substantive drafting has been required, for areas such as NESO's advisory function and information request powers, we support the code proposals mirroring the licence provisions for transparency. We will continue to work with Ofgem and DESNZ on any proposals for further industry code change which may be required after Day 1.

- **Voting and representation**

Panel representation and voting rights for NESO have been retained unchanged in all codes where these conditions were already in place. NESO has been added as a non-voting member to the UNC panel and remains a non-voting member of the BSC panel.

It was discussed at the CCWG whether the balance of these panels might be impacted by introducing NESO as a voting member. Therefore, further review of panel membership and composition was considered necessary before further altering voting rights. It was noted that this could take place following establishment of NESO. In both cases above, where NESO will not hold a voting position, we feel that as our role evolves it would be worthwhile to further explore the possibility of holding a voting position as this might better align with NESO's role as an independent, whole energy system expert.

The CCWG felt that this was not achievable in the time available or to be of pressing importance for establishment of NESO. In relation to the BSC, we note that establishment of NESO does not necessitate an extension of voting rights compared to current governance arrangements. In relation to the UNC, we acknowledge the view presented at CCWG that a single NESO vote is unlikely to change any panel decisions, and in any case, votes only contribute towards the evidence-based criteria that Ofgem will take into consideration when making any material decisions. We look forward to working with the relevant code panels to explore the opportunities, or otherwise, that a voting role for NESO would present to industry.

- **Standard Clauses relating to the National Security Direction and Advisory and Information Requests**

We believe that DESNZ has clearly and accurately reflected the national security licence condition in the relevant industry codes. The drafting achieves the goal of allowing NESO the ability to withdraw, without liability, from obligations under industry codes and contracts made under the codes where and to the extent that compliance with any such obligation would be inconsistent with a direction from the Secretary of State. In line with condition B4 of our ESO and GSP Licences, we would like to propose a small amendment to the draft to better reflect condition B4.4(b), to the effect that a national security direction is to be issued where it is in the interest of national security that such a direction be issued to NESO. Some proposed drafting is included in Appendix 1 of our response below.

As set out in the consultation, there has been extensive thought and discussion dedicated to the scenario whereby a third (bystander) party incurs exceptional costs, due to NESO acting (or omitting

to act) following a national security direction. We have not so far identified any likely scenarios where this would be the case and so we support DESNZ's position set out in the consultation.

In relation to the standard clause relating to our Advisory function and Information Request power, we have also suggested a small change to better align clause 'XX.Y.2' with s.172 of the Energy Act 2023.

- **Central Data Services Provider (CDSP) and Data Services Contract (DSC) provisions**

In further developing NESO's gas roles we have worked closely with Xoserve (as CDSP) to better understand our service requirements. We understand that the intention of the drafting of Section D of the General Terms of the UNC means that NESO will be a party to the DSC and that it will be able to participate in the DSC Committees through appointment of a representative. It is also understood that a party can only receive the services available to a DSC Customer by satisfying the accession requirement in the DSC Terms and Conditions, which include a requirement to become a UK Link User.

Although we agree that representation in DSC Committees is helpful and may be necessary as NESO's role evolves, we understand that at least initially, NESO may not require the level of reports and data available to other more directly engaged Core Customers, such as reports exchanged through UK Link, for carrying out its functions.

We understand that as NESO on Day 1 there is an expectation that the services we would be receiving under the DSC will be minimal and, further to discussions with Xoserve, expect to not incur significant CDSP Charges, if at all to begin with. Acknowledging that to some extent accession to the DSC is a future-proofing exercise we do not propose further amendments to Section D other than noted in Appendix 2 below. We suggest that further consideration of our role in relation to the CDSP and other parties to the DSC is merited, to ensure that greater involvement incurs a proportionate expense in the form of CDSP Charges for services that may otherwise be provided at lower cost to NESO and ultimately the consumer. Alternative ways of engagement could take the form of a parallel agreement with Xoserve should it be necessary.

- **Information sharing**

As NESO's new roles move from design into implementation, it is at least possible that there may need to be future modifications to industry codes to facilitate information sharing in particular areas (e.g. where a code process may be preferable to other routes, such as NESO's information request power). We look forward to working with Ofgem and industry to further explore amendments which may be needed.

We have included further detail on some of these points in addressing the consultation questions in Appendix 1 below. We set out our drafting proposals for issues we have raised and detailed drafting comments in Appendix 2.

We look forward to working with Ofgem and wider industry to finalise the establishment of NESO in GB industry codes. Should you require further information on any of the points raised in our response please contact Gareth Davies, Head of Transformation, FSO Programme at Gareth.Davies5@nationalgrideso.com.

Our response is not confidential.

Yours sincerely



Colm Murphy, Director of Transformation and Major Projects

Appendix 1 – Written answers to consultation questions?

EA23 ISOP Codes Modifications – Consultation Appendix 2 Questions

Questions not related to National Security

Q1 Does the package of proposed code changes meet the objectives of the FSO CCP?

- Yes, the suite of changes meets the objective to establish NESO in industry codes. Please see the key comments section of our letter and detailed drafting comments in Appendix 2.

Q2 Do you have any other views or comments relating to the proposed modifications to the Codes (excluding those modifications relating to National Security)

- In some places where Assimilated Law is noted, this is in reference to the Withdrawal Act 2018 – the formal title of the legislation is the European Union (Withdrawal) Act 2018 and therefore to ensure accuracy we would suggest that an appropriate amendment to this effect is made across the Codes.

- We would suggest that clause 'XX.Y.2' contained in Annex L relating to our advisory function and information request powers could be amended slightly (as underlined) to more closely align the provision with s.172(1) of the Energy Act 2023. Specifically, the words '*in connection with the exercise of any of its functions, as set out in s.172(1) of the Energy Act*' suggest that NESO's functions are to be found in s.172. We would suggest amending for accuracy so that the entire opening sentence reads: '**The Company** may by notice request from **Users** such information as it reasonably requires *in connection with the exercise of any of its functions, in accordance with section 172 of the Energy Act*'.

- We have included in Appendix 2 of our response some further detailed comments relating to inclusion of the advisory function and information request powers in the Security and Quality of Supply Standard (SQSS).

Questions related to National Security

NS.Q1 Do you have any views on the representation of licence condition B4 (Compliance with directions related to national security) in the Codes?

- We consider that reflection of licence condition B4 in the Codes is a helpful addition that provides transparency to industry. In order to better align the wording in the licence condition with the proposed Codes wording, we would suggest a small addition to 'XX.Y.1' (as underlined) as follows: '*...where in the opinion of the **Secretary of State** there is a risk relating to national security that may detrimentally impact the resilience, safety or security of the energy system, or the continuity of essential services, and it is in the interest of national security that a direction should be issued to **The Company**.*'

NS.Q2 Can you give examples where exceptional cost would be incurred by a 'bystander' party (wholly unrelated to the subject of the direction), which would not have been incurred but for a direction given by the Secretary of State to NESO?

- We have not been able to identify likely scenarios where exercise of the direction would lead to bystander parties incurring costs. However, we would suggest that this very much depends on the purpose and content of any national security direction. We agree with DESNZ that further development of the Codes in this direction may be appropriate if it becomes clear that such a risk exists, however do not consider that this falls within scope of the consultation.

NS.Q3 Do you have any other views or comments relating to the proposed modifications to the Codes relating to National Security?

- We do not consider that capturing wording relating to the National Security direction is necessary or appropriate in the SQSS. We have captured more detailed comments on this point in Appendix 2 below.

- Noting that wording to the effect that NESO may withdraw from contractual obligations without liability is proposed, we would consider that where contracts under the Codes are exhibited as is the case with CUSC, a further small amendment to the provisions of those contracts may be helpful for the

avoidance of any doubt and ease of use. For example, contracts such as Schedule 2, Exhibit 3 of CUSC (Construction Agreement) contain provisions which provide that the CUSC is made contractually binding between the parties to that Agreement. Clause 13 then incorporates provisions of the CUSC as if set out in that Agreement. We consider that reference to the national security direction provisions should be made here.

Annex J Gas roles package - Appendix 3 Questions

Questions related to the UNC code changes

Q1 Have we correctly identified and made all the necessary updates in the UNC and associated documents to enable the ISOP to execute its role as a Gas System Planner? If not, please elaborate what other specific changes are required?

- We consider that the necessary changes have been made to the UNC to enable the ISOP to execute its GSP role, including around participation in UNC governance procedures such as through membership of the UNC Panel as a non-voting member. We have included some commentary in our cover letter touching on arrangements relating to the DSC and interactions with the CDSP.

Q2 What are your views on the proposed UNC code changes as set out in this document?

- Overall, we consider that the proposed UNC code changes achieve their intended purpose. More detailed comments on the drafting can be found in Appendix 2 of our response.

Appendix 2 – ESO comments to the FSO Codes Change Programme (CCP) – Statutory Consultation

This appendix sets out our more detailed comments to the questions presented in Appendix 2 of the statutory consultation document and in Appendix 3 of ‘Annex J – Gas Roles Package’.

Annex B – L General Comments

Reference	ESO comments
Reference to statutory/licence obligations	<p>We note that the changes make reference to some obligations which will be imposed on NESO (and NGT) in licence, which we understand are included for transparency and to provide context. Although we do not propose changes to these provisions beyond those set out elsewhere in this response, we do suggest that Ofgem and DESNZ’s decision documents note that these references are being included for transparency/context only and that such references do not have any substantive effect under the code. This applies in particular to:</p> <ul style="list-style-type: none"> • Annex I – UNC changes • Annex K – Standard Clause - National Security directions • Annex L – Standard Clause – Advisory and Information Requests
Definition of ‘ISOP’	<p>We request that the definition of ‘ISOP’, where it has introduced in industry codes, is amended to read ‘[...] for the time being that person is NESO’ so that National Energy System Operator is referred to as ‘NESO’ rather than ‘the NESO’.</p>

Annex B - BSC

Reference	ESO comments
Section C, generally	<p>We note that Section C, para 2.1.5 is noted for deletion as proposed in the lookup table included in Annex B of the consultation document, as part of the Elexon ownership change. We acknowledge that as per the DESNZ and Ofgem joint consultation entitled “The Future Ownership of Elexon: Licence and Code Changes”, associated legal text is proposed to replace the related provisions in this part of Section C.</p>
Section H, paras 9.12.1(a) and 9.12.4(b)	<p>In line with the styling applied to paragraph references in the ESO licence, we suggest amending reference to condition ‘D2(5)’ to read ‘D2.5’.</p>
Section H, para 9.12.7	<p>In line with the styling applied to paragraph references in the ESO licence, we suggest amending reference to condition ‘D2(12)’ to read ‘D2.12’.</p>
Section X-1, BETTA definitions	<p>Please confirm whether retention of the definition ‘<i>BETTA Effective Date</i>’ is intentional and links to maintaining confidentiality in relation to historical information as captured in the definition of ‘<i>Confidential Information</i>’. If that is not the intention, we would suggest appropriate amendments are made to omit references related to BETTA given amendments in other parts of the BSC.</p>
Section X-1, ‘GSP Licence’	<p>We recommend that the definition here be amended to read ‘<i>Gas System Planner Licence</i>’ or ‘<i>GSP Licence</i>’. We suggest that further consideration is given to whether the words ‘<i>or treated as granted</i>’ should be included here. We are not clear that the legislation merits including those words.</p>

Section X-1, 'National Electricity Transmission System Operator (NETSO)'	Please consider whether reference to "NGC" should be retained as this relates to "National Grid Company" in the current text.
Section X-1 'Master Connection Use of System Agreement' and 'Supplemental Agreement'	We note that deletion of these terms is proposed – whilst this appears to relate to legacy arrangements the rationale for such deletion does not appear clear in the consultation documents. We note that the equivalent definitions are not proposed for deletion in the CUSC.
Section X-1 'Transmission Licence'	Please consider whether it is relevant to retain reference to the Transmission Licence and if so, whether this should encompass all transmission owners including OFTOs and CATOs.
Code of Practice Eleven, 3.56	Please consider whether reference to "NGC" should be retained as this relates to "National Grid Company" in the current text.
Code of Practice Eleven, 3.74	Please consider whether the words from "except that prior" to the end of this paragraph should be deleted in line with proposed amendments to other parts of the BSC.
Funds Administration Agent User Requirements Specification, definition of 'NETSO'	Please consider whether reference to "NGC" should be retained as this relates to "National Grid Company" in the current text.
Service Description for Transmission Loss Factor Agent Determination, definition of 'NETSO'	Please consider whether reference to "NGC" should be retained as this relates to "National Grid Company" in the current text.
Service Description for Transmission Loss Factor Agent Determination, definition of 'Zone'	Please consider whether reference to the ESO Licence is appropriate here, or whether reference to the Transmission Licence should be retained on the basis that the definition may pertain to an area defined under the Transmission Licence.
Load Flow Model Specification for the Calculation of Nodal Transmission Loss Factors, definition of 'Zone'	Please consider whether reference to the ESO Licence is appropriate here, or whether reference to the Transmission Licence should be retained on the basis that the definition may pertain to an area defined under the Transmission Licence.

Annex C – Distribution Code

Reference	ESO comments
DGD 1, ‘ESO licence’	We recommend that the definition here be amended to read ‘ <i>Electricity System Operator (ESO) Licence</i> ’.
DGD 1, ‘GSP Licence’	We recommend that the definition here be amended to read ‘ <i>Gas System Planner (GSP) Licence</i> ’. We suggest that further consideration is given to whether the words ‘ <i>or treated as granted</i> ’ should be included here. We are not clear that the legislation merits including those words.
Annex 1 – Qualifying Standards	Notwithstanding that ‘Appendix 3 – Ancillary Documents’ of the consultation marks documents listed in Annex 1 and 2 as being subject to amendment using the usual governance routes, Annex 1 documents are considered to form part of the Distribution Code. It is our view therefore that a resolution of the Panel will be required as per DGC4.2 as a matter of priority to align documents in Annex 1 appropriately if the intention is that changes will not be made under direction by Ofgem for Day 1.
DOC7.3 – Scope	The formatting appears to have been incorrectly marked for amendment here – should be (a)-(d).

Annex D - DCUSA

Reference	ESO comments
Section 1A – Preliminary, Definitions and Interpretations 1.1	We recommend that the definition here be amended to read ‘ <i>Gas System Planner Licence</i> ’. We suggest that further consideration is given to whether the words ‘ <i>or treated as granted</i> ’ should be included here. We are not clear that the legislation merits including those words.
Section A – Preliminary, Interpretations 1.1, definitions of ‘Information Request Notice’ and ‘Information Request Statement’	Please consider whether reference to NESO’s role as ‘ <i>OTSO Party</i> ’ is appropriate for the purposes of NESO exercising its Energy Act 2023 information gathering powers, or whether reference to the ISOP generally would be more appropriate.
Section 3 – General Legal Provisions	Further to the above, please consider whether references to ‘ <i>OTSO Party</i> ’ in paras 60.16 to 60.28 should be amended to read ‘ <i>ISOP</i> ’.

Annex E – CUSC

Reference	ESO comments
Section 3, Appendix 2, para 8	An equation has been picked up as part of the tracked changes that forms part of the current CUSC – for the avoidance of doubt, we do not consider that further amendment is required to this part of the text.

Section 6, para 6.3.6(i)-(ii)	Please consider whether the two references to the ESO licence should both point to condition E3.24.
Section 10, para 10.5.4	Reference to ' <i>National Grid Electricity System Operator Limited</i> ' at the end of this paragraph should be changed to ' <i>The Company</i> ', consistent with the previous proposed amendments.
Section 11, definition of 'Associated Document'	Suggest this entry should read ' <i>Assimilated Law</i> ' – please also amend for accuracy to refer to ' <i>the European Union (Withdrawal) Act 2018</i> '.
Section 11, definition of 'Gas System Planner Licence' or 'GSP Licence'	We suggest that further consideration is given to whether the words ' <i>or treated as granted</i> ' should be included here. We are not clear that the legislation merits including those words.
Section 11, definition of 'Income Adjusting Event'	Please consider whether retaining this term is merited as no such corresponding definition exists in the ESO licence and the term does not appear in the CUSC.
Section 11, definition of 'Information Request Statement'	Please remove the square brackets from the drafting and style CUSC definitions bold e.g. ' <i>A statement prepared and published by The Company</i> '.
Section 11, definition of 'Interconnector Adjustment Payments'	Please amend ' <i>part c</i> ' to read ' <i>Part C</i> '.
Section 11, definition of 'ISOP'	Please style definitions bold accordingly in line with the convention in CUSC.
Section 11, definition of 'National Energy System Operator or NESO'	Please style definitions bold in line with the convention in CUSC.
Section 14, 14.15.134	We consider that due to a formatting error the tracked changes to this part of the text should be to paragraph 14.15.135. Additionally, we consider that the expression SGt-1 can be omitted given its reference to ESO's current standard licence condition C13 which is not being carried over to our new licences, and therefore suggest its deletion in that equation.
Section 14, 14.30.5	<p>The current changes to paragraph 14.30.5 remove the incentive arrangements and legacy provisions. However, to align more closely with the ESO licence, we propose that:</p> <ul style="list-style-type: none"> • '<i>Internal costs of operating the System</i>' is changed to '<i>Internal Expenditure (as defined in the ESO licence)</i>' so that the internal costs are more specifically referenced. • An additional sub-paragraph is added – '<i>RAV Returns (as defined in the ESO Licence)</i>'. (See our more detailed comment on this below).

Section 14, 14.31 The changes made to paragraphs 14.30 to 14.32 of the CUSC are those necessary to allow fixed BSUoS tariffs to be set in exactly the same way as before NESO is established (removing incentive arrangements). There are however other changes that the ESO licence brings which will need to be incorporated into the CUSC before the first tariff setting after Day 1 (tariffs are set every six months in June and December). If they are not, the tariff that is set will not take into account parts of the new framework and result in an incorrect charge being levied on customers.

Though the regulatory mechanism that underpins the new framework does not include an ongoing Regulatory Asset Value (RAV) and all money is to be received on a 100% fast money basis, the RAV at the point of sale will be collected to be repaid to the new shareholder via depreciation over a period of time. The term that will achieve this is set out in Part F of Condition F1 of the Electricity System Operator licence that has recently been consulted on.

As far as the CUSC is concerned, this income stream will need to be reflected in the formula specified in paragraph 14.31.4, we propose this is done with the new term highlighted in red below:

$$fBSUoSOT_t = fBSUoSXT_t + fBSUoSINT_t + fBSUoSRTN_t + kb_t$$

We suggest that the new term would be defined as:

'fBSUoSRTN_t = RAV Returns (as defined in the ESO Licence) and is set out as term RTNO_t in Part F of Condition F1 of the ESO Licence'.

The new framework also splits out the over or under recovery amounts between external, internal and return which was not the case before. The ESO licence therefore includes terms INTADJ, EXTK and RTNADJ. None of these terms need to be included in the CUSC charging formula as they are all covered within CUSC term kb.

**Schedule 2,
Exhibit 3,
Construction
Agreement**

In the first instance of the exhibited Construction Agreement, please delete the duplicate reference to *'The Company'* in the opening wording to the Agreement where NESO is introduced as a party to the agreement.

**Schedule 2,
Exhibit 3,
definition of
'Electricity Ten
Year Statement
(ETYS) Works'**

This definition refers to Table B7 which was previously captured in the Electricity Seven Year Statement and subsequently the Electricity Ten Year Statement. The information in Table B7 is currently captured in the document entitled *'The Comprehensive List of the Onshore and Offshore Network'* which forms part of the Network Options Assessment report prepared pursuant to standard licence condition C27 of the ESO's Transmission Licence and will be caught by the equivalent condition C13 in NESO's ESO Licence. We would therefore suggest that the definition should be renamed to something like the *'Network Options Assessment Works'*, defined as *'the works set out in the Networks Options Assessment report prepared by The Company pursuant to C13 of the ESO Licence and issued by The Company in [] which in The Company's reasonable opinion are required to be completed before the Completion Date to ensure that the National Electricity Transmission system complies with the requirements of condition E7 of the ESO Licence and Standard Condition D3 of any Relevant Transmission Licensee's transmission licence prior to the Connection of the User's Equipment in terms of clause 7.1 [or 7.2] of this Construction Agreement.'* Associated references to *'ETYS Works'* should then be appropriately amended in the remainder of the exhibit to capture this revised definition.

Schedule 2, Exhibit 3A, definition of 'Electricity Ten Year (ETYS) Works'	Similar comment as above per the definition of ' <i>Electricity Ten Year Statement (ETYS) Works</i> ' in Schedule 2, Exhibit 3.
Schedule 2, Exhibit 4, Mandatory Services Agreement - definition of 'Reactive Power Zone'	Please consider whether amendment is required here given that this definition appears to pertain to arrangements from 1997.
Schedule 3 – Part 1, definition of 'Reactive Power Zones'	Please consider whether amendment is required here given that this definition appears to pertain to arrangements from 1997. Considering also that Appendix 9 relates to redundant provisions that are included for reference it is doubtful whether any amendment is required to this part of the text.

Annex F – Grid Code

Reference	ESO comments
Cover	Amendment should be made to the cover page to replace references to ' <i>National Grid Electricity System Operator Limited</i> ' with ' <i>National Energy System Operator Limited</i> '.
Glossary and Definitions – definition of 'Gas System Planner Licence or GSP Licence'	We suggest that further consideration is given to whether the words ' <i>or treated as granted</i> ' should be included here. We are not clear that the legislation merits including those words.
Glossary and Definitions – definition of 'Information Request Notice' and 'Information Request Statement'	Please remove the formatting and style appropriately – square brackets should be removed and reference to ' <i>condition D2(5)</i> ' should be ' <i>condition D2.5</i> '.
Glossary and Definitions – definition of 'National Electricity Transmission System Operator Area'	This term finds expression in the terms of the ISOP's ESO licence and is defined as such in our draft ESO licence. We would therefore suggest that similar wording is reflected in this definition i.e. ' <i>means the area of that name as set out in the terms of the ESO Licence</i> '.
Glossary and Definitions – definition of 'Offshore Development Information Statement'	Please consider whether the reference to this statement remains relevant or whether it has been superseded (e.g. by the Network Options Assessment process). Preparation of the statement is not captured in the draft ESO licence.

Planning Code – PC4.1(a); PC.4.3.1; PC5.4(b)(2nd instance), PC.5.5(c); PC.A.1.2; PC.A.4.2.2; PC.A.5.2.3	References to seven years should be amended to nine years to align with provisions relating to the Electricity Ten Year Statement. We would recommend other parts of this and other codes subject to review are also revised accordingly where this may occur.
Data Registration Code – Schedule 5	There are three references provision of data <i>‘for the current, and each of the seven succeeding Financial Years’</i> . These should be amended to nine years to align with provisions relating to the Electricity Ten Year Statement.
Data Registration Code – Schedule 9, para 1	Please amend <i>‘station’</i> to read <i>‘Statement’</i> .
General Conditions – GC.18.5	Please amend the reference to the ESO licence condition from <i>‘D2(12)’</i> to <i>‘D2.12’</i> in line with the proposed ESO licence style.

Annex G – STC

Reference	ESO comments
Title – Section B	Please check alignment and errant text to the title of Section B.
Section G, para 23.2	Please amend <i>‘User’</i> to <i>‘Users’</i> .
Section I, Part 2	Our understanding of the drafting here is to make small changes to make it clear that the provisions are part of implementation of CM065-69 and that the addition of Pt.2, para 1.1.1 necessitates clarifying in the title that they also relate to establishing NESO. The text assumes a code modification number will be assigned to the changes in the usual way following Ofgem’s direction.
Section J, definition of ‘Business Personnel’	Please amend <i>‘Licenced’</i> to <i>‘Licensed’</i> in this definition and in the definition of <i>‘ESO Licenced Business’</i>
Section J, definition of ‘Gas System Planner’ or ‘GSP Licence’	As per our comments above, please consider whether the words <i>‘or treated as granted’</i> merit inclusion in this definition.
Section J, definition of ‘Information Request Statement’	Please amend the reference to the ESO licence condition from <i>‘D2(5)’</i> to <i>‘D2.5’</i> in line with the proposed ESO licence style.
Section J, definition of ‘National Electricity Transmission System Operator Area’	This term finds expression in the terms of the ISOP’s ESO licence and is defined as such in our draft ESO licence. We would therefore suggest that similar wording is reflected in this definition i.e. <i>‘means the area of that name as set out in the terms of the ESO Licence’</i> .

Section J, definition of 'NGESO'	Please capitalise the second reference to ' <i>[T]he Company</i> '
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Annex H - SQSS

Reference	ESO comments
SQSS – 1.24-1.25	<p>Given that the SQSS is a standard and not a code or ancillary document to a code it is questionable whether inclusion of the national security direction wording or wording relating to NESO's information request powers is necessary or appropriate.</p> <p>The same parties responsible for governance of the SQSS are parties to the STC where these provisions are already proposed to be situated. If the view is taken that the wording is necessary in the SQSS, we would suggest care is taken with use of the terminology referring to a '<i>code</i>' or to '<i>Users</i>' in the text – the latter term is not defined in the SQSS and perhaps a more appropriate way to express the arrangements here could be in reference to Transmission Licensees other than the ISOP.</p>
SQSS – 11. Definitions – definition of 'GSP Licence'	As per our comments above, please consider whether the words ' <i>or treated as granted</i> ' merit inclusion in this definition – this applies equally to how the term is proposed to be defined in the SQSS Industry Governance Framework. We would also suggest renaming the definition to ' <i>Gas System Planner or GSP Licence</i> '.
SQSS – 11. Definitions – definition of 'Information Request Statement'	Please amend the reference to the ESO licence condition from ' <i>D2(5)</i> ' to ' <i>D2.5</i> ' in line with the proposed ESO licence style.

Annex I – UNC

Reference	ESO comments
UNC Introduction – para 6	We consider that as the ISOP Framework Agreement contains provisions relating to accession of New DNOs, similar wording as appears in para 5 should be repeated here (i.e. ' <i>including DN Operators in their capacity as DNO Users</i> ').
UNC Modification Rules – para 4.1.6	Small amendment to double quotation marks of ' <i>ISOP Representative</i> ' for consistency with surrounding text.
UNC General Terms, Section B, para 6.1.2	As worded, this suggests that the ISOP is a type of Independent Gas Transporter. Please consider rewording for clarity. We suggest ' <i>... each User, the ISOP if relevant, each other Transporter and each Independent Gas Transporter who is bound by the assigning Transporter's Network Code</i> '.
UNC General Terms, Section B, para 8	Please amend the small typo in the heading to paragraph 8 – (' <i>infromation</i> ' to ' <i>information</i> ')
UNC General Terms, Section C, para 1 definition of 'Accession Agreement'	As drafted, this suggests that the Accession Agreement is to be found annexed at the end of this Section. If that is not the intention, we suggest amending accordingly.

UNC General Terms, Section C, para 1 definition of ‘ “Gas System Planner Licence” or “GSP Licence” ’	We suggest that further consideration is given to whether the words ‘ <i>or treated as granted</i> ’ should be included here.
UNC General Terms, Section D – CDSP AND UK LINK, 4.2.1 (C)	Further to our cover letter relating to the CDSP and DSC provisions, it is unclear how the ISOP Representative to the DSC Committee is proposed to be appointed and replaced. We would suggest that similar drafting as captured in the UNC Modification Rules para 4.16 relating to appointment and 4.2.8 relating to re-appointment of an ISOP Representative to the UNC Panel could be used here.
UNC General Terms, Section D – CDSP AND UK LINK. 4.3.1	Noting the addition of the words ‘ <i>other than the ISOP Representative</i> ’ here, we think it would be useful to tweak slightly with addition of a few words to clarify that the ISOP Representative will not have a vote.
TPD, Section O – System Planning, para 5.1.3	We note that Network Model, Relevant Network Model Data and the Strategic Planning Options Proposal are not defined in the GSP Licence (based on the statutory consultation version) and so we suggest that those terms are stated to have the meaning in National Gas Transmission’s Gas Transporter Licence.
TPD, Section O – System Planning, para 5.2.1	In line with our comments to Special Condition 9.12 of NGT’s licence in our consultation response dated 09 May 2024 related to the statutory consultation on NESO licences and other impacted licences, we are not clear on why the standard of ‘ <i>reasonable endeavours</i> ’ is used in the obligation to provide accurate models. If Ofgem considers there are reasons why this is not appropriate to be an absolute obligation, we suggest that this could be a ‘ <i>best endeavours</i> ’ obligation. However, we consider ‘ <i>must</i> ’ would be appropriate.
TPD, Section O – System Planning, para 5.3.1	For clarity we suggest changing ‘ <i>such condition</i> ’ to ‘ <i>condition C8</i> ’.
TPD, Section O – System Planning, para 5.3.2	Please add the word ‘ <i>the</i> ’ in the statement ‘ <i>for the purposes of its use of [the] Gas Network Capability Needs Report</i> ’.
TPD, Section O – System Planning, para 5.5.1(a)	Reference to the Strategic Planning Options Proposal here should instead be to the Gas Network Capability Needs Report.
TPD, Section V – General, para. 5.8.4	Please consider whether reference should also be made to the Transporter licence, to the effect that the provision would start with the words ‘ <i>Where pursuant to the Code or the Gas Transporter’s Licence the Transporter provides or arranges for the provision of...</i> ’. We consider that such an addition may be useful as obligations relating to provision of data in this part of the code may also relate to data provided pursuant to fulfilment of a Transporter licence obligation. In such a case the amendment would clarify that a licence for NESO to utilise the data in the way envisaged in para 5.8.2(b) is granted in relation to that data, whether it is provided under licence or code. (A similar reference could be included in para 5.8.2 for completeness in relation to Users, however we are not aware of any such relevant licence conditions from Day 1 that would make this necessary).
TPD, Section V – General, para. 5.14.1(a)(i)	Please consider whether the word ‘ <i>province</i> ’ is appropriate – perhaps ‘ <i>purpose</i> ’ would be more suitable.