

## Guidance

This Excel spreadsheet provides a template for responses to our **consultation on the implementation of energy code reform** published on 30 January 2024.

There are three tabs for you to fill in:

- 'Organisation Details': general information about yourself, your organisation and questions around your response's confidentiality.
- 'Consultation Questions': a list of all the questions made throughout the consultation document on the left hand side with blank cells on the right hand side for you to fill with your responses. Please respond to each one as fully as you can.
- 'General feedback': an opportunity for you to give us feedback on the overall consultation process.

Please complete this spreadsheet and **send your response to [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk) by 23/04/2024.**



## **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

Contact name	
Role title	
Company name	
Telephone number	
Email address	
Date of submission	
Do you want your response treated as confidential?	No
Do you want part of your response treated as confidential?	No



No.	Question	Response
1	Do you agree that we should recommend to the Secretary of State that the 11 industry codes listed (including the SQSS) should be designated as “qualifying documents” for the purposes of using our transitional powers in the Energy Act 2023 to deliver energy code reform?	No response.
2	Do you agree that we should recommend to the Secretary of State that the 5 central systems listed (including the Central Switching Service) should be designated as “qualifying central systems” for the purposes of using our transitional powers in the Energy Act 2023 to deliver energy code reform?	As a Gas transporter our main interest in this area is with Xserve. We agree with the proposals to designate the five central systems listed; however, we think that the systems provided by REC Co under the Retail Energy Code that are not Central Switching Service. The monetised costs and benefits are based on a number of assumptions and we have the following comments: 1) Is the assumption that 10% of estimated consumer’s spend on energy of £55Bn goes on selling, general and administrative
3	Do you agree with the monetised costs and benefits set out in the accompanying draft impact assessment (ie the quantitative analysis)? Please specify if you think there is any further evidence that we should consider.	Yes, we broadly agree with the assessment of the hard-to-monetise costs and benefits. We also think that a further benefit is that the persistent lack of quoracy at IGT UNC panel meetings would be addressed.
4	Do you agree with the hard-to-monetise costs and benefits set out in the draft impact assessment (ie the qualitative analysis)? Please specify if you think there is any further evidence that we should consider.	No response.
5	Do you agree with our preferred option to consolidate the CUSC and DCUSA to form a <u>unified electricity commercial code</u> ?	No response.
6	Do you agree with our preferred option to consolidate the Grid Code, STC, SQSS and Distribution Code to form a <u>unified electricity technical code</u> ?	No response.
7	Do you agree with our preferred option to consolidate the UNC and IGT UNC to form a new <u>unified gas network code</u> ?	Yes we do.
8	Do you agree with our proposals to rationalise the identified code provisions as part of any consolidation exercise?	The question refers to rationalising some code provisions as part of any consolidation exercise. Our understanding from the first consultation is that after the Code Manager was appointed then the codes would be consolidated and hence they would be given that Ofgem envisages using existing mechanisms, such as significant code reviews, to require code administrators to implement the content of the Strategic Development Statement (SDS) before code managers are appointed we oppose the based on the process described in the consultation, Ofgem seems to envisage that it will publish the Strategic Direction Statement and will use existing Code processes such as significant code reviews to implement it for codes that have not had a code manger
9	Do you agree with our proposal to publish the first Strategic Direction Statement (SDS) for all codes next year (before code managers are in place)?	The current Gas transporter licence standard condition 14 in relation to significant code reviews refers to co-operation not support (see extract below). Support suggest that the licensee will support the change even if it does not agree with it in whole or Ofgem has missed the key issue about industry engagement on Code changes.
10	Do you have views on the proposed SDS process?	The lesson from the Retail Energy Code is that removing
11	Do you agree with our proposal that a principles-based standard condition for gas and electricity licensees would support the development and delivery of code modifications related to the SDS?	
12	Do you agree with our preferred option for how a Stakeholder Advisory Forum should be constituted?	

13	What are your views on i) a requirement to assess the greenhouse gas impact of code modifications with updated guidance, or, ii) introducing a 'net zero' code objective?	panels have to assess modifications to codes against the relevant objectives, they take priority over guidance. If Ofgem wants panels to consider whether a modification facilitates the achievement of Net Zero then it needs to amend licences that state we support code managers, once appointed, being able to prioritise code changes; however we do not agree with the proposal in paragraph 5.35:
14	Do you agree with our proposal to extend and harmonise the ability of code panels to prioritise the assessment of code modification proposals?	"Ahead of appointing code managers, we see benefit in there is a lack of clarity over terminology in this consultation. This section is headed "Transitional powers and the code transition process"; however, paragraph 6.18 which discusses the Gas Network Code and the Electricity Commercial Code states: Some code administration services may be contracted out so the
15	Do you agree with our proposal to adopt a phased approach to transitioning codes to the new governance model?	term of these contracts and whether there is any provision for early termination may affect the timing of the transition to a common contractual arrangement. This information should be
16	Do you identify any strategic or operational considerations that might inform the transition sequence?	Provided the transition phase for the UNC and IGT UNC is limited to having a unified governance framework, then this could be done quite quickly subject to any contractual constraints (see our response to question 16), that need to be identified and if so it could be included with the BSC and REC in phase 1 of the transition phase.
17	What are your views on our proposed transition sequencing?	Ofgem should keep the transition phase simple and focused on combining governance at least for the UNC and IGT UNC and leave all the changes to the text of the codes to the consolidation phase under the code manager.
18	Do you have any other comments on how Ofgem should approach the implementation and transition process?	

We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

Question	Response
Do you have any comments about the overall process of this consultation?	
Do you have any comments about its tone and content?	
Was it easy to read and understand? Or could it have been better written?	The use of some terms such as "consolidate" was imprecise and seemed to vary in meaning in different parts of the consultation.
Were its conclusions balanced?	
Did it make reasoned recommendations for improvement?	
Any further comments?	A key theme of our response is that Ofgem is proposing a two stage process ahead to the implementation of these reforms but seems to be in effect seeking to put obligations that are