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SQSS code maintenance: Statutory consultation on proposed modifications to the electricity system operator and electricity transmission licences

Dear Carmel,

Who we are

NESO lies at the heart of the energy system as an independent, public corporation responsible for planning Great Britain's electricity and gas networks, operating the electricity system and creating insights and recommendations for the future whole energy system.

At the forefront of our efforts is delivering value for consumers. We work with government, regulators and our customers to create an integrated future-proof system that works for people, communities, businesses and industry, where everyone has access to clean, reliable and affordable energy.

NESO's primary duty is to promote three objectives: enabling the government to deliver net zero, promoting efficient, coordinated and economical systems for electricity and gas and the economy and efficiency of energy businesses and ensuring security of supply for current and future consumers. NESO will take a whole system approach, looking across natural gas, electricity and other forms of energy and will engage participants in all parts of the energy ecosystem to deliver the plans, markets and operations of the energy system of today and the future.

Our key points

- The SQSS currently has no reference to a Panel or Governance Framework requirement under E7.14 and we therefore believe that these will need to be introduced before the license change occurs.
- The SQSS Governance Framework currently outlines the modification process for amendments to the SQSS but makes no reference to the Governance Framework. Review

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and Amendments to the Governance Framework are currently undertaken by Panel under its duties under 4.2.2.3. Changes to the Governance Framework do not currently go to the Authority for approval.

- With the Governance Framework being within the scope of the SQSS it will formalise NESOs obligations as the ISOP. We would welcome review of the Governance Framework and development of a more prescriptive Framework to facilitate management of the SQSS.
- There are currently no plans to amend the Governance Framework as part of the proposed changes. However, if the current Governance Framework were to be captured within the scope of the SQSS and subsequently place an obligation on NESO under the new licence conditions this would go beyond what is currently a voluntary process. As detailed in the consultation, there is a requirement to formalise the existing voluntary SQSS governance processes, but we would question if amending our licences achieves that if the status of the Governance Framework itself remains on a voluntary footing. We invite consideration of this and propose that full review of the Governance Framework is undertaken, alongside the proposed licence change. This would ensure the ISOP could fulfil its obligations under the new licence conditions.
- E7.14(b), states “The SQSS panel, a panel body as specified in the SQSS, whose functions shall include the matters required by this condition and as set out in the SQSS and any ancillary documents and whose composition shall include a chairperson.” We would request a change introducing a comma as highlighted “and any ancillary documents, and whose composition shall include a chairperson”.

We look forward to engaging with you further. Should you require further information on any of the points raised in our response please contact Teri Puddefoot, Senior Code Governance Lead, Terri.Puddefoot@nationalenergyso.com

Yours sincerely,

Penny Garner

Head of Market Frameworks