

Annex B: Proposed Authority¹ Guidance on Code Modification Prioritisation

This document sets out proposed guidance for code parties on the new harmonised prioritisation process. It aims to support consistent implementation across industry codes.

The guidance defines the Prioritisation Categories and Criteria and outlines the process for making prioritisation determinations. It also covers the review process, treatment of cross-code modifications, and the use of modification registers, and considers how the process should be applied to both live² and future modification proposals.

This guidance builds upon the previously consulted on [‘Annex B: Definitions to form future guidance on code modification prioritisation’](#). It is proposed guidance because, although it builds upon our previous document, much of its content is new and we want to seek further stakeholder feedback before the new harmonised prioritisation process is implemented.

We plan to seek this feedback as part of future statutory consultation under Schedule 12 to the Energy Act 2023. Only following this further consultation and the implementation of changes to the codes do we expect industry to begin implementing this new harmonised prioritisation process. We also expect that this guidance may need to be iterated upon in future, as stakeholders apply the process in practice. We look forward to working with stakeholders to improve this guidance in future.

This guidance should be read alongside the preliminary Strategic Direction Statement (SDS) and governance arrangements for industry codes decision document (July 2025). Stakeholders may also find it helpful to refer to the [Consultation on the preliminary Strategic Direction Statement and governance arrangements for industry codes](#) (January 2025) and supporting materials.

The proposals reflect feedback received through consultation. Further views will be sought as part of the upcoming Energy Act 2023 consultation process, as set out above.

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to the Gas and Electricity Markets Authority (GEMA). The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work.

² A live modification proposal, for the purposes of this proposed guidance document, is a modification proposal that is not a) in the stage of being recommended to or sitting with the Authority for decision, or b) a self-governance modification awaiting a decision on approval/rejection, or c) awaiting implementation.

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Introduction

This proposed guidance document³ is an accompanying document to the preliminary SDS and governance arrangements decision document and 'Annex A: Proposed legal drafting of code modification prioritisation procedure'. It builds upon and replaces the previous 'Annex B: Definitions to form future guidance on code modification prioritisation'. It is intended to promote a consistent and transparent approach to prioritisation across all relevant codes.

It aims to provide proposed guidance on key aspects of the prioritisation process, including:

1. Context
2. Prioritisation Process
3. Prioritisation Review Process
4. Cross-Code Modifications
5. Modification Registers
6. Implementation

This document aims to provide proposed guidance to support code parties when submitting modification proposals. It also aims to support code panels in making prioritisation determinations and conducting prioritisation reviews. Additionally, it aims to provide guidance on managing cross-code modifications and maintaining modification registers.

The proposals reflect feedback received through consultation, and include additional detail in some parts of the process that were not previously consulted on. Further views will be sought as part of our planned upcoming Energy Act 2023 consultation process.

More broadly, the prioritisation guidance is intended to support a new process – we anticipate it will need to evolve as we learn more about how prioritisation works in practice. We expect to iterate and refine the document based on user experience and feedback. At an appropriate point, we will seek stakeholder feedback to ensure the guidance remains practical, relevant and as useful as possible.

³ The proposed guidance document is intended to apply to interim code governance arrangements and is subject to change as we undertake the statutory consultation process under the Energy Act 2023 and, in the future, following code manager appointment. It should be treated as a proposal and will be subject to consultation under our upcoming Energy Act 2023 proposed modification notice.

1. Context

The process of prioritising code modifications, whether codified or not, is a crucial part of the modification process. Currently, not all codes contain a codified prioritisation process and, where such processes do exist, they differ in approach and application.⁴ To address this inconsistency, we intend⁵ to introduce a standardised prioritisation process across all codes.⁶ This would aim to harmonise how prioritisation is handled and enhance the ability of code panels to assess and prioritise modifications effectively. The new process would aim to support the implementation of the SDS and to facilitate a smooth transition to the new code governance arrangements.

Under the new process, we would intend for panels to assess each modification proposal against a set of Prioritisation Criteria, taking into account an initial prioritisation assessment provided by the proposer. Based on this evaluation, the panel would then categorise the modification as either 'Standard Priority' or 'High Priority'. This classification would then determine the expected timeline, pace of development, and resolution pathway through to implementation.

Prioritisation would take place during the proposal and assessment stages of the code modification process, as illustrated in Figure 1 below.

The Code Modification Process

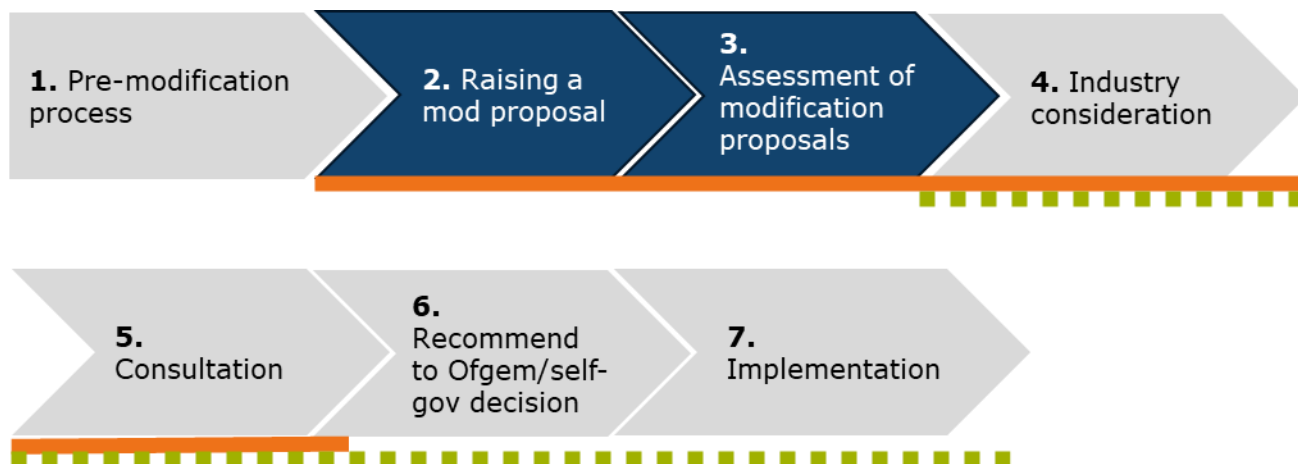
Figure 1 shows the typical stages of a code modification process. Stages 2 and 3 are coloured in blue to indicate where the prioritisation determinations would take place. The orange solid line under stages 2, 3, 4, and 5 indicates the stages where modification proposals would be considered 'live' for the purposes of prioritisation. The green dashed line under stages 4, 5, 6, and 7 indicates the stages where a modification proposal's timeline would be impacted by a prioritisation determination.

⁴ The BSC, CUSC, Grid Code Panels and REC Code Manager (subject to the REC Change Panel's ability to overrule their determination under defined circumstances) can determine the priority of a modification proposal based on its complexity, importance and urgency. The STC Panel and SEC change sub-committee can also determine the priority of a code modification proposal, but the codes do not set out Prioritisation Criteria to assess against.

⁵ Where we have referred to what we intend to do within this proposed guidance document, or where we have referred to similar wording of the same meaning, we are referring to our intention to take forward the policy discussed in this proposed guidance to future consultation under Schedule 12 to the Act.

⁶ 'All codes' refers to every code text and related document that has been designated as a 'qualifying document' by the Secretary of State as part of the [Designation Notice \(amended and consolidated\) under paragraphs 1\(1\)\(b\) and 1\(5\) of Schedule 12 to the Energy Act 2023 designating certain documents and central systems for the purposes of Schedule 12 to the Energy Act 2023](#)

Figure 1 – Prioritisation within the Code Modification Process



Key:



Orange, solid underlining indicates the stages at which a modification proposal would be considered a 'Live' modification for the purpose of prioritisation.



Green, dashed underlining indicates the stages that would have their timelines impacted by Prioritisation Category determinations

2. Prioritisation Process

This section provides code parties with proposed guidance on how to interpret and apply the Prioritisation Criteria to determine a modification's Prioritisation Category.

a) Interpreting the Prioritisation Criteria and Categories:

This sub-section provides proposed guidance on assessing a modification against the Prioritisation Criteria. This involves assessing its alignment with the SDS, and its complexity and importance.

b) Applying the Prioritisation Criteria to the Prioritisation Categories:

This sub-section provides proposed guidance on how to use the assessment from step (a) to determine the appropriate Prioritisation Category for a modification.

The aim of these sub-sections is to support effective and consistent determinations of the Prioritisation Categories of modifications.

a) Interpreting the Prioritisation Criteria and Categories

This sub-section provides proposed guidance on interpreting the Prioritisation Criteria. The first step in prioritising a modification proposal is to assess it against the Criteria to determine its alignment with the SDS, and its complexity and importance.

A proposed definition of 'SDS' has been included below to help parties involved in the code modification process assess whether a modification aligns with the SDS.

Prioritisation Criteria⁷

Prioritisation Criteria means, in relation to a proposed modification: its alignment with the SDS; its complexity; and its importance.

- **Alignment with the SDS** includes being able to demonstrate a link to the delivery of government policies and developments relating to the energy sector as set out in the SDS - this should include an assessment of whether the modification supports delivery of policy priorities set out in the 'Act now', 'Think and plan' or 'Listen and wait' SDS categories.
- **Complexity** includes the level of industry resource, knowledge and/or time required to progress the modification through to implementation - this can include the scope of process or system change required to facilitate the

⁷ The formatting of the definitions below indicates where the definition of a Criterion has changed from its drafting in our original consultation: [Annex B: Definitions to form future guidance on code modification prioritisation](#). Double underlined text indicates newly added text, non-underlined text is from the definition proposed in Annex B of the consultation referred to above.

modification, whether it is a self-governance modification or not, whether cross-code changes are required, the input and expertise required from code parties, and the number of consequential changes that would arise from implementation of the modification.

- **Importance** includes the perceived value, criticality and risk to industry, consumers, and/or other stakeholders of the implementation of the modification, taking account of written guidance that the Authority may provide - this can include its interaction with or enabling of other financial, regulatory, licence and/or compliance obligations, changes to costs for stakeholders, systemic impacts and potential systemic risk arising from non-implementation, and its cross-code impacts.

Strategic Direction Statement

In this document, references to 'SDS' shall be taken to mean either or both (as the context requires and having regard to the applicable SDS in force at the relevant point in time):

- (i) any preliminary Strategic Direction Statement prepared and published prior to a designation by the Secretary of State of a particular industry code pursuant to s.182 of the Energy Act 2023; and
- (ii) any Strategic Direction Statement prepared and published in accordance with s.190 of the Energy Act 2023, following a designation by the Secretary of State of a particular industry code pursuant to s.182 of the Energy Act 2023.

b) Applying the Prioritisation Criteria to the Prioritisation Categories

This sub-section⁸ provides proposed guidance on how the assessments carried out in part 'a)' affect the Prioritisation Category that the modification will be given. For example, it covers how a modification of high importance would be more likely to be prioritised as a 'High Priority' modification, compared to one of low importance. It also includes guidance about relative prioritisation and comparing a modification to other modification proposals.

⁸ We have attempted to support application of the proposed prioritisation process by providing the non-exhaustive factors for consideration in this sub-section. We consider this an area for further development and welcome feedback from stakeholders as part of the Energy Act 2023 consultation.

Applying the Alignment with the SDS Criterion to a Prioritisation Category Determination

A modification that clearly aligns with the SDS is more likely to be prioritised as 'High Priority' compared to one that does not. We expect that modifications that relate to policy in the 'Act now' category of the SDS will be more likely to be determined as 'High Priority' than those associated with the 'Think and plan' or 'Listen and wait' categories.

Applying the Importance Criterion to a Prioritisation Category Determination

If a modification is expected to deliver significant value or addresses a high-risk or critical issue for stakeholders, it is likely to be prioritised as 'High Priority' rather than 'Standard Priority'.

Applying the Complexity Criterion to a Prioritisation Category Determination

The relationship between a modification's complexity and its Prioritisation Category can vary depending on the modification, other modifications, and the wider code modification context.

To support code panels in applying this Criterion, the following factors may be considered. They may not all apply to every modification, and may differ in their application between modifications:

- **Deadlines** – Consider any relevant deadlines for implementing the modification, and how its complexity, such as required level of stakeholder input or cross-code impacts, must be managed to meet those deadlines. For example, a highly complex modification with an imminent deadline may be prioritised as 'High Priority' to allow work to begin sooner to meet such a deadline.
- **Stakeholder engagement** – The number and type of stakeholders who need to be involved in the process. If many specialist stakeholders are required to progress a modification, this may support assigning a complex modification as 'High Priority' to ensure timely progression.
- **Length of implementation period** – Higher complexity modifications may require longer implementation periods. Starting work earlier could be beneficial which may support a modification being given a 'High Priority' determination.
- **Capacity management** - In some cases, delaying the start of a complex modification may allow for better resource planning and allocation. This could justify assigning it 'Standard Priority' to allow it to then progress when capacity becomes available. The opposite could also apply depending on the situation,

where a higher complexity modification should have work started sooner to spread it out, justifying a 'High Priority' determination.

- **Risk and impact of delays** - The risk of delays and any subsequent impact on stakeholders arising specifically from the complexity involved in delivering a modification. Where the risk and impact of a delay is higher, a highly complex modification may benefit from being prioritised ahead of others to manage this risk.

The Prioritisation Category Determination

We expect Prioritisation Category determinations to be made through a balanced consideration of all Prioritisation Criteria. Code panels should assess the Criteria in the round to identify the most appropriate Prioritisation Category. To support transparency and consistency, we expect code panels to provide a clear and well-reasoned justification for their determinations in the relevant modification registers and reports.

There are two proposed Prioritisation Categories, which can be accorded to a modification:

- **Standard Priority:** Modifications are expected to follow a standard modification timeline. Development may be paused, for example, if the modification is dependent on the outcome of another modification.
- **High Priority:** These modifications require faster development and resolution than the standard timeline. High Priority could include a modification that has not been deemed urgent under existing code urgency processes but still requires development and implementation within a specific timeframe.

Criteria Weighting

Each of the Criteria should be given equal weighting. While they are listed alphabetically in this proposed guidance document, this does not reflect any order of weighting or importance.

Relative Prioritisation

Whether a proposal is assigned 'High Priority' or 'Standard Priority' will depend on how it compares to other proposals in terms of alignment with the SDS, complexity, and importance. Given this, the assessment of a modification proposal should be informed by, and assessed relative to, other live modification proposals' assessments against the Criteria.

This would allow code panels to assess their total workload over given timelines to progress modifications in the most effective way. When a new modification proposal is

submitted, we would expect code panels to assess the modification proposal against other live modification proposals to determine whether it should be determined to be 'Standard Priority' or 'High Priority'. It should also be prioritised relative to other modification proposals of the same Category to see where it sits within the relative priority order of modification proposals within the Standard and High Prioritisation Categories.

Amalgamated Modifications

Where modification proposals have been amalgamated⁹, we propose to include in the legal text the requirement for code panels to evaluate the various Prioritisation Categories and assessments of the amalgamated modification proposal to determine a singular Prioritisation Category for the modification going forward.

3. Prioritisation Review Process

Ad Hoc Prioritisation Reviews

In addition to the codified bi-annual review process, code panels would be expected to conduct ad hoc reviews of the Prioritisation Category for all live modification proposals. These reviews should be carried out at the discretion of the panel, when triggered by events such as:

- The publication of the SDS
- Release of other documents authored by the Authority
- Introduction of new government policy

4. Cross-Code Modifications

Modification proposals that impact multiple codes would follow the relevant procedures established in each code, with relevant direction provided by the 'Cross Code Steering Group' (CCSG).¹⁰ We would therefore expect that a lead code, as determined by the CCSG, would progress the modification proposal in accordance with its relevant modification procedures, including its prioritisation determination. Where it is reasonably possible, we would expect the non-lead codes to progress the modification in parallel

⁹ This is relevant for the BSC, CUSC, Grid Code, SQSS, and the STC.

¹⁰ [CCSG Terms of Reference](#).

with the lead code and the timetable determined by the lead code, and therefore the prioritisation determination of the lead code.

Prioritisation Reviews of Cross-Code Modification Proposals

Where the Prioritisation Category of a cross-code modification proposal is reviewed or amended by the lead code, the lead code would be responsible for informing non-lead codes of the outcome of their prioritisation review. This is important as, where reasonably possible, the non-lead codes should follow the timetable of the lead code.¹¹ This would align with the responsibility of the lead codes to coordinate with the code administrators of other affected codes so that they can manage the progression of a modification in parallel.¹² This would apply regardless of whether the prioritisation review takes place as part of the codified bi-annual process, or as part of an ad hoc prioritisation review.

5. Modification Registers

Prioritisation Reviews

When a Prioritisation Category review takes place, the modification registers should be updated to reflect any change in a modification's Prioritisation Category, along with the justification for the change.

Cross-Code modification proposals

We would expect modification registers to reflect whether modification proposals are cross-code or not, which codes they impact, and what the lead code for the modification is.

Urgency

We intend to include a requirement in all codes for them to publish, in their code modification registers, whether a modification is urgent or not.¹³

¹¹ An example of this clause, relevant to the BSC, can be found in the BSC, Section F, paragraph 1.6A.4(a).

¹² As detailed in the REC, Schedule 5, Paragraph 3.4(b).

¹³ The requirement for a code modification register, that also includes whether a modification is urgent, is already included in the BSC, CUSC, DCUSA, Grid Code, and SEC.

6. Implementation

Applying prioritisation to existing modifications

The new process would apply to all live modification proposals from the date it takes effect in the code, which we expect to be spring 2026. This includes both already live and newly submitted modification proposals from that point forward.

We recognise that some live modification proposals, at the Authority or Self-Governance decision stage, may not proceed directly to implementation and could be returned for further work. In such cases, these modifications should be re-prioritised under the new process to guide their continued progression.

We expect the process of reviewing and prioritising live modification proposals to be completed in a timely manner to ensure all modifications have a prioritisation determination as soon as reasonably possible.

Applying the new prioritisation process will not affect a modification proposal's current stage in the process. For example, a modification will not be moved backwards due to a change in its prioritisation category. The new category will only influence how the modification progresses from that point onward.

Modification proposal re-submission

Modification proposals that have already been submitted by their proposers¹⁴ will not have undergone a prioritisation assessment by the proposer or a formal determination by the code panel under the new process. To address this, we propose that all live modification proposals be assessed using the new prioritisation framework. Code panels are best placed to determine:

- which modifications contain sufficient information to allow a prioritisation determination, and
- which may need to be re-submitted to enable proper assessment under the new process.

This would help to prevent effort being wasted by a proposer re-submitting modifications unnecessarily.

¹⁴ Modifications, therefore, that have passed stage 2 in Figure 1.

Where re-assessment may impact the progression of a modification, we expect code panels to engage with the relevant code parties to understand the impact of any delays. This should help to manage the impact of this process on stakeholders.