
Consultation on the preliminary Strategic Direction Statement and code governance arrangements – response template

This document provides a template for responses to our consultation on the preliminary Strategic Direction Statement and code governance arrangements, published on 31 January 2025.

If you are interested in responding to this consultation, please complete this word document and send it to industrycodes@ofgem.gov.uk by the end of the day on Friday 28 March 2025.

Guidance

We typically publish consultation responses when we publish our decision. To ensure that we can correctly attribute your response, please ensure that you enter all relevant details in the “your company’s details” section (template part 1).

If you would like us to treat your response as being confidential, either in full or in part, please indicate this to us below. Further information on how we will treat your response, data and confidentiality can be found at the end of this document.

Please use template part 2 to provide your responses. For all questions, the template below provides space for you to enter free text comments. Some questions also ask whether you agree with our proposals. Please indicate the extent to which you agree or disagree with relevant proposals by deleting all but one of the bullets provided.

There is also a section for “general feedback” (template part 3). Please use this section to provide any views on the overall consultation process.

Template part 1: Your organisation’s details:

| | |
|------------------|--|
| Contact name | Naomi Walker |
| Role title | Regulation Manager |
| Company name | E.ON UK which incorporates E.ON Next and Npower business solutions |
| Telephone number | N/A |

| | |
|---|--|
| Email address | naomi.walker@eonnex.com |
| Date of submission | 28.03.2025 |
| Do you want your response treated as confidential? (If yes, please indicate whether you would like the whole of your response to be confidential, or just particular parts). | No |

Template part 2: consultation responses

Consultation section 2 – Approach to the Strategic Direction Statement

Question 1 – Is the structuring of SDS content into three time horizons (Act now, Think & plan, Listen & wait) helpful?

[Please delete all but one bullet]

- [Agree](#)

Comments: [We are in agreement that the structuring of the SDS into three time horizons is helpful and provides a degree of insight into policy topics that we broadly expect to be prioritised within the relevant timeframe. However, we are concerned that the current timeframes we observe within the code modification process, will quickly create a disconnect between the strategic intent and the outcomes that are delivered. With this in mind, despite the introduction of the time horizons, we do not believe the SDS will give us any additional certainty within our MTP / change planning process.](#)

Question 2 – Do you agree with the way modifications have been categorised into these three time horizons (Act now, Think & plan, Listen & wait)? If not, please specify what changes you suggest and why.

[Please delete all but one bullet]

- [Agree](#)

Comments: [Yes we are broadly in agreement with the way modifications have been categorised. However, it is unclear, given the current processes and stakeholders in situ, how the proposed timeframes will be met without significant reform, arguably in addition to the code consolidation already proposed. We consider that to be meaningful, the time](#)

periods must be supported by an obligation for code administrators and managers to deliver the SDS priorities within the specified time period. Lastly, we would welcome clarity on how the prioritisation categorisation could change between SDS publications should the market or other factors change between publication periods.

Question 3 – On the basis that the SDS should contain a strategic assessment of government policies and developments relating to the energy sector, that will or may require the making of code modifications, do you think there is anything missing from the SDS that you would expect to require code modifications in the next 1-5 years? If so, please specify.

[Please delete all but one bullet]

- No

Comments: We have not identified any additional priorities that should be addressed within the preliminary SDS

Question 4 – Did you find the SDS easy to understand and do you think that the level of detail included is sufficient to allow you to begin raising and implementing code changes?

[Please delete all but one bullet]

- Yes

Comments: We welcome the approach that has been taken to the production of the SDS, the alignment with other publications and the inclusion of the spreadsheet version is very helpful. However, the process from receipt of the SDS to raising and implementing code changes is currently unclear and we remain concerned that without clarity from Ofgem, there will remain significant disconnect between the strategy and the delivered outcomes.

Question 5 - If you are a code administrator or code panel what action do you intend to take, if any, to implement the SDS following publication?

Comments: N/A

Question 6 - Do you have any suggestions about the best way to implement the SDS in the context of budget setting, delivery planning and the introduction of a harmonised prioritisation process? Please note we will be doing stakeholder engagement in early 2025 to discuss this further.

[Please delete all but one bullet]

- Yes

Comments: We think joint delivery plans should be considered rather than each code manager doing this separately. There needs to be better cross-code cooperation and alignment. A functional cross-code steering group which Ofgem attend, if not chair would be beneficial.

Question 7 - Do you have any other feedback?

Comments: E.ON considers the introduction of the SDS a positive addition to the strategic direction provided to the industry. While we appreciate the code body selection is still underway, our position remains that the code modification process requires significant overhaul to be able to adopt the pace and efficiency needed to deliver the strategy.

Consultation section 3 – Code governance arrangements

Prioritisation of code modifications

Question 8 – Do you agree with our proposed prioritisation process, including the requirements that:

- (a) a proposer of a modification proposal should be required to include an assessment of their proposal against the prioritisation criteria
- (b) that the code panel should then be responsible for determining the prioritisation category of the modification proposal
- (c) that code panels should reassess the prioritisation category of modification proposals on a quarterly basis
- (d) that all codes contain a requirement for a code modification register, that also includes whether a modification is urgent and the prioritisation category

If not, please specify what changes you suggest and why.

[Please delete all but one bullet]

- Agree

Comments: In order to determine the prioritisation category of a modification, there should be a fixed, consistent scoring methodology used by all code panels akin to the

one currently used by REC. Assessing the modification against the prioritisation criteria alone could end up in all modifications being the same priority so code panels will need a mechanism to prioritise within the three prioritisation categories. This should also include additional criterion to enable code managers to prioritise non-SDS modifications where appropriate.

Question 9 – Do you agree with our proposed prioritisation criteria and prioritisation categories? If not, please specify what changes you suggest and why.

[Please delete all but one bullet]

- Disagree

Comments: As above, we do not agree that the current proposed prioritisation criteria are sufficient for code managers to be able to consistently prioritise modifications that are within the same prioritisation category. There should be a scoring matrix similar to that used currently by REC to give each modification a score. There should also be an appeal mechanism for parties to challenge the prioritisation category of a modification.

Question 10 – Do you agree with our proposed legal drafting of code modification prioritisation procedure included in Annex A? If not, please specify what changes you suggest and why.

[Please delete all but one bullet]

- Agree

Comments: As above this should include a methodology for scoring a modification

Question 11 – Do you agree with our proposed definitions to form future guidance on Code Modification Prioritisation included in Annex B? If not, please specify what changes you suggest and why.

[Please delete all but one bullet]

- Agree

Comments: No comments

Question 12 – Do you have views on whether this proposed prioritisation process should apply to all live modifications that exist at the date that the proposed code changes take effect, as well as newly proposed modifications from this date onwards?

Comments: All current live modifications should be assessed against the new criteria. There are many that have been open for a significant amount of time so it would be a good exercise to apply the prioritisation criteria to them.

Role of stakeholders

Question 13 – Do you agree with our proposed drafting of a new principles-based standard condition, for cooperation with code modifications related to SDS, for all gas and electricity licences, included in Annex C?

[Please delete all but one bullet]

- Neither agree nor disagree

Comments: While we broadly agree with the proposed drafting, we wonder what consideration has been given to ensuring the cooperation and engagement of non-licenced parties?

Question 14 – Do you agree with the proposed criteria the code manager should consider prior to issuing a request for cooperation?

[Please delete all but one bullet]

- Agree

Comments: yes we agree, requests for information can be very resource intensive and should only be issued when reasonably required

Template part 3: General feedback:

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 the following questions.

| Question | Response |
|---|----------|
| Do you have any comments about the overall process of this consultation? | No |
| Do you have any comments about its tone and content? | No |
| Was it easy to read and understand? Or could it have been better written? | Yes |
| Were its conclusions balanced? | No |

| | |
|---|-----|
| Did it make reasoned recommendations for improvement? | Yes |
| Any further comments? | No |

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 accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.