

# ELEXON

27/03/2025

By e-mail to: [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)

Dear Code Governance Reform Team,

**Re: Preliminary Strategic Direction Statement and code governance arrangements**

Thank you for the opportunity to respond to your consultation on “the preliminary Strategic Direction Statement and code governance arrangements”.

Elexon is an independent, not-for-profit organisation that has been operating for 25 years in the energy sector, playing a critical role as an expert delivery body, supporting the transition to a net zero energy system.

We provide governance, settlement and data platforms (Elexon Kinnect), and manage the Balancing and Settlement Code (BSC). This enables the smooth and effective operation of the electricity market, which includes energy suppliers, generators, flexibility service providers and network companies across Great Britain.

Over the past year, we have helped around 50 new companies enter the market, enabling a more flexible and innovative energy system. Our end-to-end expertise in governance, assurance, technology platform development and electricity market data, are available to support the industry, Government and Ofgem, as the energy sector transitions to clean power and net zero.

Building on our purpose of serving the industry, the electricity market data we hold is open, and available for anyone to access, analyse and distribute. As a trusted, independent and reliable market expert, we continuously look to evolve and innovate for the benefit of our customers and consumers.

Ofgem has appointed us as the Implementation Manager for the Market-wide Half Hourly Settlement (MHHS) Programme, a key enabler of the flexibility required for the transition to net zero. Once MHHS is fully implemented, Elexon will be managing 500-billion-meter readings per year, and we have built a smart meter data messaging service – the Data Integration Platform (DIP).

Recently, we utilised our domestic and non-domestic half-hourly consumption data, alongside our extensive knowledge, to administrate the Government’s Energy Price Guarantee and Energy Bill Discount Schemes, processing up to £650m of subsidy payments per week - providing vital support to consumers.

We also calculate, collect and distribute payments that incentivise investment in low carbon generation and energy security for the Capacity Market, Contracts for Difference (CfD) and Nuclear RAB schemes, on behalf of the Low Carbon Contracts Company

(LCCC).

In July 2024, Elexon was appointed by Ofgem as the Market Facilitator for distributed flexibility. The Market Facilitator will simplify the process for flexibility service providers to access and navigate local flexibility markets to support an increase in participation and liquidity in these markets, leading to lower system costs and reduced consumer bills.

## Summary of our response

Elexon is committed to working and collaborating with all stakeholders to enable the Energy Code Reform to create an agile, forward-looking governance framework for the BSC and other Codes.

Elexon supports Ofgem's objectives of reducing code fragmentation and the complexity of the codes landscape, where they create barriers to competition, innovation, and market access.

We believe that the proposed rationalisation of the Codes will be important in delivering the Government and industry's ambitions and achieving the objectives of Clean Power by 2030.

Below we summarise our views on the key aspects of Ofgem's proposals related to the preliminary Strategic Direction Statement (SDS) and code governance arrangements.

1. **Approach to developing the Strategic Direction Statement:** Elexon agrees with the SDS development process and the three categories (Implement, Think & Plan, Listen & Wait). However, we highlight the risk that some changes to policies and systems may take longer than expected. In addition, the degree of freedom/flexibility for Code Managers (CMs) in developing SDS policy objectives/outcomes is unclear. As the role of CMs evolves over time, we believe it is crucial that code managers can maintain adequate freedom and flexibility in undertaking new activities not covered by the SDS or not related to the priorities identified in it. Therefore, we recommend that Ofgem ensure that code managers can have the flexibility to identify priorities beyond those already identified in the SDS.
2. **Ensuring flexibility in setting priorities:** CMs must be allowed independence to prioritise important changes that are not included in the SDS. This is to allow adequate flexibility and efficiency to manage potential unexpected changes and priorities for the benefit of industry, consumers, and to enable us to support innovation and the Clean Power ambition. We believe that the SDS should not be excessively prescriptive and considered a comprehensive shortlist of objectives. It is essential to ensure that the CMs have the power and flexibility to raise and progress code modifications, even if these are not directly connected to the SDS. It is also essential to continue to have sufficient headcount to ensure we remain agile and to support requests for change that do not only come from policy changes and the SDS, but also from industry requests or unexpected or unplanned events. This flexibility would allow us to continue to

put Elexon's customers at the centre of our decision-making processes, ensure value for money and enable innovation that could ultimately drive value to the end consumer.

3. **Multi-year SDS and budget process:** We believe it is crucial that the SDS becomes a tool that provides certainty to industry and stakeholders and that facilitates correct planning, and that it does not become a reason for uncertainty, particularly from a financial point of view (having to have the effect of reopening the budget). The choice to publish a multi-year SDS seems appropriate to offer the industry a vision of the priorities for future years and not only for the reference year. Elexon appreciates that Ofgem is willing to further discuss with stakeholders its initial orientation on the sequencing of the SDS with the budget and planning process. We expect that, except for exceptional circumstances where the need for change was not foreseeable because it was dictated by reasons of urgency, the objectives that fall into the “Act Now” category have been inserted in the “Listen and Wait” category in previous years, so as to give code managers sufficient and adequate advance notice to plan the necessary change in collaboration with stakeholders.
4. **Delivery Plan:** CMs will have an obligation to develop a Delivery Plan setting out how they intend to implement the SDS. At this stage, the level of granularity and potential structure of the Delivery Plan is still unclear. It is essential that CMs have sufficient time to prepare the Delivery Plan. On this point, we note that when policy changes involve system changes that might require more than 18 months for the implementation and delivery, particularly at a time when the sector is already undergoing significant change to meet Clean Power 2030 targets. We also believe that the Delivery Plan and its implementation should not become a tool to measure the performance of code managers, since this could lead to perverse outcomes (e.g. code managers planning to hire more resources than are needed to give evidence of appropriate planning).
5. **Coordination:** Elexon points out the importance that adequate coordination between the SDS and other potential obligations/directions must be ensured, and timelines need to be aligned. We believe that it is desirable that the processes for defining the Delivery Plan for the SDS also take into consideration the existence of other delivery plans that CMs will have to implement to ensure a consistent approach and avoid the situation in which the code manager's performance can be evaluated twice for the same objective, and that the sequencing of these different plans is appropriate (e.g. publication of the SDS, Code Managers Delivery Plans and specific Delivery Plans for the implementation of strategic projects such as, for example, Market Facilitator). There is a risk that different initiatives will have different plans with inconsistent formats which increases the CMs effort level in providing one consistent source of the truth.

We have limited our response to areas where we feel we can add value, and we would welcome the opportunity to discuss our response with you in further detail.

If you would like to discuss any areas of our response, please contact **Francis Dike**, Head of Market Intelligence and Advisory ([francis.dike@elexon.co.uk](mailto:francis.dike@elexon.co.uk)) or **Marta Milan**, Senior Advisor ([marta.milan@elexon.co.uk](mailto:marta.milan@elexon.co.uk)).

Yours sincerely,

**Peter Stanley**  
**Chief Executive Officer**  
**Elxon**

## Elxon's consultation response

### ***Approach to the Strategic Direction Statement***

#### **Questions**

Q1. Is the structuring of SDS content into three-time horizons (Act now, Think & plan, Listen & wait) helpful?

Q2. 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.

Q3. 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.

Q4. 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 modifications?

Q5. If you are a code administrator or code panel what action do you intend to take, if any, to implement the SDS following publication?

Q6. 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.

Q7. Do you have any other feedback?

#### **Q1. Is the structuring of SDS content into three-time horizons (Act now, Think & plan, Listen & wait) helpful?**

Overall, we agree with the three-stage process.

In previous engagement with Ofgem we advocated that that SDS should not be excessively prescriptive, supporting code bodies to have the latitude to come up with practical solutions to deliver against the SDS objectives.

The consultation documents (and in particular the subsidiary document 1) outline high-level objectives (e.g. Market Facilitator, REMA etc) and we support this approach as we believe that it is the responsibility of the code managers to identify the best solutions and tools to achieve objectives, in collaboration with the parties and stakeholders through the modification processes.

Not being overly prescriptive in the SDS and imposing specific obligations/actions allows Code Managers to implement and drive change at the required pace to deliver against Clean Power 2030.

However, we would like to highlight the risk that certain policy changes and system changes may require more time than anticipated in the consultation and that, to implement certain changes in the expected timeframe, it would be necessary to start planning for such changes now. However, this is not always possible for reasons beyond the control of Elexon or other future code managers, as we explain below.

The implementation of the outcomes of the Review of Electricity Markets Arrangements (REMA) within the identified medium-term horizon of 3-5 years is ambitious. There is still significant uncertainty about which market reform options will be preferred, and we expect this to be determined through the reform process. It should also be noted that, if clarification is made, the design, planning, and implementation of such changes (e.g., zonal pricing) may require further industry consultation, including risks and opportunities assessment through engagement with stakeholders, potentially extending the anticipated 3–5-year timeframe.

We recommend that Ofgem remain flexible with these timelines to accommodate evolving policies, regulations, and the engagement required with the parties to ensure the efficient implementation of the complex changes.

**Q2. 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.**

We agree with the categorisation as this provides both code managers and stakeholders with an overview of the short- and medium-term priorities that code managers are called to focus on.

We also fully support the principle of speeding up processes when necessary to achieve reforms quickly, which we believe should be one of the objectives of the energy code reform.

However, as highlighted in the previous response, we believe that certain change processes due to their complexity may require longer timescales than those currently defined.

Changes to complex systems that require implementation in 5 years may require interventions that must begin to be implemented immediately. From this point of view, it is important to note that there is a big difference in some cases between developing a change and implementing a change.

For example, in the description of the different categories in subsidiary document 1 with reference to the “Listen & Wait” category, it is stated that “Changes are expected to be implemented within 3-5 years of the publication of the SDS”.

These changes refer to some objectives relating to key reforms, whose developments are not yet known. As the final direction on these reforms is not yet known, the expectation of seeing more complex areas of reform implemented within 5 years may be ambitious, given the complexity of the changes and engagement with the stakeholders needed. The timeline for reaching final decisions on the regulation of these areas is also currently unknown. For this reason, we believe that Ofgem needs to maintain appropriate levers in the SDS to reflect both changes and the time needed for engaging and incorporating stakeholder feedback, when it publishes the annual SDS and we welcome Ofgem’s commitment to undertake an annual assessment of government policies and developments related to the energy sector as required by the

Act.

We also believe that the classification of these matters as strategic topics in the medium term is useful in providing guidance to the code managers and parties, though it is necessary that the SDS is updated to consider the changes and developments that will occur in the coming years.

In short, we believe that the SDS can provide a useful tool for prioritising changes in the short and medium-term, but for complex reforms that require significant changes to systems and implementation in several phases it is more realistic to anticipate that the SDS will be updated to take account of such developments, with the possibility that the expectation for the implementation of certain reforms may need to be adjusted to ensure their effective execution by code managers.

Where complex reforms fall outside the remit of the code managers, any slippage in delivery should be acknowledged as a reflection of these external challenges. This should not be considered a shortcoming of the code managers, nor should it negatively impact their reputation, as it is related to the complexity of such reforms and decision-making processes that are beyond their control.

Lastly, while we agree that urgent reforms are necessary to foster innovation and enable greater flexibility resources, we are concerned that CMs may be incentivised to have to achieve objectives in a short timeframe and this may compromise quality, which may have consequences in the medium and long-term for the energy system and consumers. For this reason, we ask Ofgem to evaluate not only the delivery of programs and reforms, but also the quality of the engagement with the parties.

**Q3. 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.**

We think that the SDS is a comprehensive outline of the strategic priorities currently known.

This does not mean, however, that further priorities may not emerge over the coming years, and that these will not necessarily be determined by the Government or Ofgem.

The SDS is a useful tool for prioritising objectives and outcomes, though it should not become a limit to the freedom of industry, stakeholders and code managers for identifying other priorities, particularly areas where changes and investments are necessary.

One of the objectives of the energy code reform is to streamline processes in order to stimulate innovation and competition, and therefore changes to the system may be necessary based not only on what is determined by the SDS (which should not be considered a comprehensive shortlist of objectives), but also on what is considered a priority and necessary by industry and code managers.

We therefore believe that the SDS should ensure that the priorities identified as necessary by the code managers and industry are not hindered, even if they are not directly linked to the priorities of the SDS.



Under BSC governance, changes are made through the initiative of the parties, and such governance arrangements have proven to work very well, generating many important changes that have stimulated innovation, competition and increased the number of market participants in different markets, removing barriers to entry, reducing costs and stimulating new business models.

Some recent initiatives that are relevant to the pursuit of the Clean Power objectives can be cited in the table below as examples.

<p><u>P375</u> (Settlement of Secondary BM Units using metering behind the site Boundary Point)</p>	<p>This Modification introduced the option for independent aggregators to use an Asset Metering System, based on the technical requirements in a new <u>Code of Practice (CoP) 11</u> ('Code of Practice for the Metering of Balancing Services Assets for Settlement Purposes'). This allowed sites that could not demonstrate the delivery of a flexibility service using the site Boundary Point Metering System to use an Asset Meter to measure what was actually delivered and participate in the Balancing Mechanism. CoP11 has been used as a reference for technical requirements for some services offered by NESO and DSOs.</p>
<p><u>P376</u> (Utilising a Baseline Methodology to set Physical Notifications for Settlement of Applicable Balancing Services)</p>	<p>This Modification allow the independent aggregator of the Secondary BM Unit, or Supplier for an Additional BM Unit, to use a baselining methodology to determine the expected energy flows for an MSID Pair. This change allows Balancing Service Providers to be fully recompensed for their actual change from normal usage and the impact this change has on the system, thus enabling greater participation.</p>
<p><u>P453</u> (Amending the Metering Dispensation process, updating AMP/DMP in the CoPs and clarifying the relevant CoP)</p>	<p>This Modification was designed to streamline the process for co-located sites to be able to Register their Metering Systems. It allowed more flexibility around the point of connection of the Settlement Metering System and avoided developers co-locating intermittent renewables generation with battery energy storage systems having to apply for a Metering Dispensation due to the location of the Metering System. This gave developers more certainty for their projects and de-risked Metering Dispersations being declined. Where a Metering Dispensation was still required for the application of loss compensation factors this Modification also streamlined the process to allow Elexon to approve the Metering Dispensation which improved the customer experience.</p>

**Q4. 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 modifications?**

We agree with the level of detail provided.

**Q5. If you are a code administrator or code panel what action do you intend to take, if any, to implement the SDS following publication?**

We believe that Elexon is on track with the delivery of the strategic objectives outlined in the consultation.

For instance, in reference to the “Act Now” category, one of the strategic areas identified for Elexon is its role as Market Facilitator.

Since Elexon’s appointment as Market Facilitator in July 2024, we have been working with Ofgem and the industry to develop and establish the governance, operational, and funding arrangements, while transitioning from ENA Open Network ahead of going live in Q4. This work is on track and is being carried out with the aim of setting out a 2-year delivery plan for 2026 – 2028.

The Market Facilitator is only one example of Elexon’s capacity to deliver a complex programme at pace. In a similar way Elexon is working in collaboration with the industry, Ofgem and DESNZ on all other priority areas (e.g. digitalisation, wider barriers to distributed flexibility, interaction between aggregators and suppliers, market-wide half-hourly settlement) to support, in a holistic way, the Clean Power 2030 ambition.

With reference to the “Think and Plan” and “Listen and Wait” categories and the priorities identified for Elexon (confidence programme and vulnerability strategy, sector wide financial resilience, offshore hybrid asset, regulatory flexibility for innovation, Retail Market Strategy, REMA, Local Energy) Elexon recognises that each of these areas is of priority importance to support CP30 and we are already working with industry, Ofgem and Government to ensure the delivery of these important strategic programmes.

Although the regulatory direction on many of these issues is not yet clear and defined, as previously pointed out, Elexon is working through engagement with relevant stakeholders to carry out assessments on the different regulatory options to internally analyse the consequences and changes that will be necessary for the systems to implement these important reforms in the future (e.g. REMA). However, many areas of uncertainty remain that need to be addressed quickly to allow for appropriate planning.

**Q6. 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.**

Ofgem should ensure the timeline for completing the SDS and delivery plan is clear and works for everyone involved.

We believe that the SDS timeline must align with the code body budget setting processes in winter (December – February), allowing for implementation at the start of the financial year (1 April).

We suggest publishing the SDS in the summer (e.g. August) to allow the objectives defined in the SDS to guide the budget consultation process in autumn/winter, giving Code Managers and all Parties and stakeholders an adequate period to internalise the SDS objectives.



As parties and stakeholders are dependent on indicative costs from Code Managers, this sequence would allow parties to have adequate time to evaluate the contents of the SDS and how they should influence and inform the annual budget.

To provide clarity for industry we should avoid relying on budget reopeners to support the delivery of the SDS. As already outlined, the SDS should be a tool that provides certainty to the industry and code managers, guiding the planning activity and must not be a source of instability and uncertainty from a financial point of view.

For these reasons, the logical sequence between publication of the SDS (summer), budget consultation (winter) and implementation through the delivery plan (in the new financial year) must be such, to ensure sufficient time for consultation with the parties to internalise these objectives in the budget. It is also essential that CMs have sufficient time to prepare the Delivery Plan.

To avoid financial instability, it would also be appropriate that “Act Now” categories cannot be added into an SDS unless it has been identified as a “Listen & Wait” or “Think and Plan” deliverable in a previous SDS. Any urgent changes should not wait for the annual SDS cycle.

It is desirable that the processes for defining the Delivery Plan for the SDS also take into consideration the existence of other delivery plans that code managers will have to implement and that the sequencing of these different plans is appropriate (e.g. publication of the SDS, Code Manager’s Delivery Plans and specific Delivery Plans for the implementation of strategic projects such as, for example, Market Facilitator).

With regards to the introduction of a harmonised prioritisation process, Ofgem wants to introduce a consistent set of prioritisation criteria into all codes to harmonise and extend the ability of code panels to prioritise the assessment of code modification proposals.

The rationale of this proposal is to ensure that all codes include a prioritisation process that follows the same key stages and assesses modification proposals against a consistent set of prioritisation criteria. Elexon agrees with the rationale of the proposal.

**Q7. Do you have any other feedback?**

No.

## ***Code governance arrangements***

### **Questions**

#### **Prioritisation of code modifications**

Q8. 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.

Q9. Do you agree with our proposed prioritisation criteria and prioritisation categories? If not, please specify what changes you suggest and why.

Q10. 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.

Q11. 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.

Q12. Do you have views on whether this proposed prioritisation process should also 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?

**Role of stakeholders**

Q13. 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?

Q14. Do you agree with the proposed criteria the code manager should consider prior to issuing a request for cooperation?

**Q8. 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 find below our considerations related to the requirements:

(a) We agree that a proposer should assess their proposal against the prioritisation criteria. This aligns with the 'proposer ownership model' and ensures that the proposer's views are considered by the Panel. However, we note that the amount of information required for submission and assessment has increased over the years, adding complexity and potentially slowing the progression of modifications—for example, with the introduction of consumer and environmental impact assessments. We would welcome a rationalisation exercise for modification proposal forms and a clear process to maintain standardisation across energy codes to help manage this.

(b) We agree that the Panel should be responsible for determining the prioritisation category of the modification proposal, as this is being introduced ahead of the full reforms and aligns with the current code governance approach. However, we believe that the code administrator should also provide an assessment of the prioritisation, which would not be binding but would help administrators build this capability where necessary and strengthen their relationship with panels on this important topic. Similarly, in keeping with the current approach, we believe Workgroups (where there is

one) should be invited to provide views/input on the Modification scoring that they are supporting. This could provide new rationale/justification for the Panel to consider.

(c) We agree that prioritisation should be kept under review and that a quarterly review will probably be the right frequency in most cases. However, we do not believe this should exclude more frequent reviews where necessary. We also assume that the review could simply confirm that there is no change to the assessment.

We assume the prioritisation process focuses on determining which proposals should be assessed, rather than which ones should be raised or implemented. We also welcome further clarification on how the criteria will be scored and how modifications categorised as 'standard' or 'high priority' should be prioritised relative to other 'standard' or 'high priority' modifications. We assume this would be down to the Panel to determine, based on the scoring?

We are concerned that this process could lead to detrimental impacts on the modification process, where modifications become disrupted, starting and stopping, causing significant disruption and inefficiencies for code bodies and industry participants involved in progressing those changes. Where possible, we would aim to minimise the need for prioritisation to avoid unnecessary delays, while ensuring a fair and efficient approach.

(d) We agree with this. As you note, the BSC already requires a register for modifications, and we have extended this to include Change Proposals, Issues, and Standard Changes to support open and transparent governance. We recognise the need to capture the rationale for the criteria consistently and ensure it is accessible. However, including the rationale directly in the register may make it harder to read and digest. Currently, we do not include the assessment against the Applicable BSC Objectives, so we question whether the prioritisation assessment (beyond the scoring) should be captured in the register as well.

We would welcome, and would be happy to support, further consideration on standardising websites, change-related data items, and metadata to make it easier for customers to consume this data and gain insights from it.

**Q9. Do you agree with our proposed prioritisation criteria and prioritisation categories? If not, please specify what changes you suggest and why.**

See answer to Q8. We do not have any further comments on the prioritisation criteria.

**Q10. 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**

We agree, subject to the following:

**(A)**

1.4.2(c)(i) – suggest removing the reference to Urgent Modification Proposal (i.e. “whether each Modification is an Urgent Modification proposal, as determined in Section 4.6,” ):

- this is already a requirement for the Monthly Change Report as the report includes the Modification Register. The latter is required to highlight proposals that are urgent;
- the drafting requires the Panel to provide reasons for their determination on urgency (in addition to Prioritisation Category), but the Panel only makes a recommendation; Ofgem determines urgency

Note – if the above changes aren't accepted, please change "Section 4.6" to "paragraph 4.6" in order to be consistent with BSC drafting conventions

**(B)**

1.4.2(c)(iii) – the currently drafting is awkwardly phrased - we suggest the following as an alternative:

"the impact of the Prioritisation Category accorded to each Modification Proposal, or where relevant the impact of a proposal being an Urgent Modification Proposal, in each case by reference to each other pending Modification Proposal;"

**(C)**

2.2 generally – the numerous caveats and carve-outs in 2.2 referring to Urgent Modification Proposals results in drafting that could be simplified, with consequential benefits to users of the BSC, by removing those references and adding a line to 2.9 stating:

"Save as expressly stated otherwise, the obligations relating to the Prioritisation Categories in paragraph 2.2 do not apply to Urgent Modification Proposals"

**(D)**

2.2.3(d)(iv) – we query whether this addition is necessary. The timetable for Modification Proposals that proceed directly to the Report Phase is already specified by the Code. Consequently, as soon as the Panel has made this determination, the proposal will be sent out for consultation and has to be brought back to the next Panel meeting. It's not clear, therefore, what need or benefit there is for giving these Modifications a prioritisation category.

**(E)**

Section X-1 Definitions

Please change references from Ofgem to the Authority, in order to align with BSC drafting conventions/defined terms.

**Q11. 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.**

We agree.

**Q12. Do you have views on whether this proposed prioritisation process should also 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?**

Applying the proposed prioritisation process to all live modifications at the time the code changes take effect, as well as newly proposed modifications, has both advantages and disadvantages.

### **Advantages**

- It would ensure consistency across all modifications.
- It would help focus efforts on the most valuable changes, ensuring that code body and industry resources are directed towards the highest-impact modifications.
- It would support strategic alignment with the SDS.

### **Disadvantages**

- It would create an increased administrative burden for code administrators and panels.
- Existing modifications that are already progressing smoothly could be delayed or deprioritised under the new criteria, potentially causing frustration among stakeholders who have already invested effort.

In principle, we understand the appeal of applying the prioritisation process to all live modifications. However, in practice, we do not believe it would add significant value for BSC Modifications, as we are already effectively managing their progression through the BSC Panel. Moreover, it could introduce significant disruption and inefficiency. For example, a proposal could be in its final stages, only to be reassessed against new criteria that were not known when it was raised. This could cause the modification to slow down or stop entirely. Restarting it would then require more effort than had it been allowed to proceed. It will also increase risks—particularly if the code body and industry resources supporting it have changed in the meantime.

We also seek clarity on what is meant by 'live.' Does this refer to any modification that has not yet received a decision, any modification that has not been implemented, or something else? Additionally, please see our comments on Q8 regarding inefficiencies, the appropriate stage for prioritisation to apply, and how to prioritise changes within the same category.

### **Q13. 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?**

We agree with the logic of introducing this licence condition to avoid multiple changes and the need to streamline processes. One of the objectives of the Energy Code Reform is to simplify processes for parties and stakeholders and this proposal pursues these ends.

### **Q14. Do you agree with the proposed criteria the code manager should consider prior to issuing a request for cooperation?**

We agree.