

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	Kelly Kinsman
Role title	National Change Manager
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Date of submission	28/3/25
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?

- Agree

Comments: None

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.

- Agree

Comments: We find the categorisation of time periods (2 years, 2-3 years, and 3-5 years) to be generally reasonable. However, for these categories to be impactful, there should be an obligation for code administrators and later Code Managers (CMs) to fulfill the SDS priorities within the specified timelines. It is concerning that while the consultation proposes prioritizing code modifications relevant to the SDSs, there is no explicit obligation to deliver these modifications within the proposed timeframes. We suggest considering the use of heat maps similar to those used by SECCo for better clarity.

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.

- No

Comments: We believe the SDS is comprehensive and do not have any additional suggestions for items to include.

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?

- Yes

Comments: The SDS is well-structured, and the accompanying spreadsheet is a valuable tool for viewing proposals from different perspectives.

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.

- Yes

Comments: It is essential that code managers have adequate resources to effectively address all three categories of work, not just the "Act Now" category. Sufficient resources are necessary to make meaningful progress on "Think & Plan" and "Listen & Wait" topics. The implied passive approach to "Listen & Wait" may not be sufficient.

Question 7 - Do you have any other feedback?

Comments: No

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.

- Agree

Comments: We support the overall position that the code panel should be responsible for prioritising modification proposals, aided by the proposer's self-assessment to ensure consistent prioritisation across modifications and minimize bias. Quarterly reviews of priorities should be the minimum standard, with the option for more frequent reviews to avoid delays in progressing modifications. A code register should provide visibility into raised proposals and the code panel's prioritisation decisions, offering more detail than just indicating urgency. It should include enough information for code panels to justify their decisions, fostering confidence in their assessments and allowing for challenges when necessary. We would also suggest that the more frequent reviews include a "back stop" process to ensure that where a modification has been allocated a lower priority, it is not continually being superseded by high priority modifications and being "pushed to the back of the line".

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

- Disagree

Comments: The criteria for prioritisation outlined in Para 3.22 and Annex B are sensible, but further guidance is needed for consistent assessment by code panels, both within their remit and across panels. For example, the relationship between complexity and priority is unclear, and additional guidance on assessing 'importance' is necessary. The interaction of the four criteria also needs clarification—should all criteria support a high priority designation, or just a subset? Additionally, there is no link to applicable code objectives, which could be important for prioritising proposals with a significant positive impact. We seek clarity on Ofgem's rationale for this omission. The consultation also distinguishes between 'standard' and 'high' priorities for non-urgent proposals, but further guidance is needed to help code panels effectively sequence their work, ensuring that more impactful changes can be prioritised appropriately

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.

- Agree

Comments: National Grid Electricity Distribution generally agrees with the proposed text.

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.

- Disagree

Comments: We welcome more detailed guidance to follow. Specifying outcomes within the SDS for proposers and panels would be beneficial in clarifying how modifications support delivery

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: There is merit in applying revised prioritisation arrangements to live modifications to expedite those most aligned with the SDS. Input from proposers should be sought to ensure panels have the necessary information for assessments, reflecting the intended future process. The proposed prioritisation process should apply to all live modifications to ensure equal treatment and clear prioritisation across energy codes, as many critical changes are already in the modification process. A requirement for all Code Managers to review existing modifications would enhance clarity over resource prioritisation.

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?

- Neither agree nor disagree

Comments: Despite general concerns about parties' compliance with principles-based license conditions, we find the proposed conditions to be a reasonable approach in this case.

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

- Agree

Comments: We believe the proposed criteria provides a solid foundation for code managers to assess the reasonableness of cooperation requests. Specific comments include: extending

the "timing" test to ensure sufficient notice is provided for planning cooperation, and the "volume" test should ensure no duplicative requests occur. We would however seek clarity on the governance of these tests to ensure compliance and allow for controlled changes through consultation in the future. Additionally, it would be valuable for Code Managers to include justifications for information and cooperation requests against the five 'reasonableness' tests.

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?	Easy to read
Were its conclusions balanced?	Balanced
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.