

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:

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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, this response is not considered confidential.

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: The structuring of the three time horizons of short, medium, and long term is helpful for Code Managers in managing change programmes and aligning strategic goals. There is also value for Parties and Stakeholders to understand and plan resource for change programmes.

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: No further comments.

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.

- Yes

Comments: The SDS is robust. For completeness we question whether there should be inclusion of longer-term use of Gas Networks and Hydrogen trials.

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 easy to understand and at a sufficient level for the initial raising of a code modification. In our experience implementing modifications requires further detail, development, and engagement to define an agreed solution. This needs the expertise of the Code Manager, System and Service Providers, Stakeholders, and the input of Parties.

For a modification to be raised it should meet the requirements of

- Being relevant to that code
- being sufficient for the Code Manager to understand the intent of the modification
- not conflicting or forming part of an existing modification
- having a reasonable prospect of being approved and implemented.

As codes will be raising changes to align with the SDS, it is essential that the SDS is maintained. This ensures it is always focused on key strategic aims and that, as modifications are refined, they will point to the most current set of strategic outcomes. We also encourage highlighting successful modifications raised to support the SDS, such as through case studies. This will enable the industry to collectively apply the learnings from these successes.

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: We are the incumbent administrator for the Smart Energy Code (SEC) and Independent Gas Transporters Uniform Network Code (iGTUNC) and Service Provider to the Retail Energy Code (REC) Manager. We are already preparing for the publication of the SDS and supporting those other code governance bodies with whom we work. For example, the areas identified in 'Act Now' are already covered in our current modification planning and we are now considering those in the 'Think and Plan' and 'Listen and Wait' stages. These Codes already have horizon scanning and roadmaps associated with them so an exercise in reviewing these needs to be taken.

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: In our experience early and effective engagement is key, and this should be done at both a strategic level and affected Code level. We agree with the concept of

harmonised prioritisation, but Codes will want to assess how this will interact with and impact the current prioritisation of their change roadmaps. Where Codes already have established change prioritisation matrices such as in the REC it may be necessary to review these and identify any anomalies. We have already started this activity. We need to be clear with stakeholders how the SDS will impact their ability to implement other necessary non SDS operational code changes i.e. 'how do I get my modification through if it falls down the priority list?' A review of the current change register for Codes identifying modifications that may fall into this category would enable us to see the impacts of harmonised prioritisation.

The role of Central System Providers in the process needs to be considered especially when they are providing services across several codes and are impacted by differing changes. A joined-up approach should be taken to ensure there is capacity and resource available. We have seen, for example, with the Market Half Hourly Settlement Programme (MHHS) that several non MHHS in flight changes have been put on hold due to technical code freezes.

Current cross code functions such as Cross Code Steering Group (CCSG) which meets fortnightly and maintains a register of code changes should also be engaged and utilised. The Terms of Reference (ToR) for CCSG is currently undergoing change to include wider codes and newly created roles such as the Data Integration Manager (DIP). The effective working of CCSG, especially the membership and input of members is critical for realisation of the SDS so this should be a focus.

Question 7 - Do you have any other feedback?

Comments: Ongoing monitoring and engagement are key - the SDS should be underpinned by a strategy that will enable alignment over Codes. There is also great value in utilising common capabilities across the Codes to deliver the SDS and having a defined framework for collaboration, shared knowledge, and resource.

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 agree with the proposed prioritisation process and that proposers and the code panel should assess and determine the prioritisation category. We also see that Code Managers; their Service Managers and Service Providers have a role in this process as a critical friend to the proposer and an expert of their Code.

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

- Agree

Comments: No further comments.

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: No further comments.

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.

- Agree

Comments: No further 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: We believe that it should be a two-tier approach. For codes such as the REC, where changes have already been through a prioritisation process, there should be a review process. This review should identify any amendments and determine if further

action is needed. Where there is no formal prioritisation in place all live and new modifications should be subject to it at go live date.

Prioritisation activity should be planned in advance of code changes, to minimise misalignment between what is currently being delivered and the proposed code changes. We need to be mindful of impacts to Service and System Providers especially where Impact Assessments are required. These will have a cost, require time and resource to complete, and will need to be managed within a delivery timetable. Impact Assessments also have a shelf life, so smart planning is necessary to avoid additional costs and rework.

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?

- Agree

Comments: No further comments.

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

- Agree

Comments: No further comments

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?	
Do you have any comments about its tone and content?	
Was it easy to read and understand? Or could it have been better written?	

Were its conclusions balanced?	
Did it make reasoned recommendations for improvement?	
Any further comments?	

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.