

# 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](mailto: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:

<b>Contact name</b>	<b>Catherine Duggan</b>
<b>Role title</b>	<b>Senior Regulatory Contracts Manager</b>
<b>Company name</b>	<b>Electricity North West Limited</b>
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<b>Email address</b>	<b>Catherine.Duggan@enwl.co.uk</b>
<b>Date of submission</b>	<b>28 March 2025</b>
<b>Do you want your response treated as confidential?</b>  <b>(If yes, please indicate whether you would like the whole of your response to be confidential, or just particular parts).</b>	<b>No</b>

## 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: Creating time horizons will help Code Managers, Code Panels, SAFs and industry prioritise and plan but with the Ofgem recognition that some changes necessarily take longer, such as those that require system change. We recommend the Cross Code Working Group chairmanship and ToR are reviewed and determined if fit for purpose and recommend this group provides cross code horizon scanning for these three time horizons and track any which impact central systems and also require material industry system changes. Currently, our understanding is this group is chaired by RECCo, only covers the retail codes and has low transparency and visibility of its intents and purpose to those who are not members (which is limited to code managers and Ofgem). We recommend this group has an independent chair, strong steer from Ofgem and includes representation from Code Service Providers (i.e. Electralink as the DTN provider as well as the DCUSA code administrator).

**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: To avoid confusion, we recommend Ofgem provide guidance for Code Managers, Central Bodies, Code Panel and SAFs regarding consistent treatment, triage, and definition of urgent modifications and how this links with Ofgem's new 'high priority' category. Ofgem definition of High priority includes speedier development but is not limited to timeliness. We recommend any of the modifications in the SDS should be marked as high priority or standard (Ofgem definition) and then triaged by Code Managers, Code Panels and SAFs if required also with urgent (code definition) as a sub category for Act Now (April 2025 - March 2026) as certain modifications (both driven by the SDS and non SDS routes) will need to be treated urgently even within this 1-2 year window. There are examples of extremely fast implementation under the Smart Energy Code (SEC) whereby a modification is raised and implemented within months.

**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]

- Yes

Comments: A review of each code managers approach to performance management across the codes has been a topic which to date has not been addressed (is missing) in the code reform consultations, decisions or Modifications Work Groups to date. Licensed code managers and current performance assurance boards (REC, BSC and now the SEC) powers are extending in terms of tracking, request to industry to report and coverage. We request a holistic review and Ofgem guidance within the first SDS planning for the next 5 years. The review should compare the different approaches of each code and should include consideration if a centralised model with one provider might be more appropriate to the current resources intensive fragmented model delivered by multiple code managers with separate performance assurance boards or sub committees, audits on industry and code requirements. The review should also consider if each of the approach is proportionate and targeted to an industry parties role.

**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]

- Don't know/no view

Comments: We find the SDS easy to understand. We note many of the topic areas are currently being consulted upon by Ofgem and Ofgem is seeking views from central service providers regarding identifying and implementing system changes that might be required following code modifications. We would need to wait further information and detail before we are able to confirm or not if this is sufficient for the raising and implementing code changes.

**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: In addition, to our recommendations for a holistic review of the Cross Code Steering Group (refer to our response to Q1) and performance assurance management (refer to our response to Q3) we recommend:

1) Code Panels/Code Managers review mods for their relevant codes and confirm if this impacts their budget setting and deliver plans under Act Now and if they would be expected to raise those modification changes or find a industry sponsor.

2) Code Panels/Code Managers confirm to Ofgem and allow for sufficient resource to allow for managing both these SDS modifications and other non SDS modification in the pipeline and changes which are more still unknown and not in the formal pipeline. We would recommend each code manager analysis current pipeline and determine resource management is sufficient. This is to prevent lack of resource preventing non SDS modifications being processed and triaged.

**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.

[Please delete all but one bullet]

- disagree

Comments: We recommend an additional stage whereby the Cross Code Steering Group would monitor and reassess the prioritisation for cross code changes and/or which impacts Central System Providers. Central System Providers should be invited to the Cross Code Steering Group not only the Code Managers for this reason.

**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: We welcome a harmonised prioritisation process across all codes. One key significant area not included is the impact of a change on central systems. Whilst it could be argued this could sit under 'complexity' as would impact on industry or code manager systems we would recommend it warrants its own stand alone category 'Central Systems' as this impact assessment would need to be provided by the Central Systems Provider and could and should not be part of the proposers/code panels assessment (stages a and b). This information of impact on central systems should be tracked by the new Cross Code Working Group.

**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: We agree this should not require a licence change and the requirement for changes in codes driven by the SDS should sit within the code. This is in consistent with our preference for a co-operation with the SDS to also sit with the codes themselves rather than the licence (please refer to our response to Q13).

**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: We would welcome clarification if this guidance on Code Modification Prioritisation for Code Managers is regarding modification driven by Ofgem as part of the SDS or covers all Code Modifications (SDS and non SDS driven). If it is the latter please refer to our response to Q1 regarding Code Managers process for prioritising 'urgent' modifications which may be implemented under and need specific reference in this guidance and for non SDS modifications which are not currently in the pipeline or contained in the Ofgem SDS.

**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 would welcome as soon as practicable the implementation of this reform 'prioritisation process' which would standardise the code modification across all codes and as recommended by the Modification Work Group report "It was commented that longstanding / in-flight modifications should move to the new prioritisation process."

### 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]

- Disagree

Comments: Whilst we agree with the legal text, we would seek to avoid double jeopardy of requirements in the licence and code. Our preference would be for code parties requirements to co-operate with code modifications related to a SDS to be embedded within all codes (which Licensee are required to sign and comply with ) subject to with the suitable checks in place (that the code managers are making reasonable requests for co-operation - refer to our response to Q14). The precedent having been set under the REC (Section 18.10) following the Retail Codes Consolidation which requires code parties to provide the REC Board or the Code Manager with all data and other information reasonably requested by and necessary for the REC Board or the Code Manager to properly carry out their duties and responsibilities under the REC.

**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]

- Strongly agree

Comments: We welcome Ofgem agreement with the Modifications Workgroup for Code Managers to demonstrate that a request for cooperation is reasonable and how it will be used. We welcome Ofgem proposals for Code Managers to be required to demonstrate that before issues a request to code parties for cooperation they have met a set of criteria 'a reasonableness test' and that they will be required to include this assessment in a request to code parties. This test will provide a filter for unnecessary and excessive requests which lack a business rationale being sent. It will also improve the skills of the Code Manager in demonstrating a business case for scenarios where they raise a material change would could impact code parties and systems; as mentioned by the Modifications Workgroup second report this could also have the additional benefit of reducing unnecessary Authority decision send backs from Ofgem.

### 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
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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 and no
Were its conclusions balanced?	Yes
Did it make reasoned recommendations for improvement?	yes
Any further comments?	This response template is time consuming to populate. Our preference would have been an excel format for completion and internal sign off and sharing for 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.