

## 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>Mr Simon Vicary</b>
<b>Role title</b>	<b>Chair of the DCUSA Board</b>
<b>Company name</b>	<b>DCUSA Limited</b>
<b>Telephone number</b>	<b>020 7432 3011</b>
<b>Email address</b>	<b>dcusa@electralink.co.uk</b>

<b>Date of submission</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, we are happy for all our responses to openly shared.</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: Yes, we agree that breaking down the delivery of the SDS into 3-time horizons over a 5-year rolling plan period is helpful. It provides clarity on what we are required to focus on, to what extent and helps to manage expectations for all stakeholders. The approach is logical, simple to understand and allows for some flexibility given the overlaps between years that will inevitably arise.

**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, it naturally follows that the modifications required to effect the required changes would be assigned to one of the three-time horizons.

**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]

- Don't know/no view

Comments: There does not appear to be anything obvious that has been omitted from our initial review of what is covered within the SDS, based on the available information.

**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: Yes, the SDS is well written and understandable. However, from a DCUSA perspective, we do not see any immediate requirements to begin raising any new changes. It seems we are dependent on other activities being delivered by Ofgem and other programmes, such as REMA, and the BSC, CUSC and SEC codes before we are in turn able/required to raise changes. The one area that appears nebulous are changes linked to the DUoS SCR where our reading is that whilst Ofgem can firm up modifications of their own under the SCR it is still acceptable for parties to raise modifications for consideration.

Our current thinking in terms of implementation is that we will undertake a gap analysis between the SDS requirements and our current position. The gap analysis will include any inter-dependencies and will be the basis for producing the programme of work to deliver the SDS.

In terms of the practicality of ensuring that we as DCUSA are delivering what is expected of the SDS, we recommend that we have direct lines of contact with appropriate Ofgem personnel. This can be achieved by having dedicated contacts with which we can discuss our obligations under the SDS and ask for any support, in addition to direct lines of communication with appropriate Ofgem personnel responsible for a given Objective area.

**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: This consultation response is from DCUSA Limited, however our response should be taken on the basis that we have the full support of our Secretariat (ElectraLink) in how we progress the implementation of the SDS as this is a significant change to how we operate and increases obligations for us both. Our initial thoughts are that we will set up a separate "workstream" to specifically provide oversight, governance, and direction for delivery of the SDS. The precise details of how this will be set up and managed are yet to be fully explored and agreed. It is however likely that a model like a DCUSA Panel subgroup such as the Standing Issues Group (SIG) and the Distribution Charging Models Development Group (DCMDG) is created. This would encourage a blend of regular

stakeholder membership but also allow ad hoc flexible attendance as it is essential we have the appropriate stakeholder engagement when required. The group would drive and monitor progress of the SDS and report upwards to the DCUSA Panel each month who retain overall responsibility and accountability for SDS delivery.

**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 would like to see future SDSs (or drafts) shared in good time before the budget planning cycle commences. This is best illustrated with a practical example. The DCUSA Limited budget setting process commences in October with a Strategy Day. This would be the perfect point at which the SDS for implementation the following April can be reviewed and factored into the draft budget. The draft budget is then reviewed by the Finance and Audit Committee in November, before submitting to the DCUSA Panel in December for approval to issue for party consultation in January. Party consultation closes in February, feedback is reviewed and assuming no material changes are required the draft budget automatically becomes the approved budget. If the SDS is shared later than October, the risk is that any contingent sum set aside to deliver the SDS proves to be inaccurate. There could also be additional resource requirements arising from the SDS that may take some time to recruit and train/develop before they can contribute effectively. We look forward to providing further feedback when you issue the consultation you refer to.

**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]

- Agree

Comments: We generally agree with this approach. As DCUSA we have not had an issue with progressing change proposals and progress is reviewed each month at the DCUSA Panel, having regard to the views of the Working Group and the Proposer.

**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]

- Agree

Comments: We are generally comfortable with both the prioritisation criteria and prioritisation categories as outlined. However, whilst 'Alignment with the SDS,' 'Importance' and 'Time-Sensitivity' are obvious factors to consider and are easily evidenced or assessed/measured, the criteria of 'Complexity' is more challenging to assess, and the detail of the complexity would need to be clearly articulated within the Change Proposal.

**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 are generally comfortable with the draft legal text for the DCUSA changes, however we do consider that the changes to clause 11.10 (Timetable) is somewhat cumbersome and would benefit from a review from our legal advisors to ensure clarity and understanding. We recommend that the final proposed drafting would follow a process by which each code is able to formally review and agree the proposed legal 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.

[Please delete all but one bullet]

- Agree

Comments: We agree with the proposed definitions to form future guidance on code modification prioritisation, they are sensible and pragmatic considerations. We are however somewhat uncomfortable that the proposals suggest all four criteria have equal weighting. We consider that a more targeted weighting and scoring methodology is appropriate. For example, Alignment with the SDS can only be scored as a Yes/No answer. Should a non-Aligned with the SDS modification be raised that is both very important and time-sensitive, there is a risk with the current proposal that it will not receive the required prioritisation or urgency. We should be cognisant of the reality that the SDS will not be 100% perfect and that industry issues that require resolving can often arise unexpectedly (as we have witnessed in recent years with Supplier of Last Resort and Energy Price Guarantee etc).

**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: From our perspective, given we have a relatively low number of 'in-flight' modifications, we are comfortable to incorporate existing modifications. Again, from our perspective, modifications are effectively delivered in parallel, and we have historically not had a need to prioritise the progression of modifications. Also, when there has been a need to deliver modifications to a specific target date such as the four DCUSA Change Proposals (CP) as part of the Access SCR, we implemented an accelerated programme for those CPs without any detrimental impact to the other modifications in progress. We can however appreciate that where codes have a large volume of 'in-flight' medications a two-tier transitional approach may be preferred.

### 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]

- Agree

Comments: We agree with the proposed drafting in terms of its intention to ensure licensees co-operate with code managers. However, clarity is required as to how this will be applied during the transition phase and in particular for the preliminary SDS when code managers are yet to be appointed, and it is the existing code panels and their secretariats that are delivering the SDS? Should not the drafting also include reference to also co-operating with existing code panels and their secretariat with immediate effect?

We appreciate the proposed drafting is principles based and therefore does not set out the precise detail of how this would be applied in practice. We would recommend that guidance notes are also produced that sets out the process steps expected to be followed, including, if necessary, any escalations to Ofgem for failure of a licensee to co-operate or co-operate in a timely and meaningful manner. This would also help to ensure consistency of application across the codes.

**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 appreciate and recognise the burden on stakeholder resources should code managers issue unnecessary requests for co-operation. We are comfortable with the five areas noted in the consultation (para 3.39) that should be considered as part of the reasonableness test prior to issuing a formal request for co-operation.

### 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?	From our perspective this consultation has a sensible set of questions, and we thank you for the opportunity to provide our views.
Do you have any comments about its tone and content?	Tone is appropriate with relevant content and context.

Was it easy to read and understand? Or could it have been better written?	Well written, easy to read and understand.
Were its conclusions balanced?	Yes, the conclusions are logical, and the rationale follows the evidence.
Did it make reasoned recommendations for improvement?	Yes, the recommendations are appropriate and build sensibly upon the conclusions reached.
Any further comments?	None, thank you.

### **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.



