

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	Karl Maryon
Role title	Industry Governance Officer
Company name	Drax Group plc
Telephone number	075 1342 7447
Email address	karl.maryon@drax.com

Date of submission	25th March 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

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: Structuring the SDS content into three-time horizons helps all stakeholders understand what is expected of them and when.

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: Whilst we agree with the way modifications are categorised into these time horizons, we do believe there should be an obligation set on the Code Administrator/Manager to deliver the modifications within the relevant time horizon.

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]

- No

Comments: None

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: None

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]

- No

Comments: None

Question 7 - Do you have any other feedback?

Comments: We would like Ofgem to be more active (compared to now) in the code modification process by engaging early and ensuring sufficient resources to make swift determinations and reduce the number of send back decisions.

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: Whilst we agree with the proposed prioritisation approach, we do stress the importance of code panel independence when determining the prioritisation category of a modification proposal.

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: None

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: None

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: Whilst we generally agree with the proposed definitions to form future guidance on code modification prioritisation, we believe a more flexible approach is needed in some areas. For example, there will always be unexpected events happen and if a consequential change is raised, it may be rated as 'not aligned to the SDS' despite it being important and time sensitive. In this instance it may not be allocated the priority necessary unless Ofgem intervenes.

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 there is merit in applying this process to all live modifications, especially if a code has many 'in-flight' modifications. However, it is essential to ensure existing workstreams and priorities do not lose their momentum as we progress to the new arrangements.

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]

- Neither agree nor disagree

Comments: Whilst we understand the rationale for the new cooperation standard condition, we have concerns that it may place a disproportionate burden on parties. Safeguards need to be in place to prevent a situation where the same or similar information may be requested many times. Furthermore, it is not always possible to understand immediately the impacts on systems of proposed developments and there needs to be some recognition of this.

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]

- Neither agree nor disagree

Comments: The 'Reasonableness Test' which Code Managers will need to apply is comprehensive but it does not fully address our concerns laid out in our response to question 13.

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?	Yes
Were its conclusions balanced?	Yes
Did it make reasoned recommendations for improvement?	Yes
Any further comments?	None

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.