

Consultation – Annex I: Proposed legal drafting of code modification prioritisation procedure – Smart Energy Code (SEC)

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We have set out below the specific sections of the Smart Energy Code (SEC)^{1,2} that we propose to amend using our transitional powers subject to schedule 12 to the Energy Act 2023, which we are seeking feedback on as part of this consultation. Proposed deletions are shown in strike-through, and proposed new text is double underlined. Text in red shows changes that have been made to the code text since the August 2025 decision publication, which include changes to ensure that the legal text is up to date, that the correct sections of codes have been updated, and that changes are consistent as far as possible.³ For brevity, we have not reproduced entire sections of the code in this annex. Instead, we have included only the parts of the code that are proposed to change, along with other parts we consider most relevant to understanding those changes. Whilst we have attempted to ensure that our proposed legal text drafting remains accurate as compared to the most up-to-date versions of the code text, we would welcome your highlighting of any parts of the code text proposed here that are out-of-date.

Smart Energy Code⁴ ([Smart Energy Code](#))

Section D2.A of the Smart Energy Code establishes the Change Sub-Committee in accordance with it. Paragraphs C6.10-C6.12 of the Smart Energy Code (inclusive) detail that the Panel shall specify the terms of reference and procedural rules to be followed by the Sub-Committee. Therefore, we have included changes to the relevant paragraphs of the SEC Change Sub-Committee Terms of Reference below.

A DEFINITIONS AND INTERPRETATION

A1. DEFINITIONS

¹ The SEC, along with any/all the documents maintained in accordance with it, has been designated as a 'qualifying document' by the Secretary of State as part of the [Designation Notice \(amended and consolidated\) under paragraphs 1\(1\)\(b\) and 1\(5\) of Schedule 12 to the Energy Act 2023 designating certain documents and central systems for the purposes of Schedule 12 to the Energy Act 2023](#)

² The prioritisation policy that we propose to introduce through this consultation relates to code processes before code manager appointment. We intend to keep the provisions under review, and if amendments are required in the future to account for the introduction of a code manager, a consultation will be carried out.

³ [Decision on the preliminary Strategic Direction Statement and governance arrangements for industry codes | Ofgem](#)

⁴ [Smart Energy Code](#)

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A1.1 In this Code, except where the context otherwise requires, the expressions in the left hand column below shall have the meanings given to them in the right hand column below:

Prioritisation Criteria has the meaning given to that term by the Authority Guidance on Code Modification Prioritisation.

Prioritisation Category has the meaning given to that term by the Authority Guidance on Code Modification Prioritisation.

Authority Guidance on Code Modification Prioritisation means the guidance published by the Authority from time to time on code modification prioritisation.

D MODIFICATION PROCESS

D1. RAISING DRAFT PROPOSALS

Content of the Proposal

D1.7 A Draft Proposal must contain the following information:

- (a) the name of the Proposer;
- (b) the name and contact details of an employee or representative of the Proposer who will act as a principal point of contact in relation to the proposal;
- (c) the date on which the proposal is submitted;
- (d) a description in sufficient detail of the nature of the proposed variation to this Code and of its intended purpose and effect;
- (e) a statement of whether, in the opinion of the Proposer, the Modification Proposal should be a Self-Governance Modification;
- (f) a statement of whether the Proposer considers, in the light of any guidance on the topic issued by the Authority from time to time, that the Modification Proposal should be treated as an Urgent Proposal (and, if so, its reasons for so considering);
- (g) a statement of whether or not the Modification Proposal is intended to be a Fast- Track Modification;
- (h) a statement of the reasons why the Proposer believes that this Code would, if the proposed variation were made, better facilitate the achievement of the SEC Objectives than if that variation were not made;

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(i) a statement of whether the Proposer believes that there would be a material impact on Greenhouse Gas Emissions as a result of the proposed variation being made; ~~and~~

(j) a statement of whether the Proposer believes the Draft Proposal should be submitted directly to the Panel; and

(k) an assessment by the Proposer of the Draft Proposal against the Prioritisation Criteria.

Modification Register

D1.8 The Secretariat shall establish and from time to time maintain a register (the Modification Register) of all current and past Draft Proposals and Modification Proposals.

D1.9 The Modification Register shall contain, in respect of each Draft Proposal submitted pursuant to this Section D1 and Modification Proposal subsequently raised pursuant to Section D3:

(a) a unique reference number by which the Draft Proposal or Modification Proposal can be identified;

(b) a brief summary of the Modification Proposal and its purpose and effect;

(c) not used;

(d) the stage of the process set out in this Section D that the Draft Proposal or Modification Proposal has reached;

(e) following the Panel's determination pursuant to Section D3 that the Draft Proposal should be progressed as a Modification Proposal:

(i) whether the proposal is a Self-Governance Modification;

(ii) whether the proposal is a Fast-Track Proposal; ~~and~~

(iii) the timetable applying in respect of the Modification Proposal; and

(iv) whether a Modification Proposal has been determined to be an Urgent Proposal or not, and, where a Modification Proposal has been determined to not be an Urgent Proposal, the Prioritisation Category attached to the Modification Proposal, and the reasons for the Change Sub-Committee's determinations where they have been made in regard to the Prioritisation Category of the Modification Proposal;

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(v) where the Prioritisation Category of a Modification Proposal is changed, this change should be reflected within the Modification Register alongside the reasons for its change

(f) whether the Authority has determined the Modification Proposal to be an Urgent Proposal;

(g) not used;

(h) not used;

(i) once it has been made, the decision of the Panel (in the case of Fast-Track Modifications) or of the Change Board (in the case of all other Modification Proposals); and

(j) such other matters relating to the Draft Proposal or Modification Proposal as the Panel may reasonably determine from time to time.

D2A THE CHANGE SUB-COMMITTEE

Establishment of the Change Sub-Committee

D2A.1 The Panel shall establish a Sub-Committee as described in this Section D2A, to be known as the Change Sub-Committee. Save as expressly set out in this Section D2A, the Change Sub-Committee shall be subject to the provisions concerning Sub-Committees set out in Section C6 (Sub-Committees).

D2A.2 The Panel may discharge the requirements of Section D2A.1 by allocating the function of the Change Sub-Committee to another Sub-Committee. If the Panel elects to do this, all references to the Change Sub-Committee in this Code shall be treated as references to this other Sub-Committee.

Function of the Change Sub-Committee

D2A.3 The function of the Change Sub-Committee shall be to facilitate the development, refinement and discussion of Draft Proposals prior to their progression as Modification Proposals:

- (a) This shall include, where a Modification Proposal has been determined to not be an Urgent Proposal, determining the Prioritisation Category of the Modification Proposal, by assessing it against the Prioritisation Criteria as compared with other Modification Proposals, taking into account the Proposer's opinion provided pursuant to Section D1.7(k).

D3. INITIAL ASSESSMENT OF DRAFT PROPOSALS

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D3.12 Where the Panel determines that a Draft Proposal should be progressed as a Modification Proposal, the Panel shall determine:

- (a) not used;
- (b) whether the Modification Proposal should be a Self-Governance Modification (taking into account the view expressed by the Proposer in the Draft Proposal and as described in Section D2), unless the Modification Proposal is an Authority-initiated Modification;
- (c) whether the Authority should be asked to consider whether the Modification Proposal should be treated as an Urgent Proposal (and, where the Proposer has expressed the Modification Proposal to be urgent, the Panel shall so ask the Authority);
- (d) in the case of Fast-Track Modifications, whether the Modification Proposal should be progressed and approved as a Fast-Track Modification (and such approval shall require the unanimous approval of all the Panel Members present at the relevant meeting, otherwise the Modification Proposal shall be progressed as though it is not a Fast-Track Modification);
- (e) whether, in accordance with Section D3.15, it is necessary for the Modification Proposal to go through the Refinement Process, or whether it can progress straight to the Report Process;
- (f) the timetable to apply in respect of the Modification Proposal, in accordance with the criteria set out in Section D3.16; ~~and~~
- (g) whether the Modification Proposal should be considered together with any other current Modification Proposal(s) (whether because they complement or contradict one another or for any other reason), in which case the Modification Proposals in question shall be considered by the same Working Group; and

Timetable

D3.16 The Panel shall determine the timetable to be followed in respect of each Modification Proposal. In particular, the Panel shall:

- (a) in the case of Authority-initiated Modifications, determine a timetable consistent with any relevant timetable issued by the Authority or the Secretary of State (as the case may be);
- (b) in the case of Urgent Proposals, determine a timetable that is (or amend the existing timetable so that it becomes) consistent with any relevant timetable issued by the Authority; and

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(c) (subject to Sections D3.16(a) and (b)) specify the date by which the Modification Report is to be finalised; being as soon as reasonably practicable after the Panel's decision in respect of such timetable (having regard to the Prioritisation Criteria, and whether the Modification Proposal has been determined to be an Urgent Proposal, or, where it has been determined to not be an Urgent Proposal, the Prioritisation Category complexity, importance and urgency of the Modification Proposal).

D7. REPORT PHASE

D7.3 The Modification Report for each Modification Proposal shall:

(i) where the Modification Proposal was subject to the Refinement Process prior to the Report Phase:

(i) include the Consultation Summary produced by the Working Group in respect of the Modification Proposal;

(ii) specify whether, if the Modification Proposal is approved, the implementation of the Modification Proposal is likely to require changes to DCC Systems, User Systems and/or Smart Metering Systems; and (if so) the likely development, capital and operating costs associated with such changes and any consequential impact on the Charges;

(iii) specify whether, if the Modification Proposal is approved, the DCC is to be required, as part of the Modification Proposal's implementation, to undertake testing of the DCC Total System and/or provide testing services; and (if so) how such testing is dealt with in the Modification Proposal;

(iv) include a summary of any views provided by the Technical Architecture and Business Architecture Sub-Committee, the Security Sub-Committee, the SMKI PMA or the Alt HAN Forum in respect of the Modification Proposal pursuant to Section D6.8 (Purpose of the Refinement Process); and

(v) include a summary and copies of any and all DCC Assessments provided by the DCC pursuant to Section D6.9 (Analysis by the DCC);

(j) detail the analysis carried out in Sections D.1.7(k) and D3.12(h) to determine the Prioritisation Category of the Modification Proposal, and the Prioritisation Category that has been determined, where this determination has been carried out.

D13. REVIEW OF PRIORITISATION CATEGORY OF MODIFICATION PROPOSALS

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D13.1 The Change Sub-Committee shall review the Prioritisation Category of Modification Proposals on a bi-annual basis and adjust the relevant modification timetable for each Modification Proposal accordingly.

SEC Change Sub-Committee Terms of Reference (ToR) Version 3.1⁵ **(SEC Change Sub-Committee Terms of Reference (ToR) Version 3.1)**

~~1.~~ 3. Duties and powers

The CSC shall perform the following duties:

- It will set, monitor and review the progression timetable for all open Draft Proposals and Modification Proposals. As part of this:
 - It will, where a Modification Proposal has been determined to not be an Urgent Proposal, determine the Prioritisation Category of the Draft Proposal or Modification Proposal, by assessing it against the Prioritisation Criteria as compared with other Draft Proposals or Modification Proposals, taking into account the Proposer's opinion provided pursuant to Section D1.7(k) of the SEC Code. ~~assess and account for the relative prioritisation of a Draft Proposal or Modification Proposals, and the potential SEC Releases it could be included in.~~
 - It will assess and account for the potential SEC Releases it could be included in.
 - It will determine where it would be beneficial for two or more Modification Proposals to be assessed or progressed through the Modification Process in parallel during the Refinement Process.
 - It will specify any further question areas the Working Group will need to consider as part of its assessment of a Modification Proposal.
 - It will determine whether a Modification Proposal should be progressed to decision as a Self-Governance Modification.

⊖ Where the CSC does not believe this is the case, it will determine what further work should be undertaken to develop the Draft Proposal and the timetable for this.

⁵ [Change Sub-Committee Terms of Reference](#)