

Consultation – Annex J: Proposed legal drafting of code modification prioritisation procedure – Security and Quality of Supply Standard (SQSS)

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We have set out below the specific sections of the Security and Quality of Supply Standard (SQSS)^{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versions of the code text, we would welcome your highlighting of any parts of the code text proposed here that are out-of-date.

Security and Quality of Supply Standard

The National Energy System Operator (NESO) and electricity transmission licences have recently been subject to a statutory consultation, with a decision⁴ (Decision on proposed modifications to conditions A1 and E7 of the electricity system operator licence and on modifications to standard conditions A1, D1, D3 and E16 of the electricity transmission licence) published by Authority on 11th December which confirmed that the licence modifications would be made. We anticipate these modifications coming into effect on 7th February 2025. The effect of the modifications is to place obligations on NESO to maintain the SQSS, and thus the SQSS will be eligible for designation in accordance with s182(1) and paragraph 1 of Schedule 12 to the Energy Act 2023. As part of the licence modifications, NESO is under an obligation to

¹ The SQSS 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 [Decision on proposed modifications to conditions A1 and E7 of the electricity system operator licence and on modifications to standard conditions A1, D1, D3 and E16 of the electricity transmission licence](#)

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~~progress any modifications to the SQSS necessary to comply with the new licence conditions by 31 March 2025. We expect these changes to include bringing a suitably modified version of the existing voluntary SQSS Governance Framework (which currently contains the modification procedures) into the code itself.~~

~~In light of all of this, we have not included particular SQSS code text in this consultation at this time. This is because, given the current position with the SQSS, the exact detail and placement of the modification text may be affected by the outcome of any changes proposed by NESO to further their licence obligation. However, our current policy position is that we consider that the SQSS should also be modified to include reference to the prioritisation criteria in the same manner as we have proposed in relation to the other codes.~~

Security and Quality of Supply Standard⁵ (Security and Quality of Supply Standard)

Version 2.10

11. Terms and Definitions

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

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.

Appendix J Governance Framework

J.4 Establishment and Composition

J.4.1 Establishment

J.4.1.1 NESO (as the ISOP), NGET, SPT and SHET shall establish the panel which shall be constituted in accordance with the further provisions of this Section 4.

J.4.1.2 Subject as expressly provided in this governance framework, the members may regulate the conduct of and adjourn and convene panel meetings as they deem fit.

J.4.2 Functions of the Panel

⁵ [Security and Quality of Supply Standard](#)

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J.4.2.1 The panel shall consider all reasonable requests to modify the SQSS. Such requests may be made by any of the members, the authority or any relevant interested person. SQSS modification proposals shall be raised via the secretary.

J.4.2.2 The functions of the panel shall be to:

J.4.2.2.1 keep the SQSS and its working under review;

J.4.2.2.2 evaluate and administrate modifications to the SQSS in accordance with procedures set out in the governance framework;

J.4.2.2.3 keep the governance framework and its working under review;

J.4.2.2.4 publish recommendations to modify the SQSS and the reasons for the recommendations;

J.4.2.2.5 recommend to the authority any modifications of the SQSS; and

J.4.2.2.6 the panel shall endeavour at all times to perform its functions:

(a) in an efficient, economical and expeditious manner, taking account of the Prioritisation Criteria, and whether the Issue or Change Proposal has been determined to be an Urgent Issue or Change Proposal, or, where it has determined to not be an Urgent Issue or Change Proposal, the Prioritisation Category complexity, importance and urgency of a particular modification to the SQSS; and

(b) with a view to ensuring the SQSS facilitates achievement of its objectives.

J.5 Modification of the SQSS

J.5.1 General

J.5.1.1 Each member shall keep under review whether any possible change to the SQSS would better facilitate achievement of the SQSS objectives and shall, in accordance with J.5 and to the extent that such matter is not covered by a Modification Proposal, raise a Modification Proposal which, in the member's opinion, would do so.

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J.5.1.2 The members shall endeavour at all times to act pursuant to this J.5:

(i) in an efficient, economical and expeditious manner taking account of the Prioritisation Criteria, and whether the Issue or Change Proposal has been determined to be an Urgent Issue or Change Proposal, or, where it has determined to not be an Urgent Issue or Change Proposal, the Prioritisation Category complexity, importance and urgency of a particular modification proposal; and

(ii) with a view to ensuring that the SQSS facilitates achievement of the SQSS objectives

J.5.2 The SQSS Modification Process

J.5.2.1 Modification Proposal

J.5.2.1.1 A Modification Proposal may be made by any of the following:

- (a) a *member*;
- (b) the *authority*; or
- (c) relevant interested person referred to in J.5 as the 'Proposer'.

J.5.2.1.2 A Modification Proposal made pursuant to sub-paragraph J.5.2.1.1 shall be submitted to the Secretary in the form of Annex 3 which may be amended by the *panel* from time to time.

J.5.2.1.2A A Modification Proposal made pursuant to sub-paragraph J.5.2.1.1 shall also contain an assessment by the Proposer of the Modification Proposal against the Prioritisation Criteria.

J.5.2.2 Review of Modification Proposals at Panel Meetings

J.5.2.2.1 The panel shall consider a Modification Proposal (if compliant with sub-paragraph J.5.2.1.2 and not withdrawn under sub-paragraph J.5.2.1.6) at the next panel meeting and at such meeting shall use all reasonable endeavours to decide (as and where relevant) whether:

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(a) the members require additional information in order to assess whether the request would better facilitate achievement of the SQSS Objectives; or

(b) pursuant to sub-paragraph J.5.2.2.5, to amalgamate the request with any other Proposed Modification-; and

(c) where a Modification Proposal has been determined not to be an Urgent Modification Proposal, and having assessed the Modification Proposal against the Prioritisation Criteria, as compared with other Modification Proposals, taking into account the Proposer's opinion provided pursuant to paragraph J.5.2.1.2A, the Modification Proposal should be accorded a relevant Prioritisation Category.

J.5.2.2.5 The panel may decide to amalgamate a Modification Proposal with one or more other Modification Proposal(s) where the subject matter is sufficiently proximate to justify amalgamation on the grounds of efficiency and/or where such Modification Proposal(s) are logically dependent on each other.

J.5.2.2.6 Where Modification Proposals are amalgamated pursuant to sub-paragraph J.5.2.2.5:

(a) such Modification Proposals shall be treated as a single Modification Proposal;

(b) references in J.5 to a Modification Proposal shall include and apply to a group of two or more Modification Proposals so amalgamated; and

(c) the Proposers of each such amalgamated Modification Proposal shall cooperate in deciding which of them shall constitute the Proposer of such amalgamated Modification Proposals, failing which agreement, the Modification Proposals shall continue separately as before-; and

(d) the Panel shall determine the amalgamated Modification Proposal to have a single Prioritisation Category by considering the Prioritisation Categories accorded to them (and the relevant assessments undertaken in determining these Prioritisation Categories), and determining an appropriate amalgamated Prioritisation Category.

J.5.2.4 Industry Consultation

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J.5.2.4.1 Following completion of the steps set out in sub-paragraphs J.5.2.3.1 to J.5.2.3.15 above (where relevant), the Secretary shall prepare a consultation document ("Consultation Document") setting out:

- (a) the Modification Proposal;
- (b) the views and recommendations of the panel as to whether the changes proposed in the Modification Proposal(s) should be made, including the analysis of whether (and, if so, to what extent) the Modification Proposal(s) would better facilitate achievement of the SQSS Objectives and the views and rationale in respect thereof;
- (c) an analysis and impact assessment ("Assessment") which shall identify the likely effect of the Modification Proposal(s) on the assets and systems of panel members), including a description of any works necessary to implement the change and an estimate of the development, capital and operating costs associated with implementing the changes to the SQSS;
- (d) the proposed implementation date of the Modification Proposal(s) as agreed by the panel, failing which, as shall be proposed by the Proposer and, in the later case, accompanied by the written representations of the other members giving their own opinion as to what the implementation date should be; and
- (e) any proposed text to modify the SQSS;
- (f) (to the extent that such matters are not included pursuant to sub-paragraph (c)), an analysis of:
 - (i) the impact of the Modification Proposal(s) on the core industry documents;
 - (ii) the changes which would be required to give effect to the Modification Proposal(s) in relation to the core industry documents;
 - (iii) the mechanism and likely timescale for making the changes referred to in sub-paragraph (ii);
 - (iv) the changes or developments which would be required to central computer systems and, if

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practicable, processes used in connection with the operation of arrangements established under the core industry documents;

(v) the mechanism and likely timescale for making the changes referred to in sub-paragraph (iv); or

(vi) an estimate of the costs associated with making and delivering the changes referred to in sub-paragraphs (ii) and (iv), such costs being expected to relate to: for (ii), the costs of implementing Modifications to the Industry Framework Document(s), and for (iv), the costs of changes to computer systems and possibly processes which are established for the operation of the core industry documents,

together with a summary of representations of the panel in relation to such matters,

(g) detail the analysis carried out, pursuant to paragraph J.5.2.2.1 (c), by the Panel to determine the Prioritisation Category of the Modification Proposal, and the Prioritisation Category that has been determined, where this determination has been carried out.

J.5.2.5 The Modification Report

J.5.2.5.1 Pursuant to sub-paragraph J.5.2.4.2, the panel shall consider the representations made in response to the Consultation Document and shall instruct the Secretary to prepare a report as in subparagraph J.5.2.4.1 incorporating comments from the Consultation Document respondents and recommendations in light of those comments. This report shall form the “Modification Report”

J.5.2.5.2 If members agree that Modification to the SQSS is not required, the panel shall instruct the Secretary to prepare the Modification Report and send it to the authority. The Secretary shall also update the Modification Register and publish the Modification Report on the ISOP website.

J.5.2.5.3 If members agree that Modification to the SQSS is required, the Panel shall instruct the Secretary to prepare the Modification Report and send it to the authority. Each licensee member will individually send a licence change request to the authority based on the Modification Report. The Secretary shall

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also update the Modification Register and publish the Modification Report on the ISOP website.

J.5.2.5.4 If not all members agree that Modification to the SQSS is needed, the Secretary shall record the range of recommendations which shall be incorporated into the Modification Report. The panel shall instruct the Secretary or Workgroup Chairperson to prepare the Modification Report for subsequent submission to the authority. Those licensee members that recommend Modification to the SQSS may send licence change requests to the authority. The Secretary shall also update the Modification Register and publish the Modification Report on the ISOP website.

J.5.2.5.5 None of the facts, opinions or statements contained in the Modification Report may be relied upon by any other person.

J.5.2.7 The Modification Register

J.5.2.7.1 The Secretary shall establish and maintain a register (the "Modification Register") which shall record, in such form as the Panel may determine, the matters set out in sub-paragraph 5.2.8.3.

J.5.2.7.2 The purpose of the Modification Register shall be to assist the Panel in the operation of the Modification process under this Governance Framework and to enable the Members and other interested third parties to be reasonably informed of the progress of Modification Proposals and Approved Modifications from time to time.

J.5.2.7.3 The Modification Register shall record:

- (a) details of each Modification Proposal (including the name of the Proposer, the date raised and a brief description of the Modification Proposal);
- (b) the current status and progress of each Modification Proposal and the anticipated date for reporting to the Authority in respect thereof;
- (c) the current status and progress of each Approved Modification to the SQSS; ~~and~~
- (d) such other matters as the Panel may consider appropriate from time to time in order to achieve the purposes set out in subparagraph 5.2.7.2-~~3~~.

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(e) 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 Panel's determinations where they have been made in regard to the Prioritisation Category of the Modification Proposal; and

(f) 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.

J.5.3 Review of Prioritisation Category of Modification Proposals

J.5.3.1 The Panel shall review the Prioritisation Category of Modification Proposals on a quarterly basis and adjust the relevant modification timetable for each Modification Proposal accordingly.

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