

Decision

Energy code reform: decision on competitive code manager selection

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In December 2025, we published a consultation regarding our approach to the competitive code manager selection process. This document summarises the responses to that consultation and outlines our decisions.

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Executive summary

The Energy Act 2023¹ sets out a package of reform to the governance of the energy industry codes. Under new powers created by the Act, Ofgem² will be responsible for selecting code managers, on either a competitive or non-competitive basis, leading to the potential grant of a code manager licence.

In December 2025, we published a consultation³ on our proposed approach to the competitive code manager selection process. This included proposals on our candidate scoring methodology, word limit approach, weighting structure, and tie-breaking arrangements. This document summarises the responses received to that consultation and sets out our decisions.

Scoring methodology

We have decided to proceed with our proposed scoring methodology. This means that candidate responses to each selection criterion will be assessed on either a pass/fail basis or a scored basis (between 0-4).

Word limit

We have decided to maintain the use of a word limit. However, we recognise the concerns raised by some respondents that a 1,000-word limit may hinder the quality or completeness of responses. To address this, we will increase the word limit to 1,500 words for each scored question.

Weighting structure

We have decided to proceed with our proposed weighting structure. This means that we will assign a weighting of 1 to criteria that we consider demonstrate the candidate's ability to perform the role and meet the expectations and requirements set out in the licence, and a weighting of 0.5 to criteria that focus on longer-term strategic development.

Tie-breaking

We have decided to proceed with our tie-breaking approach. This means that our tie-breaking process will follow a three-step approach: (1) we will recalculate scores using only the criteria with a weighting of 1; (2) if a tie remains, we will use the lead criterion, 'expertise relevant to applying the code', to determine the outcome; and (3), if the tie is still unresolved, we will request additional information through an interview or written correspondence.

¹ [Energy Act 2023](#)

² References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work.

³ [Energy code reform: competitive code manager selection | Ofgem](#)

1. Introduction

Background

- 1.1 The Energy Act 2023⁴ (the ‘Act’) sets out a significant package of reform to the governance of the energy industry codes, including new powers and responsibilities for Ofgem. Energy code reform aims to ensure that the codes can respond to the significantly changing sector, enabling change to be delivered more efficiently and effectively in the interests of consumers, and to support the transition to net zero.
- 1.2 Under the new framework, we will be responsible for selecting and licensing code managers in line with the Code Manager Selection Regulations 2024⁵ and Code Manager Selection (Competitive) Regulations 2025⁶ (“the 2025 Regulations”). Each code manager will be responsible for the governance of its respective code.
- 1.3 In December 2025, we published a consultation on our proposed approach to the competitive code manager selection process.⁷ This consultation built on the approach established for the non-competitive selection process and included proposals on candidate scoring methodology, word-limit policy, weighting structure, and tie-breaking arrangements.
- 1.4 This consultation closed on 24 January 2026. We have since carried out a detailed review and analysis of all responses submitted by stakeholders. This document sets out a summary of respondent views and presents our decisions, reached following careful consideration of that feedback.
- 1.5 We have also updated our guidance on code manager selection to reflect these decisions and published it alongside this document.

Context and related publications

- [Energy code reform: competitive code manager selection](#) – December 2025
- [Energy code reform: decision on code manager selection](#) – May 2025
- [Energy code reform: code manager licence conditions and code modification appeals to the CMA](#) – May 2025
- [Energy code reform: second implementation consultation](#) – April 2025
- [Energy code reform: consultation on code manager selection](#) – November 2024
- [Energy code reform: code manager licensing and secondary legislation](#) – March 2024

⁴ [Energy Act 2023](#)

⁵ [The Code Manager Selection Regulations 2024](#)

⁶ [The Code Manager Selection \(Competitive\) Regulations 2025](#)

⁷ [Energy code reform: competitive code manager selection | Ofgem](#)

Decision-making stages

- **Stage 1** Consultation opened: 8 December 2025.
- **Stage 2** Consultation closed: 24 January 2026.
- **Stage 3** Responses reviewed and published: 16 March 2026.
- **Stage 4** Decision published: 16 March 2026.

- 1.6 We received 16 responses from a range of stakeholders in response to our consultation. We carefully considered all these responses, even where they are not specifically referred to in this document. All non-confidential responses have also been published on our website.
- 1.7 In this document, we refer to policy decisions that we have taken on the competitive code manager selection process. These decisions are intended to provide an indication of what our selection criteria information would be for any potential future competition, in line with the requirements set out in Regulation 5 of the 2025 Regulations. However, we reserve the right to review and amend these criteria prior to each competitive process, with a final determination on the relevant criteria to be made prior to any competition via the publication of a notice under Regulation 6.

Next steps

- 1.8 We are currently engaged in the implementation and assurance stage of code manager selection for the Balancing and Settlement Code and the Retail Energy Code, with an anticipated license grant date of November 2026.
- 1.9 Alongside this work, we recently published a notice seeking expressions of interest from any person interested in becoming a code manager candidate for the consolidated electricity commercial code or the consolidated gas network code. This invitation is currently open and will close on 20 March 2026.⁸
- 1.10 After the conclusion of this process, we expect to be able to publish a decision on both candidate eligibility and our determination between competitive versus non-competitive selection for these two codes in Q2 2026. The successful candidate(s) would then be invited to participate in a more in-depth licensing assessment process, where they would be asked to set out credible plans for how they would carry out the role if selected, leading to the anticipated publication of ‘minded-to-grant’ decisions for both codes in Q4 2026.
- 1.11 We will continue to engage with stakeholders on our plans for future code manager selection exercises and will set out timelines for the remaining two codes, namely the Smart Energy Code and consolidated electricity technical code, in due course.

⁸ [Expression of interest invitation: code manager candidates | Ofgem.](#)

2. Scoring methodology

Section summary

This section sets out a summary of responses and our decision to proceed with our proposed scoring methodology.

Our consultation position

- 2.1 We proposed that candidate responses to each selection criterion would be assessed on either a pass/fail basis or a scored basis (between 0-4). The draft guidance outlined which of these two assessment approaches would be applied to each criterion and explained our rationale.

Summary of consultation responses

Q1. Based on your review of our scoring methodology (the pass/fail assessments and our 0-4 scoring method), do you agree with our approach?

- 2.2 Of the thirteen respondents who answered the question, a large majority agreed with the proposed scoring methodology and one respondent disagreed.
- 2.3 A couple of respondents who supported our proposal noted that they considered the proposed scoring methodology to be a balanced and appropriate approach to assessing candidates. It was also noted that the use of a pass/fail assessment was particularly suitable for the essential criteria.
- 2.4 A couple of respondents sought further clarification on the operation of the pass/fail and scored assessments. These respondents queried how pass/fail questions would be evaluated, whether a score of zero on any question would result in automatic disqualification, and whether bidders should be given the opportunity to discuss their submission with Ofgem before being ruled out on a pass/fail basis.

Our decision

- 2.5 We have decided to proceed with our proposed scoring methodology.

Rationale for our decision

- 2.6 We consider that our proposed scoring methodology appropriately prioritises essential criteria through the use of a pass/fail assessment, while also providing an objective scoring method for other criteria to enable fair and consistent comparisons between candidates. We also note the strong consensus among respondents in favour of this approach.
- 2.7 We recognise the request from a couple of respondents for further clarity on our scoring and assessment approach. As set out in the draft guidance published alongside the consultation, a score of 0 out of 4 on the scored questions would

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constitute a fail, resulting in disqualification. We would expect to award a score of 0 for any answers where the candidate has provided no or minimal evidence of their ability to successfully meet the relevant requirements. By contrast, the pass/fail questions would be assessed in a binary nature, due to their focus on critical requirements such as those related to conflicts of interest. When assessing these criteria, the presence of a potential conflict would not lead to automatic disqualification. Instead, the determining factor would be whether we consider that the conflict could be effectively managed, after considering any potential mitigations proposed by the candidate.

- 2.8 We also note the suggestion that bidders should be offered an opportunity to discuss their submission with Ofgem before being ruled out on a pass/fail basis. We consider that the guidance and criteria are designed to provide sufficient clarity to support bidders in preparing their submissions, which should make the need for such discussions unnecessary. However, we recognise that there may be limited circumstances where requesting a discussion or further clarification may be appropriate (for example, where a bidder appears to have inadvertently left a section blank). If we were to make such a request, any engagement would be applied carefully and consistently to avoid compromising the fairness and integrity of the competitive process.

3. Word limit

Section summary

This section sets out a summary of responses and our decision to maintain the use of a word limit, while increasing it from 1,000 to 1,500 words.

Our consultation position

- 3.1 Unlike under a non-competitive process, we proposed that responses to all scored questions would be limited to 1,000 words, to ensure fair comparison by enabling candidates to submit responses of the same length.

Summary of consultation responses

Q2. Based on your review of our word limit, do you agree with our approach?

- 3.2 Of the fourteen respondents who answered the question, a majority agreed with the proposed word limit approach. Some respondents disagreed and one was neutral.
- 3.3 Among those who agreed, many noted that the word limit was either fair, sensible, or effective for ensuring fair comparison between candidates.
- 3.4 However, there were concerns shared by a few respondents that a limit of 1,000 words may hinder the quality of candidate responses. Some respondents also offered further comments, suggesting that the word limit should either be increased or that a small buffer above the limit should be permitted.

Our decision

- 3.5 We have decided to maintain our proposed use of a word limit. However, having carefully considered the comments and suggestions raised by respondents, we have decided to increase the limit to 1,500 words.

Rationale for our decision

- 3.6 We consider that the use of a word limit is essential to ensure a level playing field and a standardised, objective assessment process. Without a limit, some candidates may submit substantially longer responses than others, which risks creating inconsistency in the basis on which candidates are assessed.
- 3.7 However, we acknowledge respondent concerns that a 1,000-word limit may, in some instances, restrict candidates from setting out the level of detail required to demonstrate their capability. We consider that increasing the limit by a further 500 words will help ensure that candidates can provide sufficiently detailed and well-supported responses, without undermining the consistency and comparability that the word limit is intended to secure.

4. Weighting Structure

Section summary

This section sets out a summary of responses and our decision to proceed with our proposed weighting structure.

Our consultation position

- 4.1 We proposed to assign a weighting to each scored selection criterion. A weighting of 1 would be assigned to criteria that we consider demonstrate the candidate's ability to perform the role and meet the expectations and requirements set out in the licence, compared to a weighting of 0.5 for criteria focused on longer-term strategic development.

Summary of consultation responses

Q3. Based on your review of our weighting structure, do you agree with our approach?

- 4.2 Of the fourteen respondents who answered the question, a majority agreed with the proposed weighting structure. A few respondents disagreed and a few were neutral.
- 4.3 Many of those who agreed said that they felt our proposed weighting structure appropriately captures the most important areas and accurately reflects the core capabilities required for an effective code manager. A couple respondents specifically noted that the reduced weighting applied to the criteria on *innovation* and *facilitating the transition to net zero clean energy* was appropriate, as they do not immediately relate to the operational priorities of a potential code manager.
- 4.4 There were, however, concerns among some respondents, who suggested alternative weighting structures. A few respondents felt that the criteria on *innovation* and *facilitating the transition to net zero clean energy* were underweighted at 0.5 compared with the other scored criteria. They noted that these topics are highlighted as key objectives within the energy code governance reform programme and the standard licence conditions, and therefore considered that these criteria should carry a higher weighting. It was also suggested that technical expertise should carry greater weight for gas codes, given their complexity.
- 4.5 A couple of respondents also suggested that some of the criteria weighted at 1 (such as *project management capability*, *stakeholder management capability*, and *service provision capability*) were overweighted, on the basis that these factors were viewed as too generic. A few respondents suggested that candidates should also be assessed on their ability to consolidate codes as part of a future focused approach.

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Our decision

4.6 We have decided to proceed with our proposed weighting structure.

Rationale for our decision

4.7 We have carefully considered all feedback and consider that the current weighting structure will allow us to base the outcome of a competitive process on the criteria that are most fundamental to successful performance as a code manager.

4.8 We do not share the view that some of the criteria, such as *project management capability*, are overweighted. They represent core competencies that directly impact a code manager's ability to deliver timely, accurate, and high-quality services, and to engage effectively with industry participants and consumers. Accordingly, we consider these criteria to be fundamental to the operational effectiveness of a code manager.

4.9 Similarly, we acknowledge concerns that assigning a weighting of 0.5 to the *innovation* and *facilitating the transition to net zero clean energy* criteria would leave them underweighted. Although we agree that these criteria are important, and will provide insight into how the code manager candidate would perform its role if selected, we continue to consider that our rationale for distinguishing between core criteria with a weighting of 1 and longer-term strategic criteria with a weighting of 0.5 remains sound.

4.10 We also note the suggestions from respondents regarding potential additional criteria, such as an assessment of a candidate's ability to consolidate codes. We consider that these kinds of activities are already sufficiently captured under a combination of other criteria, such as those related to expertise, project management and stakeholder engagement, so have decided not to expand our list of criteria at this time. However, as noted above, we reserve the right to review and amend these criteria prior to each competitive process, with a final determination on the relevant criteria to be made prior to any competition via the publication of a notice under Regulation 6 of the 2025 Regulations.

5. Tie-breaking

Section summary

This section sets out a summary of responses and our decision to proceed with our tie-breaking approach.

Our consultation position

- 5.1 If two or more candidates achieved the same score at the licensing assessment stage, we proposed to determine the outcome using a three-step approach: (1) we would recalculate scores using only the criteria with a weighting of 1; (2) if a tie remains, we would use the lead criterion, ‘expertise relevant to applying the code’, to determine the outcome; and (3), if the tie is still unresolved, we would request additional information through an interview or written correspondence.

Summary of consultation responses

Q4. Based on your review of our tie-breaking process, do you agree with our approach?

- 5.2 Of the fourteen respondents who answered the question, a majority agreed with the proposed tie-breaking approach and some respondents disagreed.
- 5.3 Among those who agreed, a few commented that the proposed tie-breaking process appropriately focuses on the most important criterion to break a tie (ie, expertise relevant to applying the code).
- 5.4 Among respondents who disagreed or raised concerns, a couple considered that the first stage of the tie-breaking process would be unlikely to break a tie. A few respondents also felt that the use of “expertise relevant to applying the code” was not the most suitable criterion for determining the outcome of a tie. They offered a range of alternative suggestions, including “ease of implementation,” more qualitative evaluation, or the use of a broader set of criteria rather than narrowing the criteria to break a tie.

Our decision

- 5.5 We have decided to proceed with our proposed tie-breaking process.

Rationale for our decision

- 5.6 We consider that recalculating scores using only the 1-weighted criteria will ensure that any tie is reassessed on the basis of the capabilities that we have deemed most central to the code manager role. While a couple of respondents questioned whether this step would break a tie, we consider it appropriate that the process first tests alignment with the core operational requirements of the role before proceeding to the subsequent steps.

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- 5.7 Where a tie remains, we consider “expertise relevant to applying the code” to be the most suitable lead criterion, as it reflects the core capability needed to perform the code manager role. This criterion directly assesses a candidate’s technical understanding of the code and their ability to apply it correctly in practice. In our view, other criteria (such as ease of implementation and those used in the initial scored assessment) are important, but they do not provide as strong an indication of a candidate’s ability to carry out the central responsibilities of the role. For this reason, we believe that using “expertise relevant to applying the code” provides a fair and practical way to distinguish between candidates who are otherwise equally matched.

6. Additional Comments

Section summary

This section summarises the additional comments that we received on our proposed approach and explains how we have considered them.

Our consultation position

- 6.1 We sought any additional views from respondents on our proposed approach to evaluating code manager candidates via a competitive process.

Summary of Consultation Responses

Q5. Do you have any additional comments on the proposed approach to evaluating code manager candidates during the competitive licensing assessment stage?

- 6.2 Of the sixteen total respondents, a majority provided additional comments and suggestions on our proposed competitive code manager selection process, while some did not offer any further comments.
- 6.3 A few respondents commented on the need for a clear conflict of interest process, noting that conflicts should be identified and managed appropriately. It was also suggested that for-profit companies should not be eligible to act as code managers.
- 6.4 A few respondents also raised wider governance points, suggesting that lessons from similar processes could be applied, that industry experts should be involved in assessing candidates, and noting the importance of system security and resilience. Comments also noted that code managers should be operational from day one, that overlaps with central system delivery bodies should be avoided, and that clearer information on aspects of the selection process would be helpful.

Our decision and rationale

- 6.5 We are grateful for the range of feedback provided. We have carefully considered all points raised by respondents, including those that sit outside the scope of this consultation, and will be mindful of them when selecting and licensing future code managers, whether via a competitive or non-competitive process.
- 6.6 We also note that several of the points raised by respondents relate to wider aspects of the code governance reform programme. Many of these matters have been addressed through previous consultations and decisions, such as our work on the standard licence conditions of the code manager licence and our approach to implementation and assurance. A short list of relevant publications can be found in the introduction section above.

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Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this decision. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.