

Decision

Implementation of energy code reform: second decision

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On 3 April 2025, we published our second consultation on the implementation of energy code reform. The consultation sought views on our proposed approach to implementing the industry code governance reforms as set out in the Energy Act 2023. We received responses from organisations with an interest in energy code governance, including suppliers, network operators, consumer representatives and other stakeholders.

This document considers those responses and sets out our decisions on key aspects on the implementation of energy code reform.

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Executive summary

Reforming the energy codes framework

The Energy Act 2023 (the ‘Act’) sets out powers and duties that will aid the modernisation of the energy system and fundamentally change the way the sector is regulated. Among these measures is a package of significant reform to the governance of the industry codes, including new powers and responsibilities for Ofgem. In April 2025 we published our [second implementation consultation](#) on our proposed approach to implementing these reforms.

In this document we summarise respondent views on the content of that consultation and detail our decisions. We also consult on the proposed code text for the future code modification process and the Stakeholder Advisory Forum (SAF), with proposed code text reflecting the policy positions in this document.

Future code modification process

We intend to take forward our proposals on the main stages of the code modification process as set out in the [second implementation consultation](#), incorporating changes and additions set out in the decision section. We are now seeking stakeholder feedback on the proposed code text, which sets out the code modification process in full. The proposed code text can be found in subsidiary document 1: Proposed code text. We invite respondents to comment on the proposed code text. We will use the feedback on this consultation to inform future development of the code text for each individual code (including consolidated codes), and those future refinements will be subject to separate consultation in due course. We intend to publish the proposed code text for BSC and REC for consultation later in 2026 using our schedule 12 powers under the Act.

Stakeholder advisory forum (SAF)

We intend to proceed with several proposals specifically:

- Our proposed SAF objectives, with the addition of a fourth objective
- Our detailed membership proposals, including that the SAF should be chaired by an independent person and that each SAF should accommodate up to two statutory consumer advocates
- Our preferred option for how code party members should be appointed to the SAF
- Our proposal that the SAF will be required to vote on modifications
- Our proposal to require SAF members to provide undertakings from themselves and their employer that they will act impartially
- Our proposal that SAF members can be removed if they fail to attend a certain number of meetings.

We have decided not to proceed with two-year terms for members. Instead, we have decided that SAF members should serve a three-year term.

We also propose that SAF members would be required to declare potential conflicts of interest in relation to a specific modification, and that quoracy requirements would apply to the SAF. We consider the SAF conflict of interest provisions to be essential for transparency and for building trust and confidence in both the SAF and wider code modification process. As several codes will continue operating under existing governance arrangements for several years, we strongly encourage current code administrators, chairs and panels to review their own conflict of interest provisions and consider adopting similar measures, where appropriate.

Any changes and additions we have made to our proposals are set out in the decision section. We are now seeking stakeholder feedback on the proposed SAF code text which provides the detailed roles and responsibilities of the SAF. This text is set out in subsidiary document 2: Proposed SAF text.

We intend to publish the proposed code text for the Balancing & Settlement Code (BSC) and the Retail Energy Code (REC) for consultation later in 2026 using our schedule 12 powers under the Energy Act 2023.

Cross-cutting changes (subcommittees, performance assurance and derogations)

We have decided to proceed with our preferred options for subcommittees. Decisions on delegated authority and impartiality arrangements will be made following a case-by-case review of existing arrangements in each code, and code managers will be made the default body responsible for chairing and providing the secretariat function for all subcommittees.

We have decided not to make code managers the default decision makers for performance assurance subcommittees. Instead, decisions on delegated authority and impartiality arrangements will be made following a case-by-case review of existing arrangements in each code.

We have decided not to proceed with our proposal to make code managers the decision maker for all derogations. Instead, we will seek to maintain the status quo arrangements where possible, alongside any necessary consequential changes.

Code manager cost recovery and funding

We intend to proceed with our proposed approach to retain the cost recovery methodologies found in the BSC and REC. The code managers for the BSC and REC will recover their costs in line with these methodologies, subject to us making appropriate housekeeping consequential changes that we intend to consult on in due course.

Directing central system delivery bodies

We intend to proceed with our proposed approach for determining whether to issue a direction to central system delivery bodies (CSDBs). This will include issuing a notice detailing the proposed direction and inviting representations from interested parties before deciding whether to issue a direction. We also intend to proceed with the proposed steps we would follow should we decide to issue a direction, including issuing a further notice setting out our decision and how we have considered any representations. We intend to consult on any changes to codes and contracts that are needed in order to facilitate our ability to use our direction powers.

Implementation and assurance approach

We have decided to proceed with our proposed approach to the development and implementation of consequential changes, with Ofgem leading delivery and drawing on stakeholder expertise where it adds most value.

We have decided to proceed with our proposal to adopt an active oversight role during the implementation and assurance stage of code manager selection. Candidates will be responsible for developing and executing detailed implementation plans, with our role being to hold them to account for delivery against agreed milestones and to provide appropriate support and challenge. We have also decided to proceed with our proposal to undertake a final assurance assessment before deciding whether to grant candidates a code manager licence, using an approach that has been tailored to each candidate rather than a universal form.

We have decided to proceed with our proposed approach to code consolidation, with the addition of a stage of preliminary engagement with relevant code administrators prior to convening industry workgroups. We have decided not to proceed with our proposal to cap the membership of those workgroups.

Transition plan

We have decided to proceed with our proposed approach to transition plan, which sets out a clear set of critical path activities required for delivering phase 1 in late 2026. We will continue to develop and refine the plan through established engagement channels and upcoming consultations, ensuring stakeholders have appropriate and proportionate opportunities to contribute. This approach will allow us to provide clarity at the right points while applying lessons learned to later phases of the programme.

We have already begun key elements of the transition plan, including engagement on phase 1 sequencing, blueprint development with code manager candidates, and review of dependencies across internal and external programmes. As transition planning matures, we will provide opportunities for stakeholder engagement, reflecting industry commitments, resource considerations and wider interdependencies. This approach ensures delivery remains coherent, realistic and aligned with the objectives of energy code reform.

1. Introduction

- 1.1. Energy code reform is modernising Britain’s energy regulation by replacing complex, outdated governance with a simpler, more agile and forward-looking framework. Many of the rules that govern the operation of the energy system sit within industry codes. These codes set the rules for a wide range of commercial and technical activities from how parties connect to the electricity and gas networks, to how consumers switch suppliers, to who can access consumption data.
- 1.2. These rules need to keep pace with the transformation happening within our energy system. But taken together, they form a complex and fragmented landscape that can slow innovation, limit competition and hold back investment. Many of the policy and market improvements designed to deliver consumer benefits depend on changes to the codes, but progress can be delayed by friction and competing interests within the current governance arrangements.
- 1.3. Energy code reform is a joint programme between Ofgem and government to address these issues and turn energy codes into an effective engine for wider system change. It replaces the current industry governance process for updating the codes with a new framework, as enabled by the Energy Act 2023.
- 1.4. The reform supports Ofgem’s Market Strategy and Vision, as part of the low-cost transition. By empowering independent code managers, strengthening strategic direction and improving the change process, system change can be delivered quickly and with greater confidence. It is also designed to improve code-users’ experience by reducing the number of processes industry must navigate and cutting down on friction, complexity and wasted effort. Consolidation and simplification of the codes will make it easier for market participants to understand the rules that apply to them, reduce compliance burden and remove barriers to entry and innovation.
- 1.5. The reform introduces several key improvements to the current framework, including Ofgem licensing new code managers who will be responsible for leading code modifications and decision-making and ensuring that the codes develop in line with Ofgem’s annual strategic direction statement (SDS). Industry expertise will remain at the heart of the framework, shaping and developing robust code change proposals and playing a vital role in the process through new stakeholder advisory forums.
- 1.6. To deliver the reform, Ofgem and government have been progressing several key activities including:

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- Ofgem publishing annual strategic direction statements, setting out a clear and ambitious direction for how industry codes must evolve to deliver strategic priorities that support consumer outcomes and the transition to net zero. We will publish our consultation on the SDS-2 in April 2026.
- Ofgem selecting code managers for each code – Ofgem issued a minded-to-grant notice for phase 1 code managers in August 2025 and recently published an expression of interest for phase 2 code managers.
- Government, working with Ofgem, has been developing the new code manager licence and will shortly publish its consultation response on the standard licence conditions.
- Ofgem needs to turn the high-level design of the new governance framework into detailed licence and code modifications to bring the new framework into effect. This document helps deliver this new governance framework.

1.7. Given the scale of the reforms, we will be delivering the new governance framework in three phases. Phase 1, covering the BSC and REC, is planned to go live from November 2026.



1.8. Our work on the code manager standard licence conditions and baseline code text will lay the foundation for all three phases of implementation. The baseline code text will establish a consistent approach to the code modification process across all codes. Alongside this foundational work, we are preparing the specific licence conditions and consequential code and licence changes necessary to transition the phase 1 codes into the new framework. We are aiming to designate the phase 1 codes and appoint the phase 1 code managers by the end of 2026. To do this, we need to finalise the code manager licence and revised code text, as well as complete the process to appoint the code managers for the REC and the BSC.

1.9. This document:

- Sets out our decision to take forward our proposals on the policy areas consulted on in the [second implementation consultation](#), namely the future code modification process, stakeholder advisory forums, cross-cutting consequential code changes (subcommittees & derogations), BSC/REC cost recovery, directing central system delivery bodies and our implementation and assurance approach, and transition plan.
- Asks for your feedback on the baseline code text which reflects the policy positions contained in this document, and elsewhere.

Context and related publications

1.10. Below is a summary of consultations and decisions that have been published to date:

- [Energy code reform: competitive code manager selection](#) (December 2025)
- [Establishing a harmonised prioritisation process in the industry codes: statutory consultation](#) (November 2025)
- [Decision on the Preliminary Strategic Direction Statement and governance arrangements for industry codes](#) (August 2025)
- [The Code Manager Selection \(Competitive\) Regulations 2025](#) (June 2025)
- [Decision on code manager selection](#) (May 2025)
- [Second joint government and Ofgem consultation on code manager licence conditions and code modification appeals to the CMA](#) (May 2025)
- [Energy code reform: second implementation consultation](#) (April 2025)
- [The Code Manager Selection Regulations 2024](#) (October 2024)
- [Energy Code Reform: Government response to consultation on code manager licensing and secondary legislation](#) (October 2024)
- [Implementation of energy code reform: decision](#) (August 2024)
- [Energy Act 2023](#)
- [Call for Input: Energy Code Governance Reform](#) (December 2022)
- [Government response to the consultation on Energy Code Reform](#) (April 2022)
- [Design and Delivery of the Energy Code Reform: consultation](#) (July 2021)

Our decision-making process

- 1.11. We received 36 responses from a range of stakeholders in response to our consultation. We also engaged with stakeholders through attending code panel meetings, holding a webinar on the consultation, and meeting interested parties.
- 1.12. We carefully considered all responses raised by stakeholders, even where they are not specifically mentioned in this decision document. We have published all non-confidential responses on our website.
- 1.13. This document confirms our position on the consultation proposals and our intention on how we will proceed. We will consult further with stakeholders on detailed implementation proposals, including statutory consultations where applicable.

Relationship between the second implementation consultation and second joint government and Ofgem consultation

- 1.14. Policy positions on the new code modification process and SAF arrangements have been developed alongside draft code manager standard licence conditions (SLCs). Where these overlap, particularly in relation to code modification and SAF processes, we have aligned them as far as possible.
- 1.15. Because the [second implementation consultation](#) and the [second joint government and Ofgem consultation](#) covered related policy areas, we have considered responses collectively, where relevant. For clarity, all feedback related to the detailed implementation of the code modification and SAF processes (as set out in the codes) is addressed in this decision document. Feedback relating to the code maintenance and modification conditions within the code manager SLCs will be addressed in the [second joint government and Ofgem consultation](#) response. This approach applies regardless of which consultation the feedback was submitted to.
- 1.16. The government response to the [second joint government and Ofgem consultation](#) will be published by DESNZ in due course and will set out the decision on the final code manager SLCs. Nothing in this decision document should be taken to constitute a decision on the SLCs.
- 1.17. If the final decision on the code manager SLCs were to affect any of the code text proposals set out in this publication, we would address those through future code text consultations. Any proposed code text changes would be consulted on via a notice under schedule 12 of the Energy Act 2023.

- 1.18. Once published, the response to the [second joint government and Ofgem consultation](#) should be read alongside this decision document to give a complete picture of the code manager SLCs and the proposed code text for code modification and the SAF.

Next Steps

- 1.19. Over the coming months, Ofgem will take forward a series of activities to finalise and implement the new governance framework. The milestones below summarise what stakeholders can expect next and when further engagement will take place.

Phase 1 consultation

- 1.20. We expect to publish the phase 1 consultation covering transitional measures and consequential changes by the end of March 2026. We expect to provide further detail on transition sequencing in this consultation and subsequently.

Statutory consultation process

- 1.21. Following completion of the phase 1 consultation and this consultation on the proposed code text for the code modification process and stakeholder advisory forum, we intend to publish the proposed code text for the BSC, REC and associated licence conditions for consultation later in 2026 using our schedule 12 powers under the Energy Act 2023.

Stakeholder engagement

- 1.22. We are planning a webinar in late spring 2026 following the publication of the phase 1 consultation, to support stakeholders in understanding the proposed changes and preparing for implementation.

Phase 1: code manager selection

- 1.23. We will continue to run the implementation and assurance (I&A) process with the phase 1 code manager candidates, including monthly readiness checkpoints and a final readiness assessment before making a decision on licence grant.

Phase 2: code manager selection and consolidation

- 1.24. We recently started the code manager selection process for the two phase 2 codes, via the publication of an open call for expressions of interest on 26 January 2026 (closing on 20 March 2026). After the conclusion of this process, we expect to be able to publish a decision in Q2 2026 on both candidate eligibility and our determination between competitive versus non-competitive selection for these two codes. The successful candidate(s) would then be invited to participate in a licensing assessment process, with a proposal to grant a licence expected to follow towards the end of 2026.

1.25. Alongside the publication of this document, we are also issuing a call for expressions of interest to join the code consolidation workgroup (CCW) for phase 2, planned to begin later this summer. We are seeking participation from any person who is interested in helping us develop the modifications required to create a consolidated electricity commercial code or a consolidated gas network code. If you would like to express interest in participating in the CCW, please let us know by emailing industrycodes@ofgem.gov.uk by 17 April 2026.

2. Code modification process

Section summary

In this section we summarise responses to chapter 2 (Future code modification process) of the second implementation consultation and our policy decisions, including our rationale for any changes. This section should be read in conjunction with the proposed code text template in subsidiary document 1: Proposed code text. We welcome stakeholder feedback on the proposed code text.

Background

- 2.1. This section summarises stakeholder feedback on chapter 2 of the [second implementation consultation](#) and sets out our policy decisions on the code modification process. Where our decisions differ from the consulted position, we provide reasoning.
- 2.2. Alongside clarifying our policy decisions below, subsidiary document 1 provides the proposed code text template intended to give effect to those policy decisions. We welcome stakeholder feedback on this proposed template. We believe seeking early feedback on the proposed code text will give stakeholders a fuller understanding of our policy decisions and support smoother delivery of phase 1 later this year.
- 2.3. We intend that the proposed code text template will form the basis for the code modification process for all codes. We appreciate that adjustments will need to be made to the template for each code in order to reflect the particular context and requirements of each code. We intend to consult on the proposed adjustments for each code under schedule 12 of the Energy Act 2023 in due course. We will also engage with the incoming code manager candidates for that code or the outgoing code administrator where relevant.
- 2.4. When considering the proposed code text template in subsidiary document 1, we ask stakeholders to give particular consideration to: i) whether the wording of the proposed code text template accurately reflects our policy decisions detailed below and ii) whether any specific adjustments to the proposed code text are needed for the phase 1 codes, BSC and REC. For phases 2 and 3, we envisage separate consultations on adjustments to the proposed template for those relevant codes.

Pre-modification process

Consultation Position

- 2.5. In the [second implementation consultation](#) we outlined our proposals to create a harmonised pre-modification process, that would allow an issue to be assessed prior to a modification proposal being raised.
- 2.6. The key elements we consulted on included the:
- Main features of the pre-modification process
 - Triage criteria for assessing issues
 - Acceptance or rejection by the code manager
 - Role of the pre-modification forum
- 2.7. We set out that the pre-modification process would allow all stakeholders to raise issues, offer an open forum for review and support proposers via the code manager’s critical friend role. We proposed that the pre-modification process would not be a mandatory step for all modification proposals
- 2.8. We proposed a set of pre-modification triage criteria that would enable the code manager to reject issues if they are incomplete, unclear, part of another issue, or outside the scope of the code. Accepted issues would enter the process and may be discussed at the pre-modification forum, with SAF regularly updated.
- 2.9. We proposed that the pre-modification forum would review accepted issues, develop solutions, assess impacts and provide feedback to the code manager. We also set out that the pre-modification forum would be open to all stakeholders and would be chaired by the code manager.

Summary of consultation responses

Q1. Do you agree with our proposal to have in place a premodification process and the proposed roles and responsibilities in this process?
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- 2.10. A large majority of respondents agreed with the proposals, and many commented positively on the benefits of a pre-modification process, such as reducing poor-quality proposals entering the process, improving the efficiency of code modifications overall and encouraging broader participation. They also made favourable comparisons to current arrangements in codes where a pre-modification process already exists.
- 2.11. Many respondents expressed support for the proposal that the pre-modification process should not be mandatory for all modification proposals if it is not required, for example if the modification proposal is already well developed.

- 2.12. There were a couple of responses that questioned whether there should be clear criteria for which modification proposals do and do not need to go through the pre-modification process.
- 2.13. A few respondents commented that it would be beneficial for the code manager to provide a rationale to the SAF when deciding to reject an issue on the basis of the pre-modification triage criteria, not just inform them as was set out in the proposals.
- 2.14. One respondent raised that the proposer (or their designated representative) should attend any pre-modification forum to avoid any vexatious or unsupported issues being submitted.
- 2.15. A few respondents raised concerns about the membership of the pre-modification forum, and how the code manager will ensure there is broad representation from impacted stakeholders and individuals with relevant experience. At the same time, there were concerns about how the code manager would effectively manage the forum if there were a large number of attendees.

Decision

- 2.16. We intend to take forward our proposals to introduce a harmonised pre-modification process in the proposed code text. In the proposed code text we have set out that the pre-modification process will not be mandatory.
- 2.17. We intend to take forward our proposals on the pre-modification triage criteria as set out in paragraph 2.14 of [second implementation consultation](#).
- 2.18. We have clarified the roles of the code managers and each SAF throughout the modification proposal process and included this in the proposed code text. The proposed code text now sets out the different levels of engagement between the code manager and the SAF, which decisions these apply to and the requirements for each decision.
- 2.19. The proposed code text specifies that the code manager will need to provide a rationale when informing the SAF of a decision to not accept an issue into the pre-modification process.
- 2.20. We have also set out in the proposed code text that code managers must publish all of their decisions and accompanying rationale, and the views of SAF on these decisions.
- 2.21. We have also included in the proposed code text that the code manager must offer support to proposers where an issue is not accepted, to explain the reasons why it has not been accepted and make any suggestions on future submissions, in line with the code manager's role as a critical friend.

- 2.22. We intend to take forward our proposals on the pre-modification forum as set out in paragraph 2.16 to 2.19 the [second implementation consultation](#). The proposed code text includes provisions that set out that the code manager must make every effort to ensure the pre-modification forum is representative of all parties impacted by the issue being discussed. We also expect, as part of their role, that code managers will chair pre-modification forums effectively and ensure that discussions are balanced and allow a range of voices to be heard.
- 2.23. We intend to take forward our proposals that there will not be a limit on the number of forums a code manager could create. For any additional stakeholder forum that the code manager creates, it must have a clear and concise purpose and have terms of reference made available to stakeholders. We also intend to take forward our proposals that an agenda and schedule of meetings should be made available to enable parties to join when particular issues are relevant to them.
- 2.24. The proposed code text states that the proposer (or their designated representative) should attend any pre-modification forum to avoid any vexatious or unsupported issues being submitted.

Rationale for decision

- 2.25. We note that the majority of respondents agreed with the pre-modification proposals we had set out in the [second implementation consultation](#). We consider that it should be the default position for modification proposals to go through the pre-modification process, as it provides additional scrutiny and wider stakeholder input, improving the quality of the modification proposal. Code managers should encourage proposers to use this process, though we recognise it may not be necessary for every modification proposal.
- 2.26. We believe that specifying the three levels of engagement between the code manager and SAF helps clarify their respective roles. The amount of engagement from SAF increases as the modification proposal becomes more mature, which we think is justified as it ensures that the time of SAF members is focused on more developed modification proposals, rather than on developing proposals at the pre-modification stage. But SAF members will still be kept informed of code manager decisions on proposals at this stage and can raise any issues if necessary.
- 2.27. We think that requiring code managers to publish all of their decisions, together with accompanying rationale and the views of SAF, will help increase transparency around the code manager's decisions and provide insight for industry on the key considerations behind decisions.

2.28. We want to empower code managers to make decisions, and we believe that code managers will be suitably well-informed to recognise where a modification proposal would not benefit from going through the pre-modification process. We think that adding additional criteria for deciding which modification proposals do or do not need to go through the pre-modification process would add unnecessary burden for limited value and so we are proposing not to specify this in the code text.

Raising a modification proposal

Consultation Position

2.29. In the [second implementation consultation](#), we suggested allowing non-code parties to propose code modifications, with safeguards to regulate when they can do so. Eligible parties would include:

- code parties (including code managers)
- the Authority (for major reviews or assimilated law)
- statutory consumer advocates¹
- other code managers (for cross-code changes)
- designated non-code parties (for single proposals)
- anyone listed in relevant licences or codes.

2.30. We proposed that code managers would use clear criteria to assess whether a non-code party should be allowed to submit a modification proposal, such as explaining their interest and detailing any previous processes.

2.31. We also proposed that the code manager should consult with the SAF and consider its views on whether the code manager should permit a non-code party to raise a modification. In cases where the code manager rejects a designation request from a non-code party, we proposed that the interested non-code party would be able to appeal this decision to the Authority.

2.32. We also proposed keeping REC provisions that let any interested person raise a modification, acknowledging that criteria may differ across codes if our recommendations are adopted.

Triage criteria

2.33. We proposed to introduce harmonised triage criteria that code managers will use to assess each modification proposal. A code manager could reject a proposal on any of the following criteria:

¹ We are referring to Citizens Advice and Consumer Scotland here.

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- does not have a reasonable prospect of being approved
- the scope of the modification is incorrect and/or encompasses too much proposed change
- is similar to a modification the Authority has rejected within the last six months.

Summary of consultation responses

Q2. Do you agree with our proposals on who can raise modification proposals and the associated triage criteria?

Who can raise a modification proposal

- 2.34. A majority of respondents agreed with our proposals to allow all of those directly affected by a code to raise a modification and many commented that the criteria around designation of eligible non-code parties are sufficient to safeguard the process and provide an appropriate balance between openness and control.
- 2.35. Some respondents added they would like to see clearer guidance around the designation criteria and commented that the designation route meant that there was a higher risk of spurious or commercially vexatious modifications being raised, and that the role of the code manager was key in ensuring that these are not progressed.
- 2.36. There was also support from several respondents for the proposal that non-code parties who have been refused designation by the code manager can appeal this decision to the Authority.
- 2.37. One respondent raised that sub-committees should also be on the list of parties who can raise a modification proposal, to ensure specialised groups with relevant expertise can contribute effectively to the modification process and prevent unnecessary delays.
- 2.38. Several respondents indicated that they were happy with REC maintaining their current approach, although several others stated that they believed that REC should be brought in line with the proposals in order to achieve harmonisation across codes, with one suggesting that REC gradually transitioned into the proposed process to achieve comparability.

Triage criteria

- 2.39. A large number of respondents raised concerns about the triage criteria. The main theme of these concerns was that the criteria are subjective and would be difficult to implement. Many commented that clearer definitions and guidance would be required to ensure fair, consistent and objective assessment of modification proposals.

- 2.40. There were several comments that, for the first two criteria, it would be difficult to evaluate the modification proposal properly without further development or analysis, making these criteria difficult to apply at an early stage in the process.
- 2.41. With regards to ‘the scope of the modification is incorrect and/or encompasses too much proposed change’, a few respondents commented that in some cases, substantial change may be necessary in order to meet our net zero goals, and really valuable innovative ideas should not be dismissed early on for being too ambitious, innovative, and complex to deliver.
- 2.42. For the criteria ‘is similar to a modification the Authority has rejected within the last six months’, a few respondents commented that a modification could be raised to address a flaw in a previous modification that was rejected, and this criteria could therefore prevent these modifications being raised in a timely manner and force them to wait 6 months before being submitted.
- 2.43. One respondent suggested that ‘similar’ is too subjective a test and suggested that ‘has substantially the same effect as’, would work better, and is already applied under the CUSC.

Decision

Who can raise a modification proposal

- 2.44. We intend to take forward our proposals around who can raise a modification proposal as set out in the [second implementation consultation](#).
- 2.45. We have added sub-committees to the list of parties who can raise a modification proposal to the proposed code text.
- 2.46. We intend to take forward our proposed designation criteria as set out in the [second implementation consultation](#).
- 2.47. We intend to take forward our proposals that the code manager should consult with the SAF and consider its views on whether the code manager should permit a non-code party to raise a modification.
- 2.48. We intend to take forward our proposals that in cases where the code manager rejects a designation request from a non-code party, the non-code party can appeal this decision to the Authority.
- 2.49. We intend to take forward our proposals to keep the current provisions in the REC that allow any interested person to raise a modification.

Triage criteria

2.50. We have revised the triage criteria and renamed them the assessment criteria. The proposed code text now sets out the revised criteria as follows:

- The modification proposal does not have a reasonable prospect of being approved
- The modification proposal has substantially the same effect as a modification the Authority has rejected within the last six months (except in cases where a modification is being raised to directly address issues identified in a previously rejected modification).

Rationale for decision

Who can raise a modification proposal

2.51. We note that the majority of respondents agreed with the proposals we had set out in the [second implementation consultation](#).

2.52. We agree that sub-committees should be on the list of parties who can raise a modification proposal, to ensure specialised groups with relevant expertise can contribute effectively to the modification process.

2.53. We believe that the designation criteria as set out in the [second implementation consultation](#) are sufficiently robust and clear as a basis for making designation decisions. We agree that the role of the code manager is key to an effective process and code managers can provide additional guidance for the designation criteria if they believe this will be helpful.

2.54. In order to assess the impact of designating non-code parties for the purpose of raising a modification, we are intending to consult in the upcoming energy code reform phase 1: transitional measures and consequential changes publication on requiring the code manager to track the number of designation requests made for each code and the numbers who are accepted or declined as part of the 'code health metrics'. These metrics will help provide transparency on how the code is functioning.

2.55. While our aim is to increase harmonisation across codes, we recognise that some differences will remain where necessary. We are mindful that allowing any interested person to raise a proposal for modification could lead to lower-quality proposals, but after considering the current operation of the REC, which has provisions that allow any interested person to raise a modification, we judge that the disruption caused by changing this approach would outweigh the potential risks. In this case, the existing current REC arrangements already go further than our proposals and support a core aim of energy code reform, which is to open up the modification process to a wider range of stakeholders.

Triage criteria

- 2.56. The aim of the triage criteria is to filter out, at the outset, modification proposals that would be an inefficient use of time and resources to develop further. We have therefore retained the criteria ‘the modification proposal does not have a reasonable prospect of being approved’ in the proposed code text. Our reasoning is that before any proposal is withdrawn, both the code manager and the SAF would assess it against these criteria. While we recognise the inherent subjectivity to ‘a reasonable chance of being approved’, we consider the code manager and the SAF will have sufficient expertise to make informed judgements and filter out proposals that are not efficient to progress.
- 2.57. We agree with respondents that the criterion ‘the scope of the modification is incorrect and/or encompasses too much proposed change’ could inadvertently penalise proposals that introduce legitimate large-scale reforms aimed at addressing key issues. We have therefore not included this criterion in the proposed code text.
- 2.58. We think the criterion ‘is similar to a modification the Authority has rejected within the last six months’ is important to avoid modifications being repeated. However, we recognise respondents’ concerns that it could cause unnecessary delays for those modifications that are seeking to correct flaws in modifications. We have therefore set out revised wording for this criterion in the proposed code text.
- 2.59. Code managers may provide additional guidance on the triage criteria if they believe this will be helpful.
- 2.60. Consultation responses indicated some confusion between the pre-modification triage criteria and the triage criteria used later in the process. To make the distinction clearer, we are re-naming triage criteria as ‘assessment criteria’ and we have set this out in the proposed code text.

Process

Consultation position

- 2.61. In the [second implementation consultation](#), we set out that the proposer of an issue or a code modification may request that the code manager takes ownership of their issue or code modification. We proposed that the code manager would not be required to accept ownership of an issue or code modification but would consider this where, for example, there is support from other stakeholders for the issue or code modification. We proposed that should the code manager (or any other stakeholder) decide not to adopt the issue, the

proposer may choose to retain the issue, otherwise the issue would be withdrawn.

- 2.62. We set out that if a proposer fails to engage with the code manager or acts in a manner which prevents the code manager from being able to ensure progress of the modification, the code manager should reach out for clarification and may decide to withdraw the modification. Before making a decision to withdraw, the code manager must consult the SAF and consider its views.

Summary of consultation responses

Q3. Do you agree with our proposals on when modification proposals are deemed as withdrawn; i) if a code manager doesn't take ownership and ii) if the proposer does not engage in the process or acts vexatiously?

- 2.63. A large majority of respondents agreed with the proposals.
- 2.64. A few respondents said that they would like to see clearer criteria for the code manager when deciding whether to take on ownership of an issue or modification proposal.
- 2.65. There were also a couple of suggestions that, as part of their assessment, the code manager should consider the capability of the requesting party to own the issue or modification proposal themselves. Respondents said that it was important to encourage ownership by the original proposer in all but exceptional cases, and it was also important to prevent the process being abused by larger and more experienced participants as means of passing on costs to the code manager.
- 2.66. A few respondents raised that there should be a route for other parties to take on ownership of an issue or modification where the original proposer does not wish to retain ownership, not just the code manager. This would allow more opportunities for a modification to be progressed via a willing participant.
- 2.67. A few respondents raised concerns about issues or proposals being 'automatically withdrawn' if the code manager did not take on ownership.
- 2.68. There were a few comments about potential conflicts of interest when the code manager takes on ownership of an issue or modification proposal. One respondent suggested that, in order to increase transparency, the original proposer should outline the rationale for making a request to take on ownership to a code manager, and for the code manager to demonstrate there is no conflict of interest, both at the start as well as during the 'life' of the modification.
- 2.69. One respondent suggested that the term "failure to engage" should be clearly defined.

- 2.70. Several respondents raised that it is important that the code manager provides written reasons for the withdrawal and that this is published to ensure transparency and accountability.
- 2.71. A few respondents commented that it would be beneficial for the code manager to provide a rationale to the SAF when deciding to withdraw an issue or proposal, not just inform them as was set out in the proposals.
- 2.72. There were several respondents who commented that there should be an appeal option for instances where a code manager makes the decision to decline ownership of an issue or modification proposal and when they decide to withdraw a modification.

Decision

- 2.73. We intend to take forward our proposals that the proposer of an issue or modification proposal can request that the code manager takes ownership of that issue or proposal.
- 2.74. We have included in the proposed code text that any party can take on ownership of a proposal following a request.
- 2.75. We have also included in the proposed code text that the original proposer should outline the rationale for submitting an ownership request, and for the code manager or other party who accepts ownership to demonstrate there is no conflict of interest, both at the start as well as during the 'life' of the modification.
- 2.76. In scenarios where the code manager or any another party does not take on ownership, we have outlined in the proposed code text that the original proposer would also have a final opportunity to reaccept ownership before withdrawal.
- 2.77. In order to assess the impact of providing for code managers to take ownership of issues or proposals, we are intending to consult in the upcoming energy code reform phase 1: transitional measures and consequential changes publication on requiring the code manager to track the number of ownership requests made to the code manager for each code and the numbers who are accepted or declined as part of the 'code health metrics'. The aim of these metrics is to help provide transparency on how the code is functioning.
- 2.78. We intend to take forward our proposal that a code manager can withdraw an issue or a modification proposal if the proposer requests that the code manager takes ownership and this request is rejected. This would also now include if no other party accepts ownership.

- 2.79. We intend to take forward our proposal that the code manager can withdraw an issue or a modification proposal if the proposer fails to engage with the code manager or act in a manner which prevents the code manager from being able to ensure progress of the modification.
- 2.80. We have added a definition of ‘fail to engage’ into the proposed code text.
- 2.81. We intend to take forward our proposal that the code manager should consult with the SAF and consider its views on whether the code manager should make a decision to withdraw an issue or modification proposal.

Rationale for decision

- 2.82. We note that the majority of respondents agreed with the proposals we had set out in the [second implementation consultation](#).
- 2.83. We have not introduced criteria for code managers when deciding whether to accept ownership of an issue or modification proposal. We do not consider this necessary. Our intention is to empower code managers to exercise judgement and take account of the factors relevant to their code. Code managers may provide additional guidance if they believe this will be helpful.
- 2.84. In addition, we do not think it would be appropriate for code managers to judge on whether a proposer has sufficient capability to own an issue or proposal. A proposer may have a wide range of reasons for requesting ownership, and assessing these in detail would create unnecessary burden.
- 2.85. We consider it appropriate for proposers to set out their rationale when submitting an ownership request, and for the code manager or other party taking ownership to demonstrate that they have no conflict of interest. This will improve transparency in the process. The code manager also has a requirement to act as a ‘critical friend’ and provide support and guidance to proposers, which includes proving clear information on the resource required from proposers to take a modification proposal through the entire process.
- 2.86. We believe that opening up the opportunity to take on ownership requests to any party gives a greater chance for issues and modification proposals being progressed. Where no party is interested in taking ownership of an issue or proposal, we consider this would present a stronger case for withdrawing the issue or modification proposal.
- 2.87. We have not introduced an appeal route where the code manager declines an ownership request. We have reviewed all the decision points in the modification process and where there are options for appeal. We do not consider an appeal route necessary when the code manager declines ownership, as ownership requests will be open to all code parties. If neither the code manager nor any

other party wishes to take on ownership of an issue or modification proposal, this indicates that industry places limited value on the matter.

- 2.88. Where the code manager makes the decision to withdraw an issue or modification proposal, we do not consider that having an appeal route is appropriate. This is because withdrawal can occur if a) neither the code manager or any other party agrees to take on take ownership, and the original proposer also refuses, or b) the proposer of an issue or modification fails to engage with the code manager or act in a manner which prevents the code manager from being able to ensure progress of the modification.
- 2.89. As noted, a lack of interest from any party to take ownership signals low industry priority. In cases where the proposer fails to engage, an appeal route would add extra burden and delay where the proposers' own actions have already hindered progress. The purpose of appeals is to ensure decisions are robust and reflect industry views, but in these situations an appeal would not provide additional value or improve the efficiency of the process.
- 2.90. To help with clarity, we have added a definition of 'fail to engage' into the code text, setting out the circumstances in which the code manager may withdraw an issue or code modification on this basis

Assessment of modification proposals

Consultation position

- 2.91. In the [second implementation consultation](#), we set out our proposals for the details each modification proposal should include.
- 2.92. We also proposed that the code manager would assess each modification proposal against the triage criteria set out in the code. If, following an assessment against the triage criteria, the code manager was minded to refuse a modification proposal from entering into the process, they would be required to consult with the SAF and take its view into account in their decision.
- 2.93. Once a modification proposal has entered the process the code manager would make the following decisions:
- **materiality:** should the modification proposal be taken forward as (i) requiring Authority consent, (ii) self-governance or (iii) fast track self-governance
 - **prioritisation:** the priority of a modification proposal
 - **progress of a modification and workgroups:** does the modification proposal need further development or assessment or is it sufficiently clear and complete to enter the consultation process. The code manager would also set terms of reference for workgroups.

- 2.94. The code manager would be required to consult with and take account of the views of the SAF when making these decisions.

Materiality

- 2.95. In the [second implementation consultation](#), we set out that we did not intend to modify the self-governance or fast track self-governance criteria contained in existing licences.
- 2.96. In the existing process, the Authority may amend the materiality of a modification proposal following a determination by a panel. Our proposal was that the Authority would continue to have this oversight role.
- 2.97. We also proposed that the existing ability to appeal a self-governance decision to the Authority would be retained alongside the objection route for fast-track self-governance modification proposals.

Prioritisation

- 2.98. We proposed that the panel’s role in prioritisation would move to the code manager once appointed.

Summary of consultation responses

Q4. Do you agree with our proposed roles and responsibilities in determining the materiality and priority of a modification proposal?

- 2.99. The majority of respondents agreed with our proposals and there was support for the code manager to make decisions on materiality and prioritisation in consultation with the SAF.
- 2.100. Many respondents also commented positively on the proposal to keep the existing materiality criteria for Authority consent and self-governance modifications and existing appeals routes.
- 2.101. The biggest area of concern raised was around the role of the code manager, and that the effectiveness of the process relied heavily on the code manager making balanced decisions that were transparent to all stakeholders. There were several comments raising concerns about the accountability of code managers and how Ofgem would monitor their performance and ensure they were taking stakeholder views into account.
- 2.102. Several respondents asked what would happen if the code manager and SAF disagreed on a code modification proposal.

- 2.103. There were several comments about appeals and ensuring that there are clear and transparent processes in place. A few respondents also suggested that SAF should be able to appeal certain code manager decisions.

Decision

- 2.104. We intend to take forward our proposals of what should be included in each modification proposal and that the code manager will assess this against the assessment (formerly triage) criteria.
- 2.105. We intend to take forward our proposal that the code manager should consult with the SAF and consider its views on a code manager's proposed decision to refuse a modification proposal. We have not specified in the code text what happens if the code manager and SAF disagree.
- 2.106. We have reviewed the decision points through the code modification process. We are proposing to add an appeal route to the Authority when the code manager has made a final decision to refuse a modification proposal, following an assessment against the assessment criteria and in consultation with the SAF.
- 2.107. We intend to take forward our proposal that once a modification proposal has entered the process the code manager will make a decision, in consultation with the SAF, on the materiality, prioritisation category and progress of a proposal.
- 2.108. We intend to take forward our proposals to retain the existing self-governance and fast-track self-governance criteria, the role of the Authority to amend the materiality of a proposal, the existing appeal route on a self-governance decision to the Authority and the objection route for fast-track self-governance modification proposals.
- 2.109. We have not added provisions for SAF to be able to raise an appeal.

Rationale for decision

- 2.110. We note that the majority of respondents agreed with our proposals.
- 2.111. Code manager performance is central to the new code governance arrangements. Our [second joint government and Ofgem consultation](#) set out our proposals on performance expectations, including minimum performance standards. As a next step, we intend to consult further on the detailed code manager performance framework in the upcoming publication on energy code reform phase 1: transitional measures and consequential changes.

- 2.112. The draft code manager SLCs, published alongside the [second joint government and Ofgem consultation](#) set out that the code manager must have regard to the assessment and views of SAF in making its assessment. Where the code manager's assessment differs from that of SAF, the modification report must explain the reasons for the difference. If the Authority is not satisfied that the code manager has demonstrated how it has considered the SAF's views when forming its recommendation, the Authority may send back the modification report for further work.
- 2.113. We expect the code manager and SAF to have a productive relationship, where all parties can contribute and provide constructive challenge to the other, ultimately working together to produce the most robust and well-considered version of modification proposals. While modification proposals will affect parties differently and differing views are expected, it is the code manager's role to ensure all perspectives have been considered and to reach an informed recommendation that reflects the priorities set out in the SDS. A degree of disagreement between the code manager and SAF need not necessarily represent a concern as it can be a sign of a healthy, well-functioning system with a range of views represented.
- 2.114. We carefully considered all the code manager decision points within the modification process and whether there was a strong justification for including an appeal route. We examined the role of industry to raise concerns, balanced with our aim of empowering code managers to make decisions efficiently. We believe it is justified to add an appeal route when the code manager refuses to accept a code modification as this removes a proposal from the process. It is therefore appropriate to ensure proposers can challenge this decision to the Authority.
- 2.115. We considered whether the SAF should be able to appeal code manager decisions to the Authority. While this could strengthen the voice of industry, it would add complexity and burden to the process. Implementation may also be challenging, for example in setting the majority requirements within SAF in order to meet a threshold to raise an appeal.
- 2.116. We also consider that there is a risk it could undermine the working relationship between the code manager and SAF. Our aim is to foster a strong, productive working relationship between the code manager and SAF, recognising their distinct roles within the process. We believe the SAF already has clear routes to feed into and influence the code modification process, including setting out their views clearly, in their own words as written by the SAF chair, within the final modification report to Ofgem. The code manager must also clearly explain how it has taken into account the views of SAF in the

final modification report, and Ofgem can send back the report if it is not satisfied with the code manager’s explanation.

- 2.117. In addition, the grounds for appeal, as defined in the proposed SLCs, are that the appealing party is likely to be unfairly prejudiced by the code being, or not being, modified in accordance with the modification proposal. We think that is very unlikely that SAF would be able to meet this requirement, as it is an advisory forum made up of a range of members.

Prioritisation and appeals

- 2.118. Within the [preliminary SDS consultation](#) we included a summary of responses on our proposals to introduce a harmonised code modification prioritisation process, prior to the appointment of code managers. We stated that several respondents had questioned whether there should be an appeal route for prioritisation decisions. Stakeholders suggested this may be appropriate in situations when proposers disagreed with prioritisation decisions, additional information becomes available, or market conditions change.
- 2.119. In the [statutory consultation on modifications to industry codes to implement the harmonised code modification prioritisation process](#) we did not set out an appeal route for prioritisation category decisions, but said we would revisit this point when we consulted on the process for prioritisation within the new code modification process.
- 2.120. We have carefully considered the decision points in the new code modification process and the associated appeals points. We do not consider an appeal route justified for prioritisation decisions. This is because prioritisation decisions will already be reviewed regularly through the required bi-annual review process, as well as ad hoc reviews when industry or regulatory changes warrant them. Given this, the additional time and burden of an appeal route is not warranted.

Cross-code working

Consultation position

- 2.121. In the [second implementation consultation](#), we noted that the cross-code steering group (CCSG) was set up under the REC to better facilitate cross-code change. We outlined our proposal to use the arrangements established under the REC as the basis for an updated cross-code change process in all codes.
- 2.122. We consulted on using the existing terms of reference of the CCSG as the basis for a future cross-code forum.

2.123. We invited stakeholder views on improvements that could be made to the cross-code process.

Summary of consultation responses

Q5. Do you agree with our proposals on cross-code working; i) to use the cross-code working arrangements in the Retail Energy Code as the basis of future cross-code working and; ii) any improvements that could be made to the cross-code process.

2.124. A large majority of respondents supported the proposal to use the arrangements created under the REC as the foundation for a harmonised cross-code change process. Reasons for supporting this included that the CCSG provides a strong foundation for broader application across the codes.

2.125. There were some comments around how the process could be improved. A few respondents recommended that Ofgem chair the group. It was highlighted that Ofgem would be better placed to support and challenge individual code manager views and could help to ensure focus on shared outcomes. There was also support for Ofgem to appoint an independent person to chair the group. Respondents noted similar benefits to Ofgem chairing directly, including that the chair should have cross-code experience to resolve conflicts effectively.

2.126. A few respondents also commented that the current CCSG is lacking strategic direction. A couple of respondents recommended that a future group should review the strategic direction statement (SDS) and code manager delivery plans. It was noted that this could help to improve the efficiency of the cross-code process.

2.127. A few respondents highlighted that attendance at the current CCSG is inconsistent which can undermine the collaborative approach needed for effective cross-code working.

2.128. The role of the code manager in the cross-code process was also raised by a couple of respondents. It was noted that provisions should be added to the codes which require code managers to support the cross-code group. Other views included that code managers should help proposers to identify potential cross-code impacts. It was also noted that code managers should be required to keep the SAF up to date on cross-code progress.

2.129. A couple of respondents recommended that the work of a future cross-code group is visible to wider industry stakeholders.

2.130. A couple of respondents raised that Central System Delivery Bodies (CSDBs) should be required to engage with any future cross-code forum.

- 2.131. A couple of respondents recommended that the CCSG terms of reference are updated for future arrangements.

Decision

- 2.132. We intend to take forward our proposal to use the CCSG as the basis for an updated cross-code process.
- 2.133. Requirements relating to the group have been included in the proposed code text, and we recommend that the CCSG terms of reference reflect these requirements. We intend for the proposed code text to set out what is expected of the code manager in relation to cross-code working and the CCSG. The CCSG terms of reference provide detailed information regarding the operation of the group, for example, the scope of the group and ways of working.
- 2.134. We propose that codes not currently included in the CCSG's remit will be required to join the group when the relevant code manager is appointed.
- 2.135. We have added into the proposed code text a requirement for the code manager to attend CCSG meetings.
- 2.136. We also propose in the code text that the code manager should be required to help proposers to identify cross-code impacts early in the process.
- 2.137. We propose in the code text that the CCSG change tracker should be retained within the new framework, with each code manager responsible for updating the tracker after each meeting.
- 2.138. We propose in the code text that the code manager would be required to keep the SAF informed on cross-code progress.
- 2.139. We also consider that there may be circumstances where it would be useful for a CSDB to attend a meeting of the CCSG, and have added this as a requirement to the proposed code text.

Rationale for decision

- 2.140. We note the majority of respondents supported using the cross-code working arrangements established in REC as the basis for a future harmonised cross-code change process. We consider that the CCSG has improved collaboration and that a harmonised approach would improve the raising and implementation of cross-code change.
- 2.141. We acknowledge feedback that requirements related to cross-code working should be added to the codes. We agree, and the proposed code text requires code managers to attend CCSG meetings to support consistent cross-code collaboration.

- 2.142. Some respondents highlighted concerns about attendance at the current CCSG. We consider that the new requirements outlined above should help to ensure consistent attendance across all codes once the transition to the new arrangements is complete.
- 2.143. We also note feedback suggesting that Ofgem should chair the CCSG. We do not consider this appropriate, as doing so would conflict with our duties, including to maintain independence when making final decisions on modification proposals.
- 2.144. We note that there was significant support for extending the CCSG’s remit to include strategic oversight. We agree this could support earlier identification of cross-code impacts and improve the efficiency of the cross-code process. We encourage incoming code managers and existing code administrators to consider whether the CCSG’s remit should be expanded to include this oversight.
- 2.145. We consider that code managers will be well placed to help proposers identify potential cross-code impacts early in the modification process. Early identification should reduce delays and increase the effectiveness of the overall process.
- 2.146. We note support from respondents for greater industry visibility of CCSG activity. We consider that each code manager should update the relevant documentation, including the change tracker, after each CCSG meeting. Keeping relevant documentation up to date should help ensure that cross-code activity is transparent to wider industry.
- 2.147. We have added a requirement in the proposed code text for the code manager to keep the SAF up to date on cross-code progress. This will support transparency and strengthen the SAF’s ability to understand and comment on cross-code issues.
- 2.148. Respondents also supported involving CSDBs in future cross-code forum. We consider that there may be circumstances where it would be useful for a CSDB to attend a CCSG meeting. We consider the code manager will be best placed to identify where CSDB input would add value, and the proposed code text reflects this.

Progress of a modification proposal and workgroups

Consultation position

- 2.149. In our [second implementation consultation](#), we set out that code managers would determine the timeframe for a modification proposal, including whether to form a workgroup. We recognised that forming a workgroup would typically

be the default position in order to utilise industry expertise, it may not be necessary in every scenario. For decisions on workgroups, managers must consult the SAF and explain if no workgroup is needed in the consultation report.

- 2.150. We set out that there would be no restrictions on workgroup types, they could review single modification proposals or standing groups could be set up to review multiple related proposals. We also proposed that code managers would play a key role in workgroups and would chair meetings, facilitate input, procure extra analysis when required, and ensure under-represented views are considered.

Summary of consultation responses

Q6. Do you agree with our proposal on how a code manager should decide the need for a workgroup to develop a modification proposal.

- 2.151. The majority of respondents agreed with our proposals.
- 2.152. However, there were a significant number of concerns raised about the code manager having the discretion to not set up a workgroup in specific circumstances. There were comments that the reasons for determining these circumstances were highly subjective, and difficult to judge at an early stage of modification proposal development. Therefore, there was a risk that proposals could be progressed without sufficient input from stakeholders, resulting in modifications where the impact on all relevant parties had not been fully considered.
- 2.153. However, there was support from several respondents for our position that workgroups are not required in every instance and a few respondents highlighted the resource required to attend and support workgroups.
- 2.154. Several respondents raised concerns about the code manager commissioning analysis of modification proposals prior to workgroups being set up. These were around the costs of such analysis, specifically who would pay for it and what constitutes a reasonable cost, and the scope of any analysis and whether it would be sufficient to fully cover the potential impact of a modification.
- 2.155. There were comments about the membership of workgroups. We stated in our proposals that workgroups should consist of a core membership and quoracy arrangements should be in place to ensure their view carries appropriate weight. Some respondents requested more details on how this would work and commented on the importance of having the right expertise and most impacted parties represented on workgroups.

2.156. A couple of respondents raised concerns about the proposal to allow workgroup members to not act impartially. They stated that their current arrangements for members to act impartially helps create a more constructive and balanced discussion and believe that removing this requirement is likely to lead to poorer outcomes.

Decisions

2.157. We intend to take forward our proposals that code managers are responsible for determining the timeframe for progressing a modification proposal, including whether a modification can progress to consultation and if a workgroup should be established. We intend to take forward our position that although the establishment of a workgroup is the default position, they may not be needed for every modification proposal. In the [second implementation consultation](#), we listed a number of reasons for not having a workgroup, but we have not included these as a set of criteria in the proposed code text.

2.158. We intend to take forward our proposals that the code manager and the proposer will work together to develop a modification ahead of the workgroup and this could include the code manager commissioning analysis to help assess a modification.

2.159. We intend to take forward our proposals that the code manager should consult with the SAF over whether a workgroup should be put in place, as well as the number and frequency of meetings. Where a workgroup has not been established the code manager would need to give reasons for this in the modification report.

2.160. Code managers should ensure that workgroups are running as effectively as possible to ensure the timely progress of modifications. We proposed that code managers should consult with the SAF on the number and frequency of workgroups. After further consideration we are proposing to change this to ‘proposed’ number and frequency.

2.161. We intend to take forward our proposal that we will not restrict the type of workgroup the code manager can establish, which could include workgroups that consider a single modification proposal or standing groups where all modification proposals covering a specific part of a code are considered together.

2.162. We intend to take forward our proposals around workgroup membership and have set these out in more detail in the proposed code text. We think that code managers should have flexibility when considering workgroup membership, but all workgroups should have core members, who represent expert voices and those most affected by proposals, and for a workshop meeting to be deemed

quorate a certain number of these core members must be present. To help with transparency we are proposing that the code manager should consult with the SAF on workgroup membership, to ensure membership is balanced and representative of impacted parties.

- 2.163. We proposed that any stakeholder would be able to request to join a workgroup, but they would need to provide justification for their inclusion. In the proposed code text, we have set out that any requests to join a workgroup would need to be made to the code manager in writing, who will then consider the request. The code manager would consider whether the individual requesting membership will be impacted by the proposal or brings particular expertise on the topic when deciding whether to accept the request to join. If the code manager decides that an individual does not meet the threshold for joining as a member, they can propose the individual attends as an observer.
- 2.164. In the proposed code text we have set out that observers may attend workgroup meetings and input into discussions but are not included for quoracy requirements. Code managers should ensure that workgroup observers do not negatively impact on the business of the workgroup.
- 2.165. We intend to take forward our proposals around the role of code managers in workgroups and that workgroup members are not required to act impartially.
- 2.166. We intend to take forward our proposal that the workgroup will be asked to provide their assessment of the modification proposal against the relevant code objectives and to confirm that it has met its terms of reference.

Rationale for decision

- 2.167. We note that the majority of respondents agreed with our proposals.
- 2.168. After carefully considering the feedback from respondents we think our original position to not make workgroups mandatory is appropriate. We have set an expectation that establishing a workgroup for modification proposals is the default position, and that the code manager would be required to consult with the SAF for its views before making this decision. We want to empower code managers to make decisions that result in an efficient and effective code modification process. We believe that each SAF will have the necessary expertise to provide an informed view of whether a proposal can proceed without a workgroup and this provides adequate industry input at this stage.
- 2.169. The subsequent consultation process also provides an opportunity for industry to input their views and highlight any issues. On balance we believe that the risk of a weaker proposal going straight to consultation is preferable to making

workgroups mandatory, as mandating workgroup discussions may take up time and resources that could otherwise be avoided.

- 2.170. We are not proposing to introduce criteria for the code manager to follow when making a decision to establish a workgroup. We believe that code managers will be suitably well-informed to recognise when a proposal would not benefit from having a workgroup established. We think that adding criteria for deciding which modifications do or do not need a workgroup would add unnecessary burden with limited additional value and so we are proposing not to specify this in the proposed code text.
- 2.171. We proposed that the code manager may commission analysis ahead of the workgroup to help assess a modification proposal. We believe that this could help the code manager to assess a modification more effectively and efficiently.
- 2.172. We have added in ‘proposed’ to the number and frequency of workgroups to ensure that code managers have the flexibility to increase or decrease the number, or increase the frequency of meetings, in order to react to the development of the proposal and ensure proposals can be progressed as quickly as possible.
- 2.173. One of the aims of code governance reform is to make it easier for smaller and less well-resourced parties to contribute and we believe that removing the impartiality requirement makes it easier for these parties to join and contribute to workgroups. We are therefore proposing to continue with removing the impartiality requirement. We acknowledge the concerns raised by respondents on this point that requiring members to act impartially helps create a constructive and balanced discussion, but we believe that these risks are outweighed by the potential benefits of opening up the process to smaller and less-resourced parties.

Alternative modifications

Consultation position

- 2.174. In our proposals we set out that both workgroups and the code manager would be able to raise alternative modifications.
- 2.175. We proposed a limit of three alternative modifications. Any alternative proposal would be assessed by the code manager against the triage criteria before being accepted into the modification process. We also proposed that any alternative modification must be considered better than the original modification proposal (rather than the baseline of the code) for the code manager to accept it as an alternative. We set out that the SAF should provide its view to the code manager

on whether the alternative modification is better than the original modification proposal.

- 2.176. Where more than three alternative modifications are proposed, we set out that the code manager must consult with the SAF on a way forward, and that the code manager would be able to withdraw an existing alternative to introduce a new one.
- 2.177. We recognised in the [second implementation consultation](#) that there could be exceptional circumstances where more than three alternatives may result in the best solution being delivered. We proposed that the code manager should consider if a further alternative would address the issue in a substantially different way to the existing alternatives prior to accepting it into the process. We proposed that where the code manager and the SAF disagree on whether a further alternative modification should enter the process, this may be appealed to the Authority.

Summary of consultation responses

<p>Q7. Do you agree with our proposals on alternative modifications; i) who can raise them and ii) a limit on their number.</p>

- 2.178. Although many respondents did agree with our proposals, many disagreed or expressed concerns with our proposals to limit alternative modifications to three. The issues they raised can be summarised as:
- three seems an arbitrary limit
 - a limit is unnecessary as an effective code manager can use the modification process to refine alternatives so that only robust proposals that merit consideration remain
 - a numerical limit risks limiting innovation and the opportunity to find the optimal solution
 - restricting the number of proposals could essentially create a race-to-raise scenario, resulting in alternatives being raised earlier in the process (therefore reducing the amount of development and input the original proposal has received) in order to ensure that it is within the permitted first three
 - the proposal seems convoluted to operationalise, particularly around the code manager’s discretion to introduce a further alternative in certain circumstances.
- 2.179. The majority of respondents felt there should be more flexibility around alternatives, rather than an arbitrary limit.

- 2.180. Several respondents raised concerns about our proposal that alternatives must be better than the original modification, as it was felt this it could be difficult to assess this objectively and risked pre-determining the merit of a proposal prior to industry engagement.
- 2.181. A few respondents provided feedback on who can raise alternatives. There were comments that other code parties and subcommittees should be able to raise alternatives or that it should be consistent with the parties who can raise a modification. A couple of respondents highlighted challenges in workgroups raising alternatives, and how the views of a group could be consolidated into clear alternatives, especially if the membership of the group fluctuates.
- 2.182. A few respondents highlighted that Ofgem’s involvement in the modification proposal development process could help improve the efficiency of the process by providing guidance through the workgroup stage, and a steer on policy direction. Respondents felt that a clearer signal from Ofgem could help reduce the number of alternatives developed and put forward, as industry would have a clearer idea of Ofgem’s view during the development stage, rather than at the final decision stage.

Decision

- 2.183. We are proposing to move away from a numerical limit on alternatives to introduce a principles-based approach, where alternatives would have to meet all of the following criteria in order to be accepted into the process:
- alternatives must address the original issue
 - alternatives must have a rationale and demonstrate clear improvements over the existing code
 - alternatives must be sufficiently different in outcome from the original proposal and from each other
- 2.184. We are proposing that the assessment of alternatives against the criteria listed above would be done by the code manager.
- 2.185. We are also proposing to retain some provision for the code managers to be able to introduce a limit on the number of alternatives, for a specific modification proposal, if they think it is necessary in order to progress a modification proposal. We have also included criteria that the code manager must have regard to when making these decisions, covering efficiency, proportionality and distinctiveness.
- 2.186. We intend to take forward our proposals that the code managers and workgroup can raise alternatives.

2.187. We are also proposing that the code manager can combine alternatives where they think this results in a better single alternative, and that they can instruct the workgroup, other code parties or the proposer to develop multiple approaches into a single alternative. However, we have not included the proposal from the [second implementation consultation](#) that code managers can withdraw an alternative as a way of limiting the number in the proposed code text.

Rationale for decision

2.188. We acknowledge the feedback from stakeholders and the issues they have raised in their responses. As we said in the [second implementation consultation](#), in our view restricting the number of alternatives that can be raised should avoid multiple similar alternatives and improve the quality of alternative modifications.

2.189. However, we recognise that there are potential advantages and disadvantages associated with introducing a numerical limit on alternatives. One of the aims of the code modification process is to identify the best solution to a problem, in the most efficient way possible for all stakeholders. We also want to empower code managers to be able to achieve this and have the flexibility to make the decisions that work best in a particular situation.

2.190. We have reconsidered our proposals and are of the view that a principles-based approach could provide more flexibility than a numerical limit, while still empowering code managers to make decisions, which aligns with the aims of code governance reform. We believe that this approach will also meet the original aim of avoiding multiple similar alternatives and ensure that all alternatives that are accepted into the modification process are of good quality and add value to the process of finding the best solution to the problem.

2.191. Introducing a principles-based approach also addresses feedback around our proposal that alternatives must be better than the original modification, as it replaces this position with an assessment against the principles.

2.192. We have included the ability for code managers to introduce a limit in specific circumstances as we think this could be helpful where progress on a modification has stalled through multiple alternatives being proposed and the code manager needs a code provision to introduce a limit.

2.193. We intend to take forward our proposals that only the code manager and workgroups can raise alternatives. We think that limiting who can raise an alternative also helps to ensure that alternatives are of good quality. We do not think that expanding who can raise an alternative is justified. This is because relevant code parties will be represented on workgroups, and any party can

respond to the consultation and put forward alternatives for the workgroup to consider.

- 2.194. We believe that our proposal to allow code managers to combine proposed alternatives will help empower them to manage better the number of alternatives.

Other mitigations

- 2.195. We believe there are a number of other mitigations in place through code governance reform that will help to ensure the number of alternatives is kept to a reasonable number, without the need for a numerical limit.
- 2.196. Firstly, we expect that the creation of a harmonised pre-modification process across codes should help to ensure that the issue that has given rise to the modification proposal has been thoroughly explored and the resulting modification proposal is therefore well-founded and more likely to be the best solution to the problem.
- 2.197. As set out in the [second implementation consultation](#) all alternatives would be assessed by the code manager against the assessment (formerly triage) criteria set out in paragraph 2.71 which aims to prevent low-quality modifications from entering the process.
- 2.198. The workgroup for each modification proposal will be tasked with exploring any potential alternative solutions to address the original issue and consider the responses from the consultation on the modification proposal for any other potential alternatives.
- 2.199. The preliminary SDS, published in August 2025, contains a strategic assessment of government policies, and developments in the energy sector that we consider will or may require code modifications. The annual publication of the SDS will help provide a clear indication for stakeholders on the direction and prioritisation of potential code modifications. We consider that this will help industry shape modifications so that they are relevant to, and aligned with, Ofgem's and government's priorities. We note the feedback asking for more involvement from Ofgem in the modification proposal development process. We are incorporating this feedback into our broader energy code reform implementation programme, which includes how we resource and prioritise code modifications, internally.

Consultation on code modifications

Consultation position

- 2.200. We proposed that the default approach would be that modification proposals are consulted on once, and that the code manager would be able to carry out an additional consultation if required.
- 2.201. The code manager would be required to produce the draft modification report for consultation.
- 2.202. The consultation must include, as a minimum, an initial assessment of whether the modification proposal better facilitates the relevant code objectives. This would include the assessment and the reason for it (or a summary of), from the following:
- proposer of the modification proposal
 - code manager
 - SAF
 - workgroup, where relevant
- 2.203. The consultation report would also detail, where relevant, the workgroup discussions and how the modification proposal developed through this process.
- 2.204. The code manager would also be required to explain how it has taken the view of the SAF into account in its assessment. In the event that the code manager and the SAF do not align on whether the modification proposal should be implemented, the code manager must explain the reason for this misalignment.

Summary of consultation responses

Q8. Do you agree the default should be that modification proposals are consulted on once?

- 2.205. A majority of respondents agreed with the proposals that one consultation should be the default position, although many reiterated our position that the code manager should have the discretion to hold an additional consultation, for example if new material emerges from the consultation, the proposal changes significantly, or for particularly complex modifications.
- 2.206. Some respondents felt that two consultations were an important safety net to prevent unintended consequences for all modifications, while some respondents thought in some instances two mandatory rounds of consultation placed unnecessary burden on stakeholders.

2.207. A few respondents suggested there should be criteria to determine when a second consultation is required.

Decision

2.208. After considering the feedback we intend to take forward our proposal that the default position will be that modification proposals are consulted on once, and that the code manager would be able to carry out additional consultations if required.

2.209. We have not included in the proposed code text any criteria to determine when a second consultation is required.

2.210. We intend to take forward our proposals that the code manager would produce the draft modification report for consultation, and the code manager would also be required to explain how it has taken the view of the SAF into account in its assessment. In the event that the code manager and the SAF do not align on whether the modification proposal should be implemented, the code manager must explain the reason for this misalignment. Having considered the role of the code manager and the SAF in more detail we are now proposing that for both the draft modification report and final modification report the SAF chair should write the sections setting out the views of the SAF, and this is reflected in the proposed code text.

Rationale for decision

2.211. We note that the majority of respondents agreed with our proposals.

2.212. We have not proposed to introduce any criteria to determine when a second consultation is required as we believe that code managers will be suitably well-informed to recognise when a proposal would benefit from going through a second consultation process. We want to empower code managers to make decisions, and we think that adding criteria for deciding which modifications do or do not need to go through a second consultation would add burden for limited value and so we are not proposing to specify this in the code text.

2.213. We are proposing that the SAF chair writes the sections setting out the view of SAF as we believe it is important that the SAF present their views independently from the code manager.

Delivering change to the modification process

Consultation Position

- 2.214. In the [second implementation consultation](#) we set out two options for how Ofgem could deliver an updated code modification process and presented two options:
- 2.215. Option 1: Ofgem-approved documents prescribing a high-level modification process, including a set of principles and key stages for all code managers to align with, similar to the Code Administration Code of Practice (CACoP). Ofgem would use transitional powers to update existing legal code text in line with this guidance, when introducing the code manager role. This option would allow code managers to further develop the detail of their code-specific modification process. However, this might embed existing differences that continue to prevent effective coordination and/or engagement.
- 2.216. Option 2: New template legal text to align, as far as possible, a standard end-to-end modification process across all codes. Ofgem would implement new code modification sections into the codes using transitional powers, rather than applying incremental changes to update the existing legal text. This option may deliver a more coherent and consistent process but risks being inflexible.
- 2.217. We considered that option 2 would allow us to effectively deliver the changes and it would also more effectively harmonise arrangements across codes which could help facilitate cross-code coordination and make it easier for small parties to engage across the codes.

Summary of consultation responses

Q9. Do you agree with our preferred option (Option 2) to deliver the proposed changes?
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- 2.218. A large majority of respondents agreed with our preferred approach of option 2. Many commented that it was important that there is recognition that there will be individual differences between codes that mean full alignment is not possible. A few asked for further detail for how individual adaptations would be made and what the process to consult with industry will be.

Decision

- 2.219. We have decided to proceed with option 2. Therefore, we are consulting on the proposed code text for code modification and SAF. This text will act as a template for the code modification process and SAF arrangements for all codes.

Code Administration Code of Practice (CACoP)

Consultation position

- 2.220. We set out our thinking on the future of the CACoP.
- 2.221. We considered the principles contained in CACoP and highlighted that we may incorporate these, where appropriate, into our proposals for a future modification process. We outlined that activities of code managers will be subject to licence conditions and may include obligations, for example to report on their performance.
- 2.222. We confirmed that if the decision is taken to proceed with these proposals, then we did not consider that the CACoP would be needed under the new framework, and we proposed to remove it.

Summary of consultation responses

Q10. Do you agree with our proposals for the future of the Code Administration Code of Practice?
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- 2.223. The large majority of respondents agreed with our proposal to remove the CACoP after the transition to the new governance arrangements is complete. Reasons for supporting this included that the CACoP would no longer be needed under the new licence framework and that removing it would avoid duplication in the new process.
- 2.224. A few respondents raised concerns with our proposal. Their reasons included that the CACoP should continue to assist with harmonisation across the codes. A couple of respondents raised that the central modification register should be maintained after transition to the new arrangements is complete.
- 2.225. A few respondents suggested that the content of the CACoP should be incorporated into the updated code modification process and code manager licence conditions, where possible.
- 2.226. A couple of respondents indicated that their support for the removal of the CACoP was conditional upon the successful establishment of an updated cross-code steering group.
- 2.227. A couple of respondents highlighted that the CACoP should continue during the transition period.

Decision

- 2.228. We plan to proceed with proposals to remove the CACoP at the end of phase 3, once the transition to the new governance arrangements is complete. This

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decision would be subject to a future consultation. We expect the CACoP to continue for existing code administrators between phase 1 and phase 3.

Rationale for decision

- 2.229. We note that respondents expressed strong support for our proposal to remove the CACoP when the transition to the new governance arrangements is complete. We do not consider that the CACoP will be needed under the new framework when code managers will be subject to licence conditions.
- 2.230. We acknowledge feedback that the content of the CACoP should be incorporated into the updated code modification process and code manager licence conditions, where possible. We have reviewed the CACoP principles and, where appropriate, have sought to reflect these within the proposed code text. Elements of these principles also informed the development of the code modification and maintenance standard licence condition, which was consulted on as part of the [second joint government and Ofgem consultation](#).
- 2.231. We have taken into account the feedback that the central modification register should be maintained after transition to the new arrangements is complete. We intend to work with industry during the transition phase to identify the most appropriate way to retain the register.

Cooperation reasonableness criteria

- 2.232. In our [preliminary SDS consultation](#), we proposed including a reasonableness criteria in the codes to help ensure that any cooperation request issued by a code manager is reasonable.
- 2.233. In the [subsequent SDS decision](#), we confirmed that we would refine the proposed criteria and develop code text to clarify how non-licensed code parties would be required to comply.
- 2.234. We have now included the refined reasonableness criteria in the proposed code text. The proposed code text on the reasonableness criteria may be subject to further change in the future, as part of the future consultation on the proposed co-operation SLC.

Next steps

- 2.235. We intend to take forward our proposals as set out in the [second implementation consultation](#), incorporating the changes and additions as described in the decision sections above.

- 2.236. The proposed code text has been drafted to reflect the decisions outlined in this document. The proposed code text for the code modification process is available in subsidiary document 1: Proposed code text.
- 2.237. We are aware that specific adaptations will be required for each industry code. Some examples of particular provisions where we consider this to be the case for phase 1 codes have been underlined in the proposed code text (although this is not exhaustive).
- 2.238. We invite respondents to: (i) comment on the proposed code text; and (ii) highlight any areas where specific adaptations may be needed for the phase 1 codes. We also intend to seek specific feedback from the code manager candidates for phase 1 codes, Elexon and RECCo.
- 2.239. We will use the feedback on this consultation to inform future development of the code text for each individual code (including consolidated codes), and those future refinements will be subject to separate consultation in due course. We intend to publish the proposed code text for the BSC and REC for consultation later in 2026 using our schedule 12 powers under the Act. We envisage future separate consultations under schedule 12 for phase 2 and 3 codes, but we do consider it important to retain as much consistency as possible across the codes generally.

3. Stakeholder Advisory Forum

Section summary

In this section we summarise responses to chapter 3 of the second implementation consultation and set out our policy decisions, including our rationale for any changes. This section should be read in conjunction with the proposed SAF code text, which can be found in subsidiary document 2: Proposed SAF text.

Background

- 3.1 This section summarises stakeholder feedback on chapter 3 of the [second implementation consultation](#) and sets out our policy decisions in relation to the SAF. Where our decisions differ from the consulted position, we provide reasoning.
- 3.2 Alongside clarifying our SAF policy decisions below, subsidiary document 2 provides the proposed SAF code text template intended to give effect to those policy decisions. As set out in section 2 paras 2.1-2.4, we welcome feedback on the proposed code text template which will inform future drafting and consultation.

SAF objectives

Consultation position

- 3.3 In the [second implementation consultation](#), we outlined that the SAF should have objectives that frame how it should carry out its role. We proposed to introduce into the codes that the SAF should carry out its role:
 - in an efficient, economical and expeditious way
 - with a view to ensuring the relevant code facilitates achievement of the relevant code objectives
 - with a view to ensuring that the relevant code is given effect without undue discrimination between the parties or any classes of party

Summary of consultation responses

Q11. Do you agree with our proposed SAF Objectives?

- 3.4 A large majority of respondents supported the proposed SAF objectives, noting their alignment with existing panel requirements in some codes.
- 3.5 Some respondents raised concerns, or sought clarification, on the proposed objectives. One respondent suggested that the first objective, would be more appropriately placed in the code manager licence. A couple of respondents

argued that Ofgem should reconsider the second objective given its role in overseeing the code manager's delivery against licence obligations. A few stakeholders queried the third objective, requesting further detail on how it would be applied in practice.

- 3.6 Some respondents proposed additional objectives. Suggestions included support for an SDS objective, an objective encouraging transparency, a net zero code objective, and an objective supporting innovation.
- 3.7 A couple of respondents commented that SAF performance should be measured against these objectives.

Decision

- 3.8 We intend to take forward our proposal to introduce these objectives into the proposed SAF code text. In addition, we propose introducing a further objective around transparency. The updated objectives are set out in the proposed SAF code text.

Rationale for our decision

- 3.9 We consider that introducing the proposed objectives will help set clear expectations for the role of the SAF and guide how each SAF should carry out its role.
- 3.10 We acknowledge comments from a few respondents who queried whether certain SAF objectives would be more appropriately placed in the code manager licence. As part of the [second joint government and Ofgem consultation](#), we have consulted on the objectives for the code manager. While there is some overlap, we consider this appropriate as it reflects the complementary roles of the SAF and the code manager in the modification process. Our view is that the proposed objectives appropriately reflect what is expected of the SAF as an advisory body. We explain our decision on the specific objectives raised below.
- 3.11 Some respondents suggested that the first objective would be more appropriately placed in the code manager licence. We consider it essential that the SAF operates in an efficient, economical, and expeditious way. The SAF has a critical role in the success of the new governance framework, particularly in providing timely and robust advice and recommendations to the code manager. We therefore consider that this objective is relevant and proportionate to the role of the SAF.
- 3.12 We also received comments from a few respondents who suggested we reconsider the second objective, given the SAF's role in overseeing the code manager's delivery against licence obligations. The second objective outlines that each SAF should have a view to ensuring that the code facilitates

achievement of the relevant code objectives. We consider it is appropriate to include this as a SAF objective. Although the SAF will not take the final decision on whether a modification proposal should be approved it will be required to vote on whether a modification would better facilitate achievement of the relevant code objectives. The SAF view will be included in the final modification report, reflecting its importance within the modification process.

- 3.13 We acknowledge concerns from stakeholders about how the third objective will be applied in practice. This objective sets a behavioural expectation that each SAF should treat parties fairly when carrying out its functions. It is deliberately high-level, and we do intend to provide additional prescriptive detail.
- 3.14 We agree with stakeholders who highlighted that the SAF should operate in an open and transparent manner. Transparency is essential for ensuring the SAF operates in a way that that is accessible to wider industry stakeholders. This would include publishing the SAF’s membership on the relevant code’s website and making minutes of SAF meetings publicly available. We have therefore included this objective in the proposed SAF text.
- 3.15 We have decided not to introduce further SAF objectives. Adding additional objectives, for example relating to net zero, the SDS, or innovation, could make it more difficult for the SAF to focus on its primary role. We consider the existing proposed objectives to be proportionate and to provide a clear framework for how the SAF should carry out its role. These objectives are intended to guide SAF behaviour but do not limit the matters the SAF may take into account. Further information on the roles and responsibilities of the SAF is set out in the proposed SAF code text.
- 3.16 Some stakeholders suggested that SAF performance should be measured against these objectives. These objectives are intended to guide how the SAF should carry out its role. We do not propose to introduce formal performance metrics at this stage. Given the SAF’s advisory role, we do not consider that it is proportionate to assess its performance against these objectives.

SAF membership

Consultation position

- 3.17 We set out detailed proposals for SAF membership, covering independent members, code party representatives, consumer representatives, and pool members.

Independent members

- 3.18 We consulted on our proposal that the code manager will appoint independent members to the SAF, and that each SAF would include at least one independent

member. We set out the criteria that an individual must meet in order to qualify as an independent SAF member.

3.19 We set out our proposal that the SAF chair role should be performed by an independent member.

3.20 We proposed that no more than three independent SAF members, including the independent chair, should be appointed to each SAF.

Code party representatives

3.21 We outlined that we do not intend to set a fixed number of code party SAF members for each SAF. We assessed two options for how code party members and alternates should be appointed to the SAF. We set out option 2, nominations from code parties followed by voting by code parties, as our preferred option for appointing members and alternates.

3.22 We set out our proposal to stagger the appointment of SAF members initially by appointing some members for a two-year period while others would be appointed for a three-year period. We proposed that after the initial staggering period, members will serve a two-year term.

3.23 We proposed to limit the number of terms that a code party member can serve as a SAF member to two consecutive terms.

Consumer representatives

3.24 We proposed that each SAF should accommodate up to two statutory consumer advocates.

Pool of members

3.25 We proposed that it would be the responsibility of the code manager to have in place a pool of members with the relevant knowledge and expertise.

Summary of consultation responses

Q12. Do you agree with our proposals for SAF membership?
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3.26 The majority of respondents agreed with our proposals relating to membership of the SAF. There was strong support for having an independent person chair the group, with it noted this would help encourage impartial discussion and fairness.

3.27 Some respondents expressed support for our preferred approach, option 2, for electing code party representatives to the SAF. Reasons included that this approach would increase transparency and fairness in the election process.

- 3.28 There was also strong support for our proposal to have consumer representatives on the SAF. Other comments included support for having independent members and for the staggering of appointments.
- 3.29 There were mixed views on our proposal for code party representatives to serve two-year terms. A few respondents agreed that two-year terms were appropriate, while one respondent suggested that three-year terms would be more suitable.
- 3.30 There were mixed views around our proposal to limit code party terms. Some respondents raised concerns with this proposal. Feedback suggested that the focus should be on the group having the appropriate expertise rather than limiting code party terms. It was also argued that limiting terms could conflict with our aim of ensuring that the SAF reflects the important role of stakeholder views in the process. A couple of respondents raised that term limits should not apply to technical codes due to their complexity.
- 3.31 A few respondents expressed support for our proposal to introduce term limits noting that it could help to open the group to a wider range of stakeholders and encourage renewal of membership. One respondent suggested that where the SAF cannot be fully constituted, members who have served two consecutive terms should be able to stand for re-election.
- 3.32 There were also mixed views around our proposal for appointing alternate members. A few respondents raised concerns with appointing alternates through option 2. It was suggested that a direct nomination and appointment by the code party representative would be more effective. Suggestions included that having the alternate work closely with the main member ensures consistency of representation and continuity of view.
- 3.33 A few respondents highlighted the importance of balanced representation on the SAF. There was support for the number of independent members to be balanced with code party representatives. It was also noted that it is important to ensure that there is sufficient cross-sector representation on the SAF and that safeguards are established to avoid the SAF being dominated by representatives from one part of the industry.
- 3.34 Some respondents commented on proposals related to the SAF chair. A few respondents raised concerns with the definition of independence and how this would affect the technical codes who have a smaller pool of available candidates. A couple of respondents raised that SAF members should be able to select their own chair. A few respondents sought further clarity on the selection process for the SAF chair.

- 3.35 A few respondents commented on our proposals related to independent members. A couple of respondents raised that the code manager should determine the number of independent members required for each SAF. A few respondents also questioned how the value of independent members would be assessed.
- 3.36 Other questions or comments related to the SAF included:
- Appointment of independent members – A few respondents questioned how independent members would be appointed and highlighted the importance of transparency.
 - Attendance concerns – A couple of respondents raised concerns around attendance and the possible imbalance between paid and unpaid members, one respondent requested that attendance lists are published
 - Pool members – One respondent was concerned that the pool of members would disrupt the balance between code party representatives and independent members
 - Harmonisation across codes – A couple of respondents expressed concerns about standardising SAF membership across the codes
 - Election process - One respondent highlighted that differences in how codes elect party representatives should be considered
 - Other representation – One respondent raised that non-code parties should be allowed to sit on the SAF, another respondent raised that CSDBs should be required to sit on the SAF

Decision

- 3.37 We intend to take forward our proposal that the SAF should have at least one independent member and proceed with the independence requirements set out in the [second implementation consultation](#).
- 3.38 We intend to take forward our proposal that the SAF should be chaired by an independent person, and that person should be appointed by the code manager.
- 3.39 We propose that SAF members, including independent members and code party representatives, should be limited to serving two consecutive three-year terms. This is a change from the position set out in the [second implementation consultation](#) for code party representatives.
- 3.40 We also propose that, where an independent position cannot be suitably filled, members who have already served two consecutive terms may be re-appointed. Similarly, where a code party position cannot be filled, members who have served two consecutive terms may stand for re-election.

- 3.41 We do not intend to take forward our proposal to limit the number of independent SAF members to three. Instead, we propose that the appropriate number of independent members should be determined by the Authority on a code-by-code basis. We intend to take forward option 2 for appointing code party members to the SAF. Nominees would be required to outline their reasons for standing, including relevant expertise and experience in the modification process, and provide a declaration of interest. The code manager would publish the outcomes of the appointment process. Our proposal for electing code party representatives is set out in the proposed SAF code text.
- 3.42 We have changed our approach for appointing alternates to the SAF. We propose that alternate members should be elected through direct nomination and appointment by the main code party representative.
- 3.43 We propose that the code manager should issue pre-election guidance on the types of expertise required within the SAF.
- 3.44 We intend to take forward our proposal to stagger the initial appointment of SAF members. To align with the three-year terms, we propose that the code manager stagger term lengths for the first term so that, as far as possible, no more than half of the SAF is replaced in one year.
- 3.45 We intend to take forward our proposal that it would be the responsibility of the code manager to have in place a pool of members with relevant knowledge and expertise.
- 3.46 We intend to proceed with our proposal that each SAF must accommodate up to two statutory consumer advocates.
- 3.47 We do not consider it appropriate for non-code parties, excluding consumer advocates and independent members, to hold seats on the SAF.
- 3.48 We propose that the role of CSDBs on the SAF should vary across codes, reflecting differences in code scope and system responsibilities.
- 3.49 We propose that an Ofgem representative would be invited to attend each meeting of the SAF, similar to existing panel arrangements.

Rationale for our decision

- 3.50 We note strong stakeholder support for an independent person to chair the group. We agree that an independent chair will help to ensure fairness and impartiality of the SAF.
- 3.51 Some respondents suggested that SAF should elect its own chair. However, we consider it essential that the chair is, and is perceived to be, fully independent of SAF members and the wider industry. To maintain independence in the

governance framework, we consider the independent code manager to be best placed to appoint the chair.

- 3.52 Respondents also highlighted the need for a transparent selection process. We agree and have added a requirement in the proposed SAF code text which would require the code manager to share its assessment of the independent chair's suitability against the independence requirements with the SAF.
- 3.53 We agree with feedback that a three-year term length would be more suitable for SAF members than a two-year term length. We have updated our proposal as we consider that a three-year term provides a better balance between retaining expertise and introducing new perspectives.
- 3.54 We agree with respondent feedback that, where the SAF cannot be properly constituted, independent members who have served two consecutive terms may be reappointed, and code party representatives may stand for re-election. This will help to ensure that the SAF has the appropriate expertise.
- 3.55 We acknowledge concerns from respondents that the technical codes may have a small pool of suitably qualified independent candidates. We consider robust independent requirements are essential to ensuring that members are truly separate from code parties and the code manager. This requirement will help to ensure that independent members can effectively fulfil their role within the SAF.
- 3.56 We agree with respondents who suggested that the code manager should determine the final number of independent members. This approach is more flexible and supports a balanced representation across different codes.
- 3.57 Stakeholders expressed strong support for option 2 (nomination and voting for code parties) for how code parties should be appointed to the SAF. We agree this approach ensures openness, transparency and confidence amongst code parties.
- 3.58 Some respondents disagreed with our preferred election approach for appointing alternate members, arguing it could be difficult to implement. Direct nomination by the main code party representative was suggested as an alternative. We have changed our approach and consider that appointment by the main code party representative should be easier to implement and more likely to promote continuity of view within the SAF.
- 3.59 We also agree with respondents on the importance of broad, cross-sector representation on the SAF. We consider that pre-election guidance from the code manager could help encourage diversity of expertise within the SAF.
- 3.60 We note that a few respondents agreed with our proposal to stagger the initial appointment of SAF members. We consider that the code manager should

consider the need for balanced representation and continuity of the SAF when determining initial term lengths.

- 3.61 Some respondents argued that limiting the number of terms for code party members could restrict stakeholder representation. We consider terms limits important for ensuring a broader range of stakeholder views can be captured over time.
- 3.62 We acknowledge feedback that the use of a pool of SAF members could disrupt the balance between code party representatives and independents. We are not concerned about this risk, as pool members would only be invited to join a SAF meeting when their expertise is required.
- 3.63 We note broad stakeholder support for accommodating up to two statutory consumer advocates on each SAF. We consider this proposal important for ensuring meaningful consumer representation.
- 3.64 Some respondents argued that non-code parties should have seats on the SAF. We do not support this. While engagement with non-code parties is important, we consider that they will have meaningful routes to participate in the updated code modification process. This includes raising modifications, attending SAF meetings to discuss them, and responding to consultations.
- 3.65 Respondents also suggested including CSDBs as SAF members. As the role of CSDBs differs across the codes, we consider that tailored arrangements may be appropriate. We will consult on the role of the CSDB in each SAF at the appropriate stage.
- 3.66 We have included the proposed election process in the proposed SAF code text. Currently, election processes vary across codes. Our proposed approach will simplify and align the process, while allowing for limited adjustments to reflect code-specific needs.

SAF operation

Consultation position

- 3.67 In the [second implementation consultation](#), we proposed to require SAF members to provide undertakings from themselves and their employer that they will act impartially.
- 3.68 We consulted on our proposal that members can be removed from the SAF if they fail to attend a certain number of meetings. We also set out our proposal that a SAF member should be required to resign their SAF membership if they leave their existing employment.

3.69 We proposed that the SAF should be required to provide a vote on whether a code modification proposal better facilitates the relevant code objectives, and if the modification should be implemented. We also set out that code managers should accurately reflect the discussion held by the SAF in the final modification report.

Summary of consultation responses

Q13. Do you agree with our proposals on how a SAF will operate?

- 3.70 The majority of respondents agreed with our proposals on how the SAF will operate. There was strong support for our proposal to require SAF members to vote on whether a modification should be implemented. Reasons included that this approach supports transparent decision making and would provide clarity on the SAF view. A couple of respondents disagreed with SAF voting and it was noted that this could oversimplify the majority view and minimise minority voices.
- 3.71 Some respondents expressed support for our proposal that would require SAF members to provide undertakings that they will act impartially. It was noted that this would be important for ensuring fair decision making. A few respondents disagreed with our proposal, views included that requiring impartiality could restrict expertise.
- 3.72 A few respondents expressed concerns with our proposals. A couple of respondents raised that it is important that the SAF is viewed as an influential body. It was noted that if the SAF is viewed as less impactful than panels then there is a risk that employers will be less likely to agree for their employees to sit on the SAF.
- 3.73 A couple of respondents raised that the roles and responsibilities of the SAF need to be clearly set out by Ofgem.
- 3.74 One respondent highlighted that SAF members should declare potential conflicts of interest regarding a specific modification, and that members should be excluded from voting on any modification they have proposed.
- 3.75 Other questions or comments related to the operation of the SAF included:
- Impartiality – concern that code parties voting for representatives would undermine impartiality. Question around whether members would represent their constituents, and how impartiality will be monitored.
 - Voting – requests for clarity on when voting would be required, applicable quoracy rules, and the role of pool members in the SAF vote.

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- Removal of members – requests for code manager discretion where a member resigns from their current employment, and support to remove members who behave inappropriately.

Decision

- 3.76 We intend to take forward our proposal that the SAF will be required to vote on whether a modification would better facilitate the relevant code objectives, and whether it should be implemented. We propose that the SAF chair, rather than the code manager, should be responsible for summarising SAF views in the modification report.
- 3.77 We intend to take forward our proposal to require SAF members to provide undertakings, on their own behalf and on behalf of their employer, that they will act impartially. We also propose giving the code manager discretion to determine whether a code party representative may remain on the SAF after leaving their employer.
- 3.78 We intend to take forward our proposal that SAF members may be removed if they fail to attend a certain number of meetings, and propose they should be removed if they fail to act in accordance with the duties set out in the code.
- 3.79 We propose that SAF members would be required to declare any potential conflicts of interest in relation to a modification, and that members should be excluded from voting on any modification they have proposed. We also propose that the SAF chair should have the ability to excuse a member where it considers a conflict of interest exists record the rationale for this decision.
- 3.80 We confirm that quoracy requirements will apply to SAF meetings. A meeting will be quorate where more than half of the appointed SAF members, or their alternates, are in attendance. A meeting should only be rescheduled once due to insufficient attendance.
- 3.81 We reiterate, as confirmed in the [first implementation decision](#), that code party representatives will not represent their constituency.
- 3.82 We would confirm, as set out in the [first implementation decision](#), that code managers will pay independent members.

Rationale for our decision

- 3.83 We note strong stakeholder support for requiring the SAF to vote on whether a modification should be implemented. We consider that a formal SAF vote will provide a clear record of SAF member views, and allow individual views to be noted. For clarity, pool members will not be entitled to vote.

- 3.84 We consider that the SAF chair should summarise the SAF views for inclusion in modification reports instead of the code manager. This approach will support transparency and reinforce the SAF's independence from the code manager, helping demonstrate its ability to hold the code manager to account.
- 3.85 We note strong support for our proposal requiring SAF members to provide undertakings, on behalf of themselves and their employer, that they will act impartially. We consider this requirement important for maintaining impartiality and trust in the SAF's role.
- 3.86 We agree with feedback that the code manager should determine whether a code party representative should remain as a SAF member if they leave their current employment. We recognise that there may be exceptional circumstances where continued membership would not compromise impartiality. We consider that giving the code manager discretion in these cases promotes flexibility and continuity of the SAF.
- 3.87 We note respondent support for removing SAF members who fail to attend a certain number of meetings. We have included an attendance requirement in the proposed code text which provides appropriate flexibility while ensuring consistent participation and continuity.
- 3.88 We acknowledge feedback on the need for SAF conflict of interest provisions. We consider these essential for transparency and for building trust and confidence in both the SAF and wider code modification process. These requirements have been added to the proposed SAF code text. As some codes will continue operating under existing governance arrangements for several years, we strongly encourage current code administrators, chairs and panels to review their own conflict of interest provisions and consider adopting equivalent measures, where appropriate. We consider that introducing similar provisions in the current arrangements would help to reinforce the impartiality of decisions and support confidence in the modification process. We welcome engagement with code parties on whether similar conflict of interest provisions would be beneficial under existing arrangements.
- 3.89 We agree with the feedback from one respondent that SAF members should be removed if they act inappropriately. We consider this safeguard important for the efficient operation of the SAF and for maintaining trust amongst stakeholders. Relevant provisions have been included in the proposed SAF text.
- 3.90 We acknowledge a respondent's concern that code manager funding of independent members by the code manager could undermine confidence in their voting decisions. We consider the code manager is the most appropriate body to pay independent members and the independence criteria set out in the

[second implementation consultation](#) is designed to reaffirm that independent members will be separate from code managers.

Next steps

- 3.91 We intend to take forward our proposals as set out in the [second implementation consultation](#), incorporating the changes and additions described in the decision sections above.
- 3.92 The proposed SAF code text has been drafted to reflect the decisions outlined in the document. The proposed code text can be found in subsidiary document 2: Proposed SAF text.
- 3.93 We are aware that specific adaptations will be required for each industry code. Some examples of particular provisions where we consider this to be the case for phase 1 codes have been underlined in the proposed code text (although this is not exhaustive).
- 3.94 We invite respondents to: (i) comment on the proposed SAF code text; and (ii) highlight any areas where specific adaptations may be needed for the phase 1 codes. We also intend to seek specific feedback from the code manager candidates for phase 1 codes, Elexon and RECCo.
- 3.95 As set out in chapter 2, we will use the feedback on this consultation to inform future development of the code text for each individual code (including consolidated codes), and those future refinements will be subject to separate consultation in due course. We intend to publish the proposed code text for the BSC and REC for consultation later in 2026 using our schedule 12 powers under the Act. We envisage future separate consultations under schedule 12 for phase 2 and 3 codes, but we do consider it important to retain as much consistency as possible across the codes generally.

4. Cross-cutting themes

Section summary

This section sets out a summary of responses to the consultation and our decisions on cross-cutting consequential changes related to:

- i) decision making, impartiality arrangements, chairing and secretariat functions of subcommittees,
- ii) decision making, impartiality arrangements and cross-code harmonisation of performance assurance committees,
- iii) decision making and cross-code harmonisation of derogation provisions.

Background

- 4.1. The move to a new governance framework will cause various existing code provisions and arrangements to become out of date, creating a need for consequential changes to both codes and licences. Subcommittees (including those related to performance assurance) and derogations are two areas where the underlying policy rationale for making these changes is likely to be cross-cutting. As such, our proposed approach for one code would likely apply to all codes.
- 4.2. In our consultation, we set out proposals relating to: i) decision making, impartiality arrangements, chairing and secretariat functions of subcommittees, ii) decision making, impartiality arrangements and potential harmonisation of performance assurance committees, and iii) decision making and potential harmonisation of derogation provisions.
- 4.3. These proposals were informed by the following considerations:²
 - Ensuring that decisions are taken in an objective and independent way
 - Simplifying code governance arrangements so that they are easier to engage with
 - Ensuring that we do not unnecessarily cause disruption in the energy sector
 - Ensuring that the right expertise is involved in decisions.

² [Second consultation on the implementation of Energy Code Reform \(03.04.2025\) FINAL.pdf](#): p. 34-35.

Subcommittees: delegated authority and membership

Consultation position

- 4.4. We sought views on four potential options to address the delegated authority and membership arrangements of subcommittees, with our preferred option being to conduct a case-by-case review. We considered that this option struck an appropriate balance between a one-size-fits-all approach that risked causing disruption and a status quo approach that risked embedding ineffective arrangements in the future code governance landscape.
- 4.5. We also noted that, regardless of which option was chosen, there would be a need for consequential changes due to code reform. For example, where delegated authority for a subcommittee currently flows down from a code panel, we assumed that changes would be needed so that it could be delegated by the code manager instead.

Summary of consultation responses

<p>Q14. Do you agree with our preferred approach of conducting a case-by-case review of subcommittees in terms of delegated decision making and impartiality?</p>

- 4.6. The large majority of respondents agreed with our preferred approach of conducting a case-by-case review of subcommittees and delegated decision-making. Many respondents noted that subcommittees offer unique and valuable technical insight and are vital for stakeholder engagement and supporting robust, informed decision-making. It was also noted that the range and diversity of subcommittees means that a case-by-case review is the most appropriate approach.
- 4.7. Regarding delegated authority, many respondents suggested that specialised, technical subcommittees should retain decision-making authority due to their expertise. A couple of respondents also noted that code managers are unlikely to have the detailed technical knowledge and experience required to make decisions in some areas. A few respondents considered that delegated authority should be retained in specialised areas, such as complaints and derogations. This was noted as a way to preserve impartiality and expertise.
- 4.8. A few respondents raised concerns: one noted potential inconsistency if delegated authority varied across subcommittees, another highlighted the resource burden of a full review, and a couple noted a risk of operational disruption.
- 4.9. A few respondents welcomed the opportunity to carry out a review of the role of individual subcommittees, while noting a desire for industry involvement in the

review process. A couple of respondents also called for a more in-depth review of subcommittees to take place, including potential rationalisation across codes, and for subcommittees to only be retained where there is a clear role and need for them to continue.

Decision

- 4.10. We have decided to proceed with our preferred option 1, to conduct a case-by-case review of the delegated authority and impartiality requirements for each subcommittee, supported by insights from the industry. As noted in the consultation, we anticipate that our approach to carrying out these reviews may vary on a code-by-code basis, with the level of industry engagement carefully managed to ensure an efficient use of time and resource.
- 4.11. For our review of the phase 1 codes, we have gathered preliminary views and evidence from the code manager candidates for the BSC and the REC to help us develop proposals for future consultation. Based on the work completed to date, we are not currently planning to make any changes to decision making or impartiality arrangements for BSC or REC subcommittees as part of energy code reform, aside from necessary consequential changes. However, we recognise that the code managers for these codes may wish to propose and implement changes of their own once in place, as part of making arrangements for the efficient governance of the code.
- 4.12. We will provide more information on how we intend to conduct a review of the remaining codes in due course.

Rationale for our decision

- 4.13. We consider that taking a case-by-case approach will allow us to review individual interactions between subcommittee membership, delegated authority and the roles and responsibilities of the subcommittee in question, while also enabling the preservation of invaluable specialist knowledge and expertise.
- 4.14. We acknowledge the concern that a case-by-case approach could lead to inconsistencies within, and across, codes in terms of the level of decision-making. However, we consider that reviewing individual arrangements in collaboration with the industry will help to ensure that the right arrangements are put in place for each subcommittee and code, with any potential variation retained within or across codes where it serves a useful purpose.
- 4.15. We also note the concerns that this approach may place a greater resource burden on Ofgem and others, but our exploratory conversations with code administrators suggest that this will be manageable. Similarly, if we determine that changes may be required after our review, we expect that any potential for

operational disruption would be minimised by seeking the views of code parties prior to implementation, as well as through the considered use of our transitional powers.

- 4.16. We also acknowledge calls for a more thorough review of the role of subcommittees, including the potential to facilitate greater cross-code alignment. Although we do not currently plan to undertake this kind of review as part of energy code reform, it is something that code managers should be well placed to consider in future.

Subcommittees: chairing and secretariat

Consultation position

- 4.17. We proposed to standardise arrangements for subcommittees across codes by making the code manager responsible for chairing and providing the secretariat for all subcommittees. This would provide code managers with oversight of the work of subcommittees, allowing them to draw connections between different aspects of code governance.

Summary of consultation responses

<p>Q15. Do you agree with our proposals for the running of subcommittees, including that code managers chair and provide the secretariat in all cases?</p>
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- 4.18. The majority of respondents supported our proposals on the running of subcommittees. Respondents highlighted the benefits of consistency and standardisation across subcommittees. A few respondents agreed that code managers are well placed to co-ordinate code activities and ensure appropriate expertise sits on the subcommittees, and another highlighted the fact that code managers chairing will be more cost-effective than appointing independent chairs. A couple of respondents also noted that the proposed approach aligns with current practice under existing codes, and that the approach works well.
- 4.19. A few respondents who agreed with the overall approach noted that it is important for code managers to be impartial and facilitate inclusive engagement.
- 4.20. A couple of respondents disagreed with the proposed one-size-fits-all approach, suggesting that a case-by-case review should be carried out instead. They cited concerns about a potential increase in code manager costs and doubts regarding whether this arrangement would be appropriate for all subcommittees. Another respondent argued in favour of independent chairs.

Decision

- 4.21. We are minded to make code managers the default party responsible for chairing and providing the secretariat function for subcommittees. We therefore intend to take forward our proposals to introduce these changes on a code-by-code basis as part of our transition process, starting with consultation on the code modifications required for the BSC and REC.
- 4.22. We also intend to introduce a mechanism into the codes so that alternative arrangements can be put in place where warranted.

Rationale for our decision

- 4.23. We consider that a default position of code managers chairing and carrying out the secretariat function for subcommittees will provide consistency across codes and streamline governance processes.
- 4.24. We agree that it is essential that code managers act impartially when chairing subcommittees. Code managers will be required by their licence to act impartially in their governance of the relevant code, including their chairing of subcommittees. We therefore consider that code managers will be well-placed to carry out this role, particularly as it is likely to be more cost-effective than appointing independent chairs to individual subcommittees.
- 4.25. However, we also recognise that, in some cases, there may be benefits to deviating from this default position. For example, the code manager may be of the view that a subcommittee would operate more effectively or efficiently with an independent chair or secretariat, or they may determine that it would allow them to address a potential conflict of interest. Although we do not anticipate that this degree of flexibility would be required on a regular basis, we nonetheless consider that it would be prudent for code managers to have the option of implementing alternative arrangements if needed.

Performance assurance: delegated authority and membership

Consultation position

- 4.26. We sought views on whether we should harmonise how decisions on performance assurance are taken across codes, with decision-making authority transferred to the code manager in all instances as opposed to retaining status quo arrangements.
- 4.27. We also noted that performance assurance is an area that may warrant special consideration within the context of our proposals on subcommittees, due to its sensitive nature and potential impact on market stability and consumer protection.

Summary of consultation responses

Q16. Do you agree that the same approach we are taking for subcommittees should be applied to performance assurance boards (PABs) or committees where these are already in place?

- 4.28. The majority of respondents agreed that the operation of performance assurance boards should be reviewed. Many respondents also advocated for the adoption of a common approach to all PABs, due to the benefits it would provide in terms of consistency of process, harmonisation and simpler governance.
- 4.29. However, there was no consensus on what form this potential common approach should take. Some respondents agreed with our proposal that code managers should be the default decision maker for all performance assurance boards, while some others advocated for the decision maker to be determined on a case-by-case basis following a review of the relevant arrangements.

Decision

- 4.30. We have decided to review performance assurance arrangements on a case-by-case basis, rather than defaulting to a position of transferring decision-making authority to the code manager.
- 4.31. For our review of the phase 1 codes, we have gathered preliminary views and evidence from the code manager candidates for the BSC and REC to help us develop proposals for future consultation. Based on the work completed to date, we are not currently planning to make any changes to their performance assurance arrangements as part of energy code reform, aside from necessary consequential changes. However, we recognise that the code managers for these codes may wish to propose and implement changes of their own once in place, as part of making arrangements for the efficient governance of the code.
- 4.32. We will provide more information on how we intend to conduct a review of the remaining codes in due course.

Rationale for our decision

- 4.33. We remain of the view that there may be benefits to harmonising the approach taken to performance assurance across codes, with decision-making authority transferred to code managers in all instances. However, as noted in the consultation, we also recognise the sensitive nature of performance assurance and consider it an area that warrants special consideration within the context of our broader proposals on subcommittees, particularly given its potential impact on market stability and consumer protection.

- 4.34. We therefore intend to review existing performance assurance arrangements on a case-by-case basis, with the outcomes of these reviews then subject to future consultation. We consider that this approach will enable any potential future changes to existing arrangements to be carefully considered within the context of the relevant code, while still leaving the door open for enhanced cross-code harmonisation where this would be beneficial.
- 4.35. For the BSC and REC, we note that the PABs of both codes are currently constituted as subcommittees, with delegated authority for decision-making flowing down from either the BSC panel or REC Board. We therefore consider that, at minimum, consequential changes will be needed to ensure that these subcommittees can continue to operate under the new governance arrangements, with all delegated authority flowing down from the licensed code manager instead.
- 4.36. In making these changes, our intent would be to preserve the status quo as much as possible, rather than to introduce any significant changes into the performance assurance arrangements under either code. Any decision-making authority that is currently delegated down to either PAB would therefore remain with that PAB once the code manager is in place. If these kinds of changes are needed, we consider that code managers are likely to be better placed to lead on them, in collaboration with the industry.

Performance assurance: introduction to consolidated codes

Consultation position

- 4.37. We noted that four codes currently have performance assurance regimes, namely the BSC, REC, SEC and UNC, and sought views on whether to extend performance assurance regimes to the remaining two codes as well: the electricity technical code and electricity commercial code.

Summary of consultation responses

<p>Q17. Do you have any views on whether we should introduce performance assurance frameworks to the consolidated electricity technical code and electricity commercial code?</p>

- 4.38. Many respondents expressed support for the potential introduction of performance assurance frameworks to these two codes, with a couple stating that the frameworks would ensure that obligations were actively monitored, enforced and defined. A few others recommended that Ofgem consult with industry on proposals prior to implementation, potentially supported by a review of existing arrangements, and a further couple suggested that Ofgem explore

opportunities to harmonise the performance assurance frameworks with existing reporting structures.

- 4.39. Many respondents did not respond to this question and many others indicated that they held no view on this question.
- 4.40. A couple of respondents cautioned against using a one-size-fits-all approach and preferred a process which instead reflected each code's specific risk profile and participant behaviours. Other comments included a suggestion that introducing performance assurance frameworks to these codes would be too challenging and undesirable; that the data in the new electricity commercial code would likely be commercially sensitive and inappropriate to be shared with competitors or peers; that the scarcity of the required technical experts needed in the new electricity technical code would make it too difficult to reach a quorum at subcommittees; and a suggestion to introduce any changes in a pragmatic, risk-based way to avoid unnecessary complexity.

Decision

- 4.41. We thank respondents for their views. We will continue to consider them in detail ahead of our upcoming engagement on code consolidation, where we intend to further explore the relative merits of introducing performance assurance frameworks into these two consolidated codes.

Derogations: code manager as decision maker

Consultation position

- 4.42. We noted that codes currently have different processes to handle derogations, which allow parties to request to have certain code rules disapplied. We proposed to standardise how derogations are handled across codes by making the newly licensed code managers the decision makers in all instances, with alternative options being to grant this power to performance assurance boards, Ofgem or to maintain the status quo.
- 4.43. We also noted that, even if we maintained the status quo, there would still be a need for consequential changes in some cases, due to the roles currently played by code panels and code administrators.

Summary of consultation responses

Q18. Do you agree with our preferred option of making the code manager decision maker for all code derogations?

- 4.44. Many respondents agreed with our proposal, with many of these highlighting various advantages of having the code manager as decision maker, such as greater simplicity and faster decision-making. Some respondents recommended that the code manager seek the views of either the SAF or Ofgem when making decisions for derogations and sandboxes. It was also noted that SAFs could provide perspectives on potential risks, benefits and impacts.
- 4.45. Some respondents disagreed with our proposals. A few of these pointed to existing licence and legal obligations as the reason for their disagreement, and it was noted that making decisions on derogations is a key regulatory function. It was also noted that an Ofgem decision-making role provides for consistency and overall oversight, and that the rules are too broad and complex for code managers to make effective decisions.
- 4.46. A couple of respondents were concerned that, with the code manager making decisions, the regime would lack necessary checks and balances and that this could lead to decisional biases, and unnecessary and numerous code derogations. A couple of other respondents raised a concern that assimilated EU law, which had previously authorised the granting of derogations in relation to the European network codes to regulatory authorities, might need to be changed before Ofgem could proceed with its proposals.

Decision

- 4.47. We have decided not to proceed with our proposal to make code managers the decision maker for all code derogations. Instead, we will maintain the status quo arrangements, where possible. For phase 1 codes, this means that the Authority will remain the decision maker for BSC sandbox derogations and the Performance Assurance Board for REC derogations.
- 4.48. However, we note that the “qualification” derogations process in the BSC currently involves the panel making decisions. In this case, and any others like it, we consider that the code manager should take on the existing role provided by the panel.

Rationale for our decision

- 4.49. Although there was support for our proposal to make the code manager the decision maker for all code derogations, we acknowledge, and agree with, the concerns raised with this approach. Having weighed up the contrasting views, we have concluded that there appear to be significant obstacles to harmonising decision-making in this area and that it would not be in the interests of either consumers or the industry to proceed with our proposed approach.

- 4.50. We also recognise points raised about the importance of derogation decisions being made in the context of consumer interests, wider licence obligations on parties, and the connections with assimilated EU law. These issues are sensitive and would be complex to work through with the relevant parties. We have therefore concluded that further analysis is required before deciding whether to move away from Authority decision-making where this is the status quo.
- 4.51. We will continue to look at whether there is scope for introducing a more harmonised derogations process into the codes. However, in light of the concerns raised by stakeholders, and our view of the risks and resources involved with making changes at this stage, we do not plan to introduce any changes to the BSC and REC as part of our transitional process, beyond essential consequential changes such as replacing panel references in derogations processes.

Derogations: development of the regulatory sandbox

Consultation position

- 4.52. We noted that we were conducting a review of the regulatory sandbox separately from energy code reform, and were interested in seeking views on two potential areas of future revision:
- whether there should be a single, harmonised sandbox process across all codes, with small differences only where required, or whether each code should develop its own regulatory sandbox process, and
 - whether SAF members should be sighted and have the opportunity to comment on all sandbox derogation requests, or whether the level of SAF involvement should be determined by the code manager.

Summary of consultation responses

<p>Q19. In terms of sandbox derogations, do you agree that in the long-term there should be a harmonised process across all codes? Do you have views on our options for how SAF members are consulted on sandbox derogation requests?</p>

- 4.53. The majority of respondents agreed with our proposal to introduce a harmonised process for sandbox derogations. Reasons given in support largely focused on the perceived benefits of harmonisation, such as greater consistency and a reduction in the burden on innovators.
- 4.54. In terms of SAF involvement, many respondents expressed support for SAFs being consulted. Reasons given for support included ensuring that industry experts could identify potential issues that code managers may miss and that they could provide valuable perspectives on the benefits, risks and impacts of

derogation requests. A couple of respondents cautioned that SAF involvement should be proportionate to avoid an overly burdensome process.

- 4.55. One respondent argued that performance assurance boards were better placed to comment on and mitigate risks arising from derogations than SAFs. Another respondent felt that Ofgem should continue its role as a decision maker in the sandbox process and that the small number/shortage/lack of applications made it difficult to tell if the current process works or succeeds in attracting applicants.
- 4.56. Further suggestions included that the cross code steering group (CCSG) could be used as a mechanism to create harmonisation across the codes, that the code manager should demonstrate that it has consulted the views of the SAF when making decisions, and that the SAF should not only propose and scrutinise sandbox derogation applications, but also propose new ideas in regulatory innovation.

Decision and rationale

- 4.57. We consider that the introduction of a single, harmonised sandbox process across all codes, with small differences only where required, is an appropriate long-term goal for the codes, rather than allowing each code to develop its own process. We will continue to consider whether, and if so when, to introduce new code derogation processes, noting that we expect that other aspects of the new code reform governance process, such as bedding in the SAF and new modifications process, are likely to take priority in the nearer and medium term.

Derogations: views on the regulatory sandbox

Consultation position

- 4.58. In connection with our review of regulatory sandbox provisions, we also sought general views from stakeholders regarding what does and does not work well about existing sandbox derogation processes.

Summary of consultation responses

Q20. Do you have views on what works well within existing sandbox derogation processes? Or views on what should change?

- 4.59. Many respondents answered this question. A couple of respondents stated that sandboxes worked most effectively when they had well-defined plans, timelines and success criteria; a focus on consumer benefits and protection; and flexibility to adapt to changing circumstances and technologies. A couple of other respondents called for greater clarity on the handling of sandbox applications, such as how they are prioritised against other work and timelines, and a few

respondents felt that the current sandbox derogation process for seeking approval took too long.

- 4.60. One respondent considered that the time permitted to relax the rules was too short, making the process unattractive to investors. Another argued that the sandbox process is not used enough and that Ofgem could address this by publishing updates and results from the process. Another respondent noted that the current sandbox process was not compatible with the gas codes and that Ofgem’s view on how to adapt the sandbox framework would be welcome.

Decision and rationale

- 4.61. We appreciate the views shared by respondents on what does and does not work well within existing sandbox derogation processes. We will keep them under review as we consider whether to introduce changes to these processes in future, as well as whether sandbox derogations should be implemented in additional codes.

5. BSC/REC Cost Recovery

Section summary

This section sets out a summary of responses and our decision to retain the code administrator cost recovery methodologies found in the BSC and REC in the new code manager framework.

Background

- 5.1. In the [October 2024 government response to the consultation on code manager licensing and secondary legislation](#) we set out our proposal to decide on a code-by-code basis whether to retain existing cost recovery methodologies for the code administrators when transitioning to the new code manager framework.
- 5.2. In the [second implementation consultation](#), we set out our approach to analysing the cost recovery methodologies in the BSC and REC. We considered the methodologies against the following criteria:
 - Is the cost recovery methodology cost reflective?
 - Is it transparent? Is it clear?
 - Does it have a negative impact on competition?
 - Considerations for implementation (eg would it be overly burdensome to retain the existing methodology or is there a simpler alternative?).

Retention of existing cost recovery methodologies

Consultation position

- 5.3. We proposed to retain the cost recovery methodologies used by the current code administrators of the BSC and REC. Following our assessment, we considered that these methodologies satisfy the criteria used: both are cost reflective and transparent, and we found no evidence to suggest they have a negative impact on competition. Our view was that keeping the current methodologies would provide the least disruption to industry as we move to the new framework, noting the importance of not unnecessarily changing something that works well.

Summary of responses

Q21. To what extent do you agree with the proposal to retain the existing code administrator cost recovery methodologies in the BSC and the REC? (Noting that appropriate consequential changes would need to take place)?

- 5.4. The majority of respondents expressed their support for our proposals to retain the existing cost recovery methodologies. No one expressed disagreement.

- 5.5. A few respondents agreed that there isn't a clear driver for change for either methodology. The same respondents highlighted that the current methodologies are transparent, clear and do not negatively impact competition.

Decision

- 5.6. We have decided to proceed with our proposals to retain the current cost recovery methodologies found in the BSC and REC. This would mean that RECCo and Elexon can continue to use these cost recovery methodologies in their role as code manager, provided that appropriate consequential changes have been carried out to reflect the new framework.
- 5.7. Rationale for our decision We consider that both cost recovery mechanisms sufficiently satisfy the criteria we developed.
- 5.8. We also note that neither the BSC nor the REC are being consolidated as part of the first phase of code governance reform, so there is no clear driver to change either of the mechanisms that are in place. We believe it is important to provide minimal disruption to industry where possible.

Approach to implementation

Consultation position

- 5.9. We acknowledged that some consequential changes would be needed to ensure that the cost recovery methodologies align with the draft code manager framework. We believed that these would be mainly housekeeping changes (eg changes to references to the code administrator) as well as work to draw out and distinguish code manager costs from other potential functions being charged for under the code, if relevant.
- 5.10. We sought views on any potential concerns or additional areas we should consider when carrying out these consequential changes.
- 5.11. Subject to adopting our proposal to retain the cost recovery methodologies used by the code administrators of the BSC and REC, we proposed to engage with Elexon and RECCo to develop draft consequential changes to the current cost recovery mechanisms.

Summary of responses

Q22. Are there any specific factors or concerns we should consider when carrying out the consequential changes required to implement the changes to the cost recovery mechanisms?

- 5.12. Many of those who responded to this question provided specific factors to consider when carrying out the consequential changes needed to the cost recovery mechanisms. These included: being aware of any potential consequential licence changes needed; ensuring continued transparency of costs; addressing issues that may occur with not-for-profit models and funding multi-year projects.
- 5.13. One respondent mentioned that further clarity was needed in defining the code manager roles and activities and how this will affect the design of the methodologies.

Decision

- 5.14. We appreciate the views shared by respondents and will consider these as we work with Elexon and RECCo to develop the consequential changes needed to implement the cost recovery mechanisms in the new framework. We expect to provide more clarity on defining the code manager roles and activities in a future consultation.

6. Directing central system delivery bodies

Section summary

In this section we set out a summary of responses and our decision to proceed with the proposed approach for determining whether to issue a direction to central system delivery bodies (CSDBs), and the steps we will follow should we decide to issue a direction.

Background

- 6.1. The Energy Act 2023 grants Ofgem the ability to issue directions to the bodies responsible for operating, or for procuring the operation of, ‘designated central systems’, otherwise known as the central system delivery bodies (CSDBs).^{3,4} These central systems underpin the gas, electricity and smart metering arrangements and play an important role in the functioning of the current industry code framework.
- 6.2. The CSDBs are responsible for, among other things, supporting the effective implementation of code changes, by delivering central system changes and coordinating with other system changes.
- 6.3. In [the 2022 government response to the joint consultation on energy code reform](#) we noted our intention to achieve enhanced oversight of CSDBs, and improved coordination between central system delivery and code management through our reforms. We considered that licensing CSDBs would not be appropriate at this time. Instead, Ofgem has the ability to direct CSDBs for the purposes of ensuring that they comply with the code or do what is reasonably necessary to facilitate the ongoing efficient operation of the codes.

Process for issuing directions and consulting with stakeholders

Consultation position

- 6.4. We set out our expectation that any instances of non-compliance with the code will, in the first instance, be addressed through engagement between CSDBs, code managers or Ofgem. Where the issue is not resolved through this approach, Ofgem’s power to direct CSDBs provides a route for Ofgem to enforce against non-compliance with directions.

³ [Energy Act 2023 section 194](#)

⁴ Directions under Part 6 of the Energy Act 2023 may only be used in relation to central systems that have been designated for the purposes of Part 6 of the Act by notice given by the Secretary of State.

- 6.5. We proposed that prior to issuing a direction we would, in line with section 194 of the Energy Act 2023, always consider the ability of the CSDB: (i) to recover any costs reasonably incurred in complying with the direction; and (ii) to comply without contravening any other obligation under the relevant code or in its operation of the designated central system.
- 6.6. We proposed that we would publish a notice, and invite representations from interested parties, setting out: our proposal to issue a direction, the reasons for proposing to issue the direction, proposed text and intended effects of the direction, the date the direction would come into effect, and the date by which representations must be provided to Ofgem.
- 6.7. If, after considering representations, we decide to proceed with issuing a direction, we proposed that we would publish a further notice stating our decision to issue the direction along with the text and intended effect of the direction, how we have considered any representations, and the reasons for any differences between the proposed direction and the direction proposed in the earlier notice.

Summary of responses

Q23. To what extent do you agree with the proposed approach to issuing directions to responsible bodies for designated central systems,⁵ in particular the proposed consultation process?

- 6.8. A majority of respondents agreed with the process that we proposed to use in deciding whether to issue (and then in subsequently issuing) a direction to CSDBs should we decide to do so. One respondent sought clarity on how Ofgem’s ability to direct CSDBs and the Secretary of State’s ability to direct the Data Communications Company under the Smart Meter Communication Licence would interact to ensure there is no duplication or contradictory directions.
- 6.9. Some of the respondents who agreed with the proposed process supported Ofgem’s early engagement with interested parties and CSDB providers to ensure better understanding of Ofgem’s intended effect and costs of any directions given. A few raised concerns that Ofgem should fully consider the possible impacts of directions on code parties and other stakeholders.
- 6.10. A few respondents also noted that Ofgem should consider carrying out an impact assessment (IA) and cost-benefit analysis (CBA), when determining whether to issue directions.

⁵ References to “responsible bodies for designated central systems” and “central system delivery bodies (CSDBs)” are used interchangeably in this document.

Decision

6.11. We have decided to proceed with the proposed approach for determining whether to issue directions to CSDBs, including the proposed consultation process. These steps are consistent with the requirements set out in section 194 of the Energy Act 2023.

Rationale for our decision

- 6.12. We acknowledge that the majority of respondents agreed with our proposals.
- 6.13. We consider that the process set out in our consultation will help to ensure that any directions we issue are fair and proportionate. In particular, the requirement for Ofgem to consider both a CSDB's ability to recover the costs of complying with a direction and to comply without breaching applicable code obligations should ensure that directions are not unduly onerous. Consulting on a proposed direction will also enable us to take account of the views of interested parties before reaching a final decision.
- 6.14. We note suggestions that Ofgem should undertake an IA or CBA when determining whether to issue a direction. As outlined above, we will consider the impacts of a proposed direction as part of the consultation process. While we would assess on a case-by-case basis whether a formal IA is warranted,⁶ we consider it unlikely to be necessary where the direction relates to requiring a CSDB to comply with the code, as compliance is already an existing obligation.

Consequential changes

Consultation position

6.15. We set out our intention to use our transitional powers under schedule 12 of the Energy Act 2023 to make any changes to codes and contracts that are needed to facilitate our ability to use our direction powers. In doing this, we would consider whether any changes are needed to ensure that CSDBs are able to recover any costs incurred in complying with directions. We would also consider whether existing arrangements for making changes to systems, processes or budgets set out in codes and contracts contain appropriate provisions for allowing directions to be complied with.

⁶ [Impact assessment guidance | Ofgem](#)

Summary of responses

Q24. Are there any factors we should consider when carrying out the consequential changes required to implement the power to direct responsible bodies for central systems?

- 6.16. Respondents provided various comments on potential factors we should consider when carrying out our consequential changes. A couple of respondents said that Ofgem should prioritise early engagement with industry participants and code administrators before making changes to documents, including to help identify any dependencies.
- 6.17. A couple of respondents noted that they would like to understand how existing change management arrangements would be modified to allow for directions to be complied with. One respondent said that existing licence conditions may need to be updated to reflect Ofgem’s new power to direct CSDBs.

Decision

- 6.18. We appreciate the comments on potential factors we should consider when carrying out the consequential changes required to implement the power to direct CSDBs. We will continue to engage with existing responsible bodies on any consequential changes needed and will consult on any proposed changes.

7. Implementation and assurance approach

Section summary

In this section we set out a summary of responses and our decisions on:

- (i) the consequential code changes required to implement the reform programme
- (ii) our proposed approach to the implementation and monitoring of code manager candidates, and the list of products proposed for the final assurance assessment to demonstrate compliance with the standard licence conditions
- (iii) our proposed approach to the consolidation of codes, including on the proposed use of workgroups.

Background

- 7.1. In our August 2024 [implementation decision](#), we committed to consult on the timings for the implementation of energy code reform and the associated programme of work. We fulfilled this commitment in our May 2025 [second implementation consultation](#), where we outlined our approach to implementing energy code reform, identified the activities necessary to deliver the required changes, and set out which stakeholders we considered best placed to contribute to those activities.
- 7.2. We identified three main areas of change that we considered must be completed for each phase of the transition process, as part of implementing the new governance framework:
- to create and or modify regulatory documents and instruments, primarily the codes, licences, and contracts (“Consequential changes”)
 - to select and license code managers for each code, including the steps needed to assure that they are ready to carry out the licensed activity from the moment of licence grant (“Code manager selection”), and
 - in respect of phases 2 and 3, to combine certain governance and contractual provisions across particular codes, creating new consolidated codes (“Consolidation”).

Consequential changes

Consultation position

- 7.3. We explained that delivering consequential changes would require us to undertake or commission activities related to the discovery of documents and processes, the development of modifications to legal text, and the implementation of those modifications following appropriate consultation. We

also set out views on the potential roles played by Ofgem and the industry in these activities, together with related assurance steps.

- 7.4. We set out that our proposed allocation of responsibilities across policy development, discovery, modification proposal development and implementation planning reflected each stakeholder group's ability to operationalise change, their subject-matter expertise, access to relevant information, and their capacity.
- 7.5. We proposed that incumbent code administrators and code manager candidates would have a central role in discovery work and in the development of modification proposals and implementation plans. We also indicated that delivery bodies and relevant constituencies of code parties would be expected to contribute expertise during this development work.
- 7.6. We confirmed that Ofgem would maintain strategic oversight across all phases of delivery, including setting the timetable for critical-path activities, monitoring progress, and intervening where necessary to ensure that sequencing and readiness remained on track.
- 7.7. We proposed that Ofgem's level of direct involvement would be kept under review, adopting a risk-based approach to determine when Ofgem should undertake activities directly or when additional governance arrangements should be put in place to support the sequencing of critical-path tasks.

Summary of consultation responses

Q25 Do you have views on our approach to allocating roles and responsibilities to the range of implementation activities?

- 7.8. The majority of respondents expressed support for our allocation model, emphasising early clarity on expectations, visible assignment of tasks, and active management of cross-code dependencies.
- 7.9. Some respondents noted that industry resource constraints could challenge delivery, particularly where the same small groups of experts support multiple programmes. They encouraged Ofgem to consider timing, sequencing and avoidance of consultation peaks.

Q26 Do you have views on the completeness of the list of implementation activities, and how we expect to be assured of good outcomes?

- 7.10. The majority of respondents to this question expressed support for the completeness of our proposed list of implementation activities and assurance steps. They considered the structure logical and proportionate to the scale of change.

7.11. Several respondents emphasised the importance of clarity on expectations and the need for transparent communication on how assurance would operate. Some respondents highlighted concerns about industry capacity to support all planned activities given concurrent programmes.

Q27 Do you agree with our view on the responsibility individual stakeholders should have in readiness for the transition?

7.12. A large majority of respondents agreed with our view on the responsibility that individual stakeholders should have in readiness for the transition. Respondents emphasised the importance of early planning, clear communication and structured implementation activity.

7.13. Many respondents highlighted the need for Ofgem to provide further detail on expectations, noting that clarity on milestones, dependencies and deliverables would support the development of internal readiness plans.

Q28 Are there specific ways we can facilitate timely industry readiness?

7.14. A large majority of respondents emphasised the importance of clear planning, early engagement and structured transition support to facilitate timely industry readiness. Respondents stressed that visibility of the transition plan, including how activities align across codes, was essential.

7.15. A few stakeholders requested greater clarity on outcomes, timelines and responsibilities across all codes. They encouraged regular communication and transparent planning from Ofgem and highlighted the value of structured coordination, including the potential of centralised transition planning.

Decision

7.16. We have decided to adopt the proposed structure of work across discovery, modification development, assurance, and implementation planning. This confirms the intended range and sequence of implementation activities we will coordinate taking account of industry capacity while balancing this with prioritising delivery.

7.17. We have also decided to take forward our proposals for how roles and responsibilities are allocated across the transition. In doing so, we will continue to lead on overall delivery of the programme while drawing on stakeholders where this supports effective implementation.

Rationale for decision

7.18. We note that respondents consistently sought clearer and more timely notice of any work we would expect them to undertake as part of the transition. We

recognise that the scale and interdependencies of the reform programme mean that stakeholders need sufficient advance visibility of when their input will be required, and our approach is designed to provide that clarity through structured discovery activity, targeted engagement and defined implementation workstreams.

- 7.19. We acknowledge that respondents also highlighted the limited amount of operational detail made available to date. This reflects the phased nature of the programme, where the level of detail we provide is tied to the maturity of discovery work, the development of modification proposals and the sequencing of critical-path activities. As these elements progress, we will be able to communicate further detail on the tasks that stakeholders will be asked to support, but we consider that the framework set out in the consultation remains the appropriate foundation for developing that detail in a coherent and well-sequenced way.
- 7.20. We further note concerns about resourcing pressures across both Ofgem and industry. By drawing on expertise where it naturally sits, while retaining oversight and using a risk-based approach to determine the level of our involvement, we aim to ensure that the work is manageable, proportionate and directed where it adds most value.

Next steps

- 7.21. We intend to continue building on the progress that we have made on identifying and developing consequential changes for the two phase 1 codes since the publication of the [second implementation consultation](#), supported by the insights that we obtained from industry participants in last summer's workgroup sessions.
- 7.22. Our next steps on consequential changes focus on continued collaboration with code administrators to identify and draft the required modifications and to ensure proposals appropriately reflect cross-code dependencies. We will seek stakeholder input through the forthcoming phase 1 consultation on transitional measures and consequential changes, followed by the subsequent statutory consultations under the Energy Act 2023, which will provide the primary opportunities for stakeholders to comment on the phase 1 consequential changes.
- 7.23. As we progress our consequential changes work, we will provide further detail on the expected activities and engagement points for consequential changes to phase 2 and phase 3 codes. This will be set out in due course, giving stakeholders early visibility of when contributions will be most valuable.

Code manager selection: implementation and assurance

Consultation position

- 7.24. We proposed to take an active oversight role in the implementation and assurance process, with some joint governance established with code manager candidates to enable discussions at regular intervals and to ensure that plans progressed as expected. The implementation process itself, and the submission of any required information or evidence, would remain the responsibility of the candidate, with the possible exception of any areas where we determine that the exercise of our transitional powers under schedule 12 or 13 of the Energy Act 2023 would be warranted.
- 7.25. We also set out our expectation that each candidate’s implementation activities would be divided into the following topics, with the potential for some degree of variation from one code to the next depending on the underlying context:
- Acquisition of resources against the licensing criteria, notably the hiring of staff and/or procurement of services.
 - Cost assessment (and monitoring of any changes to costs that emerge during the implementation process), to provide certainty to code parties as to potential forthcoming charges.
 - Cultural change management strategy, and updates on employee engagement that any stakeholder would be able to raise an issue.
 - Governance and organisational changes, particularly where these are required to meet conflict of interest requirements, including the appointment of independent directors where required.
 - Implementation of necessary infrastructure, systems and processes to support the code manager role.

Summary of consultation responses

Q29. Do you agree with our proposed approach to the implementation and monitoring of the code manager candidate?

- 7.26. A large majority of respondents agreed or strongly agreed with our proposed approach. They viewed this as being key to ensuring alignment, addressing issues promptly, and driving progress. However, they also noted the need for flexibility, with a few respondents suggesting that monitoring should adapt to the capability and readiness of each code manager candidate. For example, candidates with established governance experience may require a lighter-touch approach, while those managing new or consolidated arrangements could need more detailed oversight to ensure preparedness.

- 7.27. A small number of respondents remained neutral or withheld a view, noting the high level of the proposal, while also emphasising that strong governance will be essential for successful and timely delivery. None disagreed.
- 7.28. Some respondents also highlighted various factors that they encouraged us to consider during any implementation process. These included the need for clear communication, regular updates, and opportunities for industry input throughout the process; close monitoring of potential conflict of interest mitigations; possible challenges related to staffing and capability building; and the desirability of an efficient implementation process.

Decision

- 7.29. We have decided to adopt an active oversight role in the implementation process, monitoring progress through regular engagement with code manager candidates. Candidates will be responsible for developing and executing detailed implementation plans, in line with the proposed list of content in the consultation, with our role being to hold them to account for delivery against agreed milestones and to provide support, where warranted, through the use of our transitional powers under schedules 12 or 13 of the Energy Act 2023.

Rationale for decision

- 7.30. We consider that the adoption of an active oversight role in the implementation process will reduce the time required to grant a code manager licence, minimise unnecessary cost and disruption, and lead to robust outcomes. We acknowledge that failure to have appropriate arrangements in place ahead of licence grant would present significant risks to consumers and the industry. Our approach is therefore designed to minimise these risks through structured oversight, clear expectations, and collaborative engagement with candidates, while retaining sufficient flexibility to adopt a lighter-touch approach where this may be warranted.
- 7.31. We note the requests for clear communication throughout the implementation process and the desire for regular progress updates. We will consider jointly with each code manager candidate how best to keep interested parties informed of ongoing developments, as well as the timing and nature of any future calls for input from the industry and other relevant stakeholders.
- 7.32. We acknowledge respondent views on potential risks and issues that we should be mindful of during the implementation process. We agree with the need to ensure that code managers are free from prejudicial conflicts of interest at the point of licence grant, are supported by appropriately experienced and expert staff, and are established as efficiently as possible. We will strive to be mindful of

these concerns, and others, moving forward, as part of our monitoring of code manager activities.

Code manager selection: final readiness assessment

Consultation position

7.33. We proposed to conduct a final assurance assessment once implementation has progressed sufficiently to demonstrate readiness for licensing. This assessment would seek to evaluate candidate compliance with key licence requirements and deliverables that we consider must be in place for the candidate to commence its role, related to the following topics:

- Nature and conduct of the licensee’s business
- Financial and operational controls
- Arrangements for the licensee’s independence (with the possibility of exceptions in limited cases)
- Budgets and cost recovery

7.34. We also proposed not to create a universal assurance form for all code manager candidates, as activities and outputs would be specific to each code manager. Instead, we would collate relevant information during the implementation period, using regular programme reports from the joint governance process, and supplement these with additional requests where needed.

Summary of consultation responses

Q30. Do you agree with the list of products proposed for the final assurance assessment to demonstrate compliance with the standard licence conditions?

7.35. A majority of respondents agreed or strongly agreed with the proposed list of assurance products, noting these provided confidence in readiness and were appropriate, comprehensive, and aligned with the standard licence conditions.

7.36. A few respondents agreed that a universal assurance form would be unnecessary, emphasising that outputs should be tailored to each code manager. Others suggested that governance, delivery, and reporting arrangements should be evidenced at the final assurance stage, arguing these are fundamental to licence compliance and should not be deferred. They called for clear expectations and evidence of implementation.

7.37. A couple of respondents raised additional considerations. These included the need for detailed guidance on intervention, continuity, and internal governance; clarity on how assurance outputs would be used and transition risks managed;

the need for transparency and stakeholder involvement throughout the process; and the importance of code managers possessing skilled staff and robust internal controls to meet licence requirements.

Decision

- 7.38. We have decided to proceed with our proposal to undertake a final assurance assessment before deciding whether to grant a licence. This assessment will be based on the list of key licence requirements and associated deliverables proposed in the consultation, which we consider must be in place for the candidate to commence its role.
- 7.39. We have also decided that we will adopt a flexible approach to the assurance of each code manager candidate, rather than using a universal form. This approach will consist of collecting relevant evidence from each candidate throughout the implementation process and drawing on regular programme reports and the outputs of joint governance processes, complemented by a request for any additional information that we think may be necessary as part of our final assurance assessment.

Rationale for decision

- 7.40. We consider it essential that code manager candidates are subject to a final assurance assessment step, underpinned by clear checks and sign-off, prior to licence grant. We note that the majority of respondents agreed with this approach, including the proposed list of assurance products.
- 7.41. We agree that it is important to adopt a flexible approach to the assurance of each code manager candidate, rather than relying on a universal assurance form for all candidates. We expect that our approach will allow us to tailor evidence requirements to each candidate's circumstances, ensuring all necessary checks are met while accommodating differences in complexity, organisational design and transitional arrangements.
- 7.42. We acknowledge respondent views that governance, delivery, and reporting arrangements should be evidenced at the final assurance stage. Although we have decided not to require explicit evidence of these capabilities as part of our final assurance assessment, that does not mean that we will not be requiring evidence of these capabilities at all. In addition to asking candidates to explain how they would establish these capabilities as part of the licensing assessment process, we would also expect to gather relevant evidence from them over the course of the implementation period, as part of our monitoring of candidate activities. If any concerns emerged during this period, we would retain the flexibility to request supplemental evidence as part of our final assurance

checks, allowing us to confirm their organisational readiness ahead of potential licence grant.

- 7.43. We also thank respondents for providing views on a range of other considerations related to our proposed assurance approach. We will continue to consider these views as we monitor the implementation activities of code manager candidates, including how best to ensure an appropriate level of transparency and stakeholder involvement throughout this process.

Next steps

- 7.44. We have already begun the implementation and assurance process for the two phase 1 codes, including the review of candidate implementation blueprints and establishment of joint working arrangements. We intend to continue working with the code manager candidates for the BSC and REC as they prepare for potential licence grant in late 2026, while providing appropriate support and challenge along the way.
- 7.45. We have also updated the content of our previously published guidance on code manager selection to reflect the decisions on implementation and assurance taken in this document. If you are interested in reviewing those changes, you will find an updated version of our guidance document published alongside this decision.
- 7.46. It is also worth noting that we have started the code manager selection process for the two phase 2 codes, via the publication of an open call for expressions of interest on 26 January 2026 (closing on 20 March 2026). After the conclusion of this process, we expect to be able to publish a decision in Q2 2026 on both candidate eligibility and our determination between competitive versus non-competitive selection for these two codes. 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 the phase 2 code manager licences in Q4 2026.

Code consolidation

Consultation position

- 7.47. We proposed that the next step for code consolidation should be in-depth industry engagement, starting with a series of workgroups that would allow us to gather detailed views from industry stakeholders about the code changes needed to achieve consolidation, and the risks and issues involved. We stated our expectation that we would have developed policy proposals ahead of the

workgroups starting, rather than industry participants being tasked with beginning the work themselves.

7.48. We also stated that we expected workgroups to cover two main areas: (i) creation of the common contractual framework; and (ii) the eight types of code provisions that we consider must be rationalised prior to granting the relevant code manager licence.

7.49. We proposed a limit of 16 industry attendees per workgroup, in line with the approach taken in the modification workgroups we ran in 2024. This proposal was an attempt to strike a balance between our desire to reflect a broad range of industry views and the benefits of a focused, fully committed membership.

Summary of consultation responses

Q31: Do you agree with our proposals on code consolidation (including use of workgroups, and early proposals on the common contractual framework)?
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7.50. A large majority of respondents agreed or strongly agreed with our proposals on code consolidation. Many respondents expressed particular support for our proposals to use workgroups, although a few respondents stated that there should not be a cap on the number of workgroup participants.

7.51. On the approach to code consolidation more generally, a few respondents expressed support for our identification of the common contractual framework as a key area for early engagement. A few respondents requested further detail on the approach to consolidation, including timings.

Decision

7.52. We have decided to proceed with the activities that we identified in the consultation, with the addition of a stage of preliminary engagement with relevant code administrators prior to convening industry workgroups. This sequence will consist of the following steps:

- targeted engagement with code administrators of the existing codes to test possible approaches to consolidation and identify risks or issues
- wider industry workgroups to test the approaches developed in collaboration with these organisations and to understand industry views about the code changes needed
- develop code modifications using outputs from this engagement exercise, potentially with support from relevant code administrators to help draft the required code text

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- consultation on the proposed code modifications in accordance with the requirements under schedule 12 of the Energy Act 2023, possibly preceded by a preliminary consultation to seek feedback on the policy proposals underlying these changes.

7.53. We have also decided not to proceed with our proposal to cap membership of workgroups.

Rationale for decision

7.54. We consider that targeted engagement with code administrators prior to holding industry workgroups, and potentially other key stakeholders such as system bodies, will make for a more efficient and targeted industry engagement process. For example, it will allow us to refine the list of priority consolidation areas that we have identified for discussion and ensure that workgroups are focused on the right areas, which should reduce the overall resource burden on the industry.

7.55. We acknowledge comments from stakeholders expressing disagreement with a cap on workgroup membership and have decided not to proceed with that proposal. However, while we are keen to include a broad range of industry voices, we also want to ensure that the size of each workgroup remains manageable. As such, we may take steps to impose limits on membership where they are oversubscribed, such as by limiting organisations to only a single attendee each.

Next steps

7.56. We are currently developing proposals for the consolidation of the phase 2 codes, in preparation for holding industry workgroups this summer. We have also begun targeted engagement with code administrators as part of this process so that we can gather evidence and test our initial thinking.

7.57. Alongside this publication, we have issued a call for expressions of interest to join the code consolidation workgroup (CCW) for phase 2. We are seeking participation from any person who is interested in helping us develop the modifications required to create a consolidated electricity commercial code or a consolidated gas network code. If you would like to express interest in participating in the CCW, please let us know by emailing industrycodes@ofgem.gov.uk by 17 April 2026.

8. Transition

Section summary

In this section we summarise consultation responses and our decision to proceed with our proposed transition plan which sets out a clear set of critical path activities required for delivering phase 1 in late 2026.

Background

- 8.1. In the August 2024 decision to our [first implementation consultation](#), we confirmed our decision to implement energy code reform over the course of three overlapping phases, with two codes tackled during each phase. We considered that this phased approach would allow us to reflect the different level of complexity across codes, such as by transitioning the more straightforward codes first, while also enabling us to spread out the potential burden on industry resources and account for potential interaction with other reform initiatives.
- 8.2. Building on that framework, our [second implementation consultation](#) set out a proposed transition plan for phase 1 and invited views on its realism, sequencing and deliverability. We also outlined the critical path activities that we considered needed to be delivered to support a 2026 go-live date and described how we intended to use our transitional powers to deliver a coherent and timely programme of change.

Critical path activities for phase 1 codes

Consultation position

- 8.3. We set out the proposed transition plan for phase 1, organised around the critical path activities required to deliver a 2026 go-live. These activities comprised:
- Legal instruments required to give effect to decisions under the Act
 - Workgroups convened between Ofgem and industry experts
 - Consultations on modification proposals
 - Code manager selection processes
- 8.4. We said we would run these workstreams in parallel and sequence them carefully to maintain deliverability while addressing known risks and dependencies.
- 8.5. We also stated that as we progress through phase 1, we will use the lessons gathered to strengthen subsequent phases, applying insights directly to improve future sequencing and transition plans.

Summary of consultation responses

Q32. Does our plan capture the critical path activities for a 2026 go-live for the phase 1 codes? If not, what is missing and how would it improve the deliverability of our plan

- 8.6. A majority of respondents agreed that the plan broadly captured the core activities required to appoint code managers and deliver the new framework for phase 1 codes in 2026.
- 8.7. Many respondents supported the phased structure and agreed that early engagement and clear planning principles were central to successful delivery. They noted the importance of learning from phase 1 to inform subsequent phases.
- 8.8. Some respondents suggested areas where greater clarity would improve deliverability. In particular, stakeholders requested more clarity on definitions, especially of “go-live”, and for the plan to include dependencies, such as interactions with wider programmes across the energy market.
- 8.9. A few respondents noted that the plan remained high level and asked for more detail on sequencing, contingency planning and resource allocation. They also highlighted risks associated with potential unintended consequences for later phases, and a general risk of overburdening the small pool of industry experts.

Decision

- 8.10. We have concluded that our plan accurately captures the critical path activities needed for phase 1 delivery. We therefore intend these activities to remain the basis for how we will progress the phase 1 transition process over the coming year.

Rationale for our decision

- 8.11. We note that respondents were supportive of the overall transition structure, confirming that the plan identifies the core activities necessary for successful delivery.
- 8.12. We continue to consider this the right plan and have worked closely with industry to identify potential delivery risks and dependencies. Feedback from this consultation, together with insights from last summer’s engagement sessions, has helped us refine our understanding and ensure we have the right mechanisms in place to deliver a controlled and effective transition.
- 8.13. Several respondents sought clarity regarding the meaning of “go-live”. As set out in paragraph 8.11 of the consultation, we intended for this term to describe the specific point in time where a code would transition from operating under the

current governance arrangements to the new governance arrangements. Any reference to “go-live” should therefore be read as the date where all transitional code, licence and contract changes have effect, the relevant code is formally designated by the Secretary of State, and a licensed code manager is put in place.

- 8.14. We currently do not plan for there to be a gap between the go-live date for a specific code and the effective date of associated transitional changes, as suggested might be the case in paragraph 8.12 of the consultation. However, we anticipate that relevant decisions will be published prior to go-live in most, if not all cases, with the effects of those decisions aligned to occur on a common date. We consider that this approach will enable us to ensure that all elements of the new governance framework are ready to go prior to completing the transition process, and provide the industry with advance notice so that they can make their own preparations ahead of time where needed.
- 8.15. We also anticipate that there may be a period in which short-term, transitional arrangements are required after the point of go-live, to help minimise disruption to business as usual and support a smooth change over to the new governance arrangements. We expect to present and consult on our approach to specific areas of interest for the transition period as part of our upcoming phase 1 consultation on transitional measures and consequential changes.

Important activities to build in our plan

Consultation position

- 8.16. We sought views on whether there may be any activities in the business-as-usual timetable for the codes that we should account for when building our plan.

Summary of consultation responses

Q33. Are there activities in the business-as-usual timetable for the codes you believe are important to build into our plan? What are they and why?

- 8.17. The majority of respondents were supportive of including greater flexibility and phased delivery in the transition planning. They highlighted pressures from overlapping priorities across the sector, including major programme timelines, operational commitments, governance handovers, and ongoing modification activity.
- 8.18. Some respondents emphasised the importance of ensuring continuity and avoiding unintended disruption, particularly where modifications or workgroups continue across the transition boundary.

- 8.19. Some other respondents also raised resourcing challenges, noting that the pool of industry experts is limited and already supporting several major programmes. They suggested improvements such as early identification of lower risk modifications, clearer planning assumptions for later phases, and explicit consideration of governance wind down, knowledge transfer and documentation traceability.

Decision

- 8.20. We have considered the views received on activities within the business-as-usual timetable that respondents believe should be taken into account. The feedback highlighted a range of pressures, dependencies and continuity considerations that stakeholders feel are important. While these views do not require changes to our transition approach at this stage, we will keep them into consideration as we continue to develop the sequencing and practical detail of the transition plan.

Next steps

- 8.21. We have already progressed key elements of the transition plan, including engagement on phase 1 sequencing, blueprint development with code manager candidates, and review of dependencies across internal and external programmes.
- 8.22. For phase 1, our immediate next steps are to continue working closely with candidates and stakeholders to refine the practical detail through established engagement channels. These discussions will help identify where further clarity is needed and ensure that upcoming consultations clearly signal where stakeholder input will be most valuable. As transition planning matures, we will provide appropriate opportunities for stakeholder engagement, reflecting industry commitments, resource impacts and wider interdependencies. This approach ensures that delivery remains coherent, realistic and aligned with the objectives of energy code reform.
- 8.23. We will also maintain alignment with wider reform activity, including work under the SDS and cross-code change arrangements, so that phase 1 decisions remain coherent with the broader programme.
- 8.24. Looking ahead, we will use lessons learned from phase 1 to shape the sequencing and overall approach for phases 2 and 3. As part of this, we will assess dependencies and industry commitments to ensure that future plans remain realistic, proportionate and deliverable. We will share more detailed thinking on timelines and transition pathways for phases 2 and 3 in due course, giving stakeholders a clear view of upcoming engagement opportunities.

Appendix 1. Consultation questions from the second implementation consultation

Section 2

- Q1. Do you agree with our proposal to have in place a premodification process and the proposed roles and responsibilities in this process?
- Q2. Do you agree with our proposals on who can raise modification proposals and the associated triage criteria?
- Q3. Do you agree with our proposals on when modification proposals are deemed as withdrawn; i) if a code manager doesn't take ownership and ii) if the proposer does not engage in the process or acts vexatiously.
- Q4. Do you agree with our proposed roles and responsibilities in determining the materiality and priority of a modification proposal?
- Q5. Do you agree with our proposals on cross-code working; i) to use the cross-code working arrangements in the Retail Energy Code as the basis of future cross-code working and; ii) any improvements that could be made to the cross-code process.
- Q6. Do you agree with our proposal on how a code manager should decide the need for a workgroup to develop a modification proposal?
- Q7. Do you agree with our proposals on alternative modifications; i) who can raise them and ii) a limit on their number.
- Q8. Do you agree the default should be that modification proposals are consulted on once?
- Q9. Do you agree with our preferred option (Option 2) to deliver these proposed changes?
- Q9. Do you agree with our proposals for the future of the Code Administration Code of Practice?
- Q10. Do you agree with our proposal to have in place a premodification process and the proposed roles and responsibilities in this process?

Section 3

- Q11. Do you agree with our proposed SAF objectives?
- Q12. Do you agree with our proposals for SAF membership?
- Q13. Do you agree with our proposals on how SAF will operate?

Section 4

- Q14. Do you agree with our preferred approach of conducting a case-by-case review of subcommittees in terms of delegated decision making and impartiality?
- Q15. Do you agree with our proposals for the running of subcommittees, including that code managers chair and provide the secretariat in all cases?
- Q16. Do you agree that the same approach we are taking for subcommittees should be applied to performance assurance boards (PABs) or committees where these are already in place?
- Q17. Do you have any views on whether we should introduce performance assurance frameworks to the consolidated electricity technical code and electricity commercial code?
- Q18. Do you agree with our preferred option of making the code manager decision maker for all code derogations?
- Q19. In terms of sandbox derogations, do you agree that in the long-term there should be a harmonised process across all codes? Do you have views on our options for how SAF members are consulted on sandbox derogation requests?
- Q20. Do you have views on what works well within existing sandbox derogation processes? Or views on what should change?

Section 5

- Q21. To what extent do you agree with the proposal to retain the existing code administrator cost recovery methodologies in the BSC and the REC? (Noting that appropriate consequential changes would need to take place)?
- Q22. Are there any specific factors or concerns we should consider when carrying out the consequential changes required to implement the changes to the cost recovery mechanisms?

Section 6

- Q23. To what extent do you agree with the proposed approach to issuing directions to responsible bodies for designated central systems, in particular the proposed consultation process?
- Q24. Are there any factors we should consider when carrying out the consequential changes required to implement the power to direct responsible bodies for central systems?

Section 7

- Q25: Do you have views on our approach to allocating roles and responsibilities to the range of implementation activities?
- Q26: Do you have views on the completeness of the list of implementation activities, and how we expect to be assured of good outcomes?
- Q27: Do you agree with our view on the responsibility individual stakeholders should have in readiness for the transition?
- Q28: Are there specific ways we can facilitate timely industry readiness?
- Q29: Do you agree with our proposals on code consolidation (including use of workgroups, and early proposals on the common contractual framework)?
- Q30: Do you agree with the list of products proposed for the final assurance assessment to demonstrate compliance with the standard licence conditions?
- Q31: Do you agree with our proposals on code consolidation (including use of workgroups, and early proposals on the common contractual framework)?

Section 8

- Q32. Does our plan capture the critical path activities for a 2026 go-live for the phase 1 codes? If not, what is missing and how would it improve the deliverability of our plan?
- Q33. Are there activities in the business-as-usual timetable for the codes you believe are important to build into our plan? What are they and why?

Appendix 2. New consultation questions on proposed code text and current conflict of interest provisions

Section 2

QT1. To what extent do you agree that the proposed code text accurately reflects our policy decisions set out in the main document?

QT2: Are any amendments needed to the proposed code text to ensure it reflects the specific requirements for the BSC and REC?

Section 3

QT3. To what extent do you agree that the proposed SAF text accurately reflects our policy decisions set out in the main document?

QT4: Are any amendments needed to the proposed code text to ensure it reflects the specific requirements for the BSC and REC?

QT5. Do you have any views on whether conflict of interest provisions should be introduced under current panel arrangements?

Appendix 3. Subsidiary documents

The following subsidiary documents have been published on Ofgem’s website alongside this decision document:

- Subsidiary Document 1 - Proposed code text
- Subsidiary Document 2 - Proposed SAF text
- Subsidiary Document 3 - Expressions of interest to join the Code Consolidation Workgroup (Phase 2)

Appendix 4. Glossary

Acronyms	Definitions
BSC	Balancing and Settlement Code
CACoP	Code Administration Code of Practice
CCSG	Cross Code Steering Group, set up under the Retail Energy Code (REC).
CSDB	Central System Delivery Body
CMA	Competition and Markets Authority
CUSC	Connection and Use of System Code
DCUSA	Distribution Connection and Use of System Agreement
DESNZ	Department for Energy Security and Net Zero
IGT UNC	Independent Gas Transporters Uniform Network Code
MPW	Modification Process Workgroup
REC	Retail Energy Code
SAF	Stakeholder Advisory Forum
SCR	Significant Code Review, a way for Ofgem to influence the existing end-to-end code change process to modify industry codes
SDS	Strategic Direction Statement means a statement prepared and published by GEMA that sets out a strategic direction for industry codes and contains a strategic assessment of government policies and developments related to the energy sector, that the GEMA considers will or may require the making of modifications to industry codes.
STC	System Operator- Transmission Owner Code
UNC	Uniform Network Code