

Mr Gavin Baillie
Ofgem -Energy Code Governance Reform Team
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12th January 2026

Dear Mr Baillie,

Re: Energy code reform programme – statutory consultation on modifications to implement a harmonised code modification prioritisation process

Thank you for the opportunity to respond to this consultation. Northern Gas Networks (NGN) has actively participated in workgroups and discussions on energy code reform, and we welcome the chance to contribute to offer views to inform your decision.

As a Gas Transporter, NGN is a party to three industry codes: the Retail Energy Code (REC), the Smart Energy Code (SEC), and our primary code, the Uniform Network Code (UNC). For this consultation, our response focuses solely on the UNC.

We would like to thank Ofgem for their attention to the concerns raised regarding drafting errors regarding the UNC during the January 2025 consultation and welcome the inclusion of a revised version of the UNC amendments in this consultation.

We have noted some errors in the framing of certain consultation questions, including duplication. To ensure clarity, we have amended the question headings for Q2 and Q3 in Appendix 1 so they align with the relevant section headings in the consultation document.

Our detailed responses to the specific consultation questions are set out in Appendix 1, and below we highlight the key points from our submission.

- The current drafting references need to be updated to ‘*Uniform Network Code, Modification Rules, 6 Modification Proposals.*’ This amendment will help ensure the proposal is implemented effectively.
- Annual reviews are more appropriate than bi-annual reviews, as twice-yearly reviews could strain resources. Aligning the review cycle with the annual Strategic Direction Statement update would be more efficient.
- Clear ownership and governance of the guidance document (Annex A) must be established to ensure it holds the appropriate regulatory status and can be accurately maintained in the future.
 - Additionally, further clarification within the guidance is needed regarding the management of the prioritisation process within workgroups, including resource allocation and timeframes.

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- Fast Track Self Governance modifications should be excluded from prioritisation, as they are not considered by workgroups. The wording should be amended to avoid conflicting governance.
- The process should allow flexibility for time-sensitive factors outside the SDS, such as exceptional circumstances like the Covid-19 pandemic or the Energy Crisis.
- An explicit appeal mechanism is needed so stakeholders understand how and when they can challenge panel decisions.

Please contact me on the details provided below should you require any further information in respect of this response.

Yours sincerely,
(via email)



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Appendix 1 – NGN consultation questions and responses.

Please find below our responses to the specific questions and requests for comments set out in the consultation.

We need to highlight that the following comment applies to all sections of the consultation *document and the proposed Uniform Network Code (UNC) drafting*:

We also note that the heading below must be updated first to enable us to apply the required changes to the section of code.

The current wording refers to ‘_Uniform Network Code, 6 Modification Proposals.’ As the UNC consists of distinct sections, with the Modification Rules forming a separate section, we recommend amending the heading to state ‘_Uniform Network Code, Modification Rules, 6 Modification Proposals.’ This amendment will help ensure the proposal is implemented effectively.

Future code modification process

Q1. Do you agree with the policy and associated code modifications proposed in Section 1. Prioritisation process?

We agree that is appropriate for Ofgem to use their transitional powers within the Energy Act 2023 to enact these changes. In addition, we would like to thank Ofgem for taking note of the concerns raised regarding the errors in drafting for the Uniform Network Code (UNC) in the previous January 2025 consultation and for including a revised version of the UNC amendments within this consultation.

Whilst we support the proposed changes to the prioritisation process and associated code modifications: the requirement for the proposer to assess their modification. We believe that clear guidance on how to assess proposals against the prioritisation criteria should be provided to ensure clarity and transparency for all stakeholders and help ensure consistent approach across the different codes.

The UNC Panel currently factors in urgency, market demands, and timelines when determining workgroup durations. Although the proposed process broadly aligns with existing practice, it introduces areas of uncertainty that require clarification. In particular, guidance is needed on:

- a. How reprioritisation should operate within workgroups.
- b. How high-priority and standard modifications should be managed during the same session.
- c. Whether additional workgroups will be mandated when multiple urgent and high-priority modifications arise, or if this will remain at the discretion of the code administrator and available resources.

Where an original modification and an alternative are raised, both follow the same governance and therefore presumably process path, which would default to the one of higher priority and governance. We wish to ensure that the process does not inadvertently result in alternatives resulting in modifications being reprioritised upwards without clear justification. Our concern is not that this would be done deliberately, but rather that the framework should guard against unintended reprioritisation that could affect the fair and efficient progression of modifications.

We request additional clarification as to how the progression of modification proposals works in practice following their prioritisation and expand on this further in response to Q3.

Q2. Do you agree with the policy and associated code modifications proposed in Section 2. Prioritisation process?

Yes, NGN agrees with this proposal in principle.

- a. In our *Preliminary Strategic Direction Statement and code governance arrangements* consultation response dated 28th March 2025 ('March Response'), NGN supported the requirement for code panels to undertake an assessment of non-urgent modification proposals against the prioritisation criteria, giving due regard to the proposer's assessment. NGN agree that the code panel are "best placed to determine prioritisation," provided that additional factors are considered including:
 - i. The need for clear guidance on how proposals should be assessed against the prioritisation criteria, to ensure quality, consistency, clarity, and transparency for all stakeholders.
 - ii. We also consider it essential that the process remains fair and transparent. An appropriate appeal mechanism should be available to proposers who wish to contest a panel's determination, so that stakeholders fully understand how—and in what circumstances—a panel's decision can be challenged
 - iii. Clarification on decision-making where the panel cannot reach agreement: Further guidance is required on how priority classifications should be determined where the panel is unable to reach a clear majority. The rules should set out how decisions should be made in the event of a tied vote, ensuring prioritisation outcomes remain consistent and definitive.
- b. In relation to the drafting, we offer the following comments:
 - i. We welcome the changes introduced by 7.2.2 (h), However we reiterate the need for clear guidance to avoid ambiguity and ensure consistency across codes.
 - ii. Whilst we agree with the principle of 7.2.3 (b)(v) we request an amendment: The drafting states where a modification is not determined to be an Urgent Modification Proposal, however, due to the nature of modifications that are determined to be "Fast Track Self Governance" and the existing UNC rules in relation to the process for these, we believe that they should also be excluded from prioritisation as by nature they are not viewed by any workgroup. We therefore ask that the wording is amended, to introduce efficiency and avoid any conflicting governance, to:

(v) where the Modification Proposal has been determined not to be an Urgent Modification Proposal, or a Fast Track Self Governance Modification Proposal, has been accorded a relevant Prioritisation Category, assessed pursuant to paragraph 7.2.2 (h) as compared with other Modification Proposals' assessments pursuant to paragraph 7.2.2 (h); or ...

Additionally, we request that the drafting for 12.14.1(a) be broadened to incorporate Fast Track Self Governance modifications. Revised wording has been proposed in our response to Q4 below.

Q3. Do you agree with the policy and associated code modifications proposed in Section 3. Prioritisation Criteria and Categories?

NGN supports the policy measures and associated code modifications set out in Section 3, which aim to strengthen transparency, consistency, and accountability in the reporting and governance of modification prioritisation. We agree with the principles of regularly reviewing prioritisation categories, including prioritisation status and justification for changes within modification registers, and clearly documenting decisions.

We also support the introduction of ad hoc reviews, the requirement to track and coordinate cross-code modifications, and the application of the new process to both current and future modifications.

However, we wish to highlight several practical considerations:

- a. Administrative burden of reassessing live projects:
While we recognise the importance of ensuring all modifications are assessed under the new framework, re-evaluating a substantial number of existing proposals could impose a significant administrative burden on code panels and industry participants. This may divert resource away from progressing new or high-priority modifications and could cause operational delays if not managed effectively. We suggest reviewing the proposed frequency and scope of reassessments to ensure modifications can be progressed efficiently without placing unnecessary strain on panels and administrators.
- b. Clarifications needed regarding application within workgroups:
As noted in our response to Question 2, the UNC Panel already considers urgency, market conditions, and timeline constraints when setting workgroup durations. Although the proposed process broadly aligns with current practice, it introduces uncertainties that require further clarification. In particular, clearer guidance is needed on:
 - i. how reprioritisation should apply within workgroups when multiple modifications are being considered;
 - ii. how high-priority and standard modifications should be managed within the same workgroup session; and
 - iii. whether additional workgroups will be required when multiple urgent or high-priority modifications arise, or whether this will remain at the discretion of the Code Administrator and available resources.

Clarifying these points is vital to ensure consistency, transparency, and effective implementation of the new framework.
- c. Flexibility for exceptional, time-sensitive factors:
We note a limitation in the ability to prioritise modifications based on exceptional, time-critical circumstances that fall outside the Strategic Direction Statement (SDS). Such situations have arisen previously—for example, during the Covid-19 pandemic and the Energy Crisis—and may need to be accommodated within the prioritisation framework.
- d. Clarification on decision-making where the panel cannot reach agreement:
Further guidance is required on how priority classifications should be determined where the panel is unable to reach a clear majority. The rules should set out how

decisions should be made in the event of a tied vote, ensuring prioritisation outcomes remain consistent and definitive.

Q4. Do you agree with the policy and associated code modifications proposed in Section 4. Policy implementation?

NGN supports the policy measures and associated code modifications set out in Section 4, which establish a framework for implementing the new prioritisation process and ensuring consistency across codes.

Although the guidance provides direction on assigning priority, it does not address key operational considerations, including:

- how time should be allocated within workgroups;
- the permissible duration for pausing items before progression; and
- how timelines should be adjusted in response to fluctuations in the number of modifications under review.

We would also like to note the resource implications of the proposed biannual reviews of prioritisation categories. While we appreciate the intention to maintain regular oversight, undertaking reviews twice per year could place a considerable burden on code administrators and panel members. NGN's preference is for reviews to align with the timing of SDS updates, which would still provide regular and effective oversight while reducing the administrative impact on all parties. We therefore propose the following changes to the UNC drafting within this section.

- a. Review frequency & Obligations on the UNC Panel vs. the Code Administrator
 - i. We acknowledge the importance of a standard review period. However, we recommend that Ofgem and code administrators consider whether annual reviews would achieve the same objectives more efficiently. Alignment with the publication of the annual Strategic Direction Statement would provide a proportionate and sustainable approach.
 - (a) We note that, while biannual reviews may be overly burdensome at present, the frequency could be revisited once code managers are fully established.
 - ii. Under the UNC, obligations cannot be placed directly on the Panel; instead, they are placed on the Code Administrator, who must then request the Panel to carry out its functions.

In view of these above comments, we therefore consider the drafting should be revised as follows

12.13.1 The [Code Administrator](#) shall schedule [an annual](#) review of the Prioritisation Category of Modification Proposals as part of the UNC Panel agenda, and following UNC Panels determinations adjust the relevant modification timetable for each Modification Proposal accordingly.

- b. Publication of a Modification Register, including prioritisation categories and reasons for changes (12.14).

Currently the Joint Office of Gas Administrators publish a Modification Register of the UNC modifications, as do other a number of other code managers and administrators for their respective codes. The addition of this requirement into code, including the additional information relating to prioritisation is therefore a sensible step.

c. Inclusion of Fast Track Self Governance modifications

As noted in our earlier comments on drafting under Question 2(d), we request that Fast Track Self Governance modifications are explicitly included in the drafting of paragraph 12.14. 1and suggest

12.14.1 The Code Administrator shall prepare and publish an updated Modification Register on its Website, which shall include:

whether each Modification Proposal has been determined to be an Urgent Modification Proposal [or a Fast Track Self Governance Modification Proposal](#), or, where a Modification Proposal has been determined to not be an Urgent Modification Proposal [or a Fast Track Self Governance Modification Proposal](#), its Prioritisation Category; and...

- d. There appears to be no clear guidance, nor associated drafting, in relation to whether or not a modification should be reassessed if it is amended, and if this would only apply to certain criteria, or materiality of the amendments. Should reassessment be required, the UNC would require further modification¹ to facilitate.

Q5. Do you agree with our proposed implementation date of 28 days from the publication of the related prioritisation policy decision notice?

We agree that it is appropriate for Ofgem to exercise its transitional powers under the Energy Act 2023 to direct these changes. While we do not object to the proposed implementation date of 28 days from publication of the prioritisation policy decision notice and acknowledge the importance of progressing reforms promptly, we believe sufficient consideration must be given to both incorporating the modifications into the code and ensuring that code parties and administrators have adequate time to implement the new obligations.

For this reason, NGN considers that specifying implementation no later than 56 days from the date of direction would be more appropriate to achieve these objectives.

We also wish to emphasise the importance of clear communication and support during the transition period, particularly given the resource implications of reassessing live modification proposals and preparing for biannual [or annual] reviews. It is essential that all parties have sufficient time and guidance to adapt to the new requirements and that the administrative impact is carefully managed to avoid disruption to business-as-usual activities.

Q6. Do you agree with the proposed guidance in ‘Annex A: Proposed Authority guidance on code modification prioritisation’?

We broadly support the intent and direction of the proposed guidance in Annex A, recognising the benefits of a harmonised and transparent prioritisation process across industry codes. We welcome the emphasis on transparency through published registers and clear reporting. However, NGN wishes to highlight several areas of concern:

a. Review Frequency

The requirement for biannual reviews of prioritisation categories could impose a significant resource burden on code administrators and panel members. NGN's preference is for annual reviews aligned with the Strategic Direction Statement (SDS), which would maintain regular oversight while reducing administrative impact.

b. Lack of Clarity on Timelines

As noted in our response to Question 4, there is insufficient clarity on what constitutes timelines for standard and high priority modifications. While the guidance addresses priority assignment, it does not cover practical aspects such as:

- i. allocation of time within workgroups;
- ii. permissible duration for pausing items before progression; and
- iii. adjustments to timelines based on changes in the volume of modifications under review.

c. Administrative Burden of Reassessment

Reassessing all live—and potentially amended—modification proposals under the new framework could be administratively demanding. NGN recommends streamlining this process by allowing panels to use existing information where sufficient and prioritising modifications most likely to be impacted by the new criteria.

d. Placement within the Regulatory Framework

The current placement of Annex A lacks clarity. Without defined ownership and formal designation, its rules risk being unenforceable and difficult to maintain. NGN recommends that Annex A be formally adopted as a document under each code. This approach would bring the guidance within established governance processes, ensuring clarity, enforceability, and ease of future updates. For the UNC, NGN would be willing to collaborate with Ofgem to raise the necessary modification to add the guidance as a UNC related document, should Ofgem determine this to be appropriate.

Furthermore we seek assurance that the guidance in Annex A will be sufficiently detailed, accessible, and allowed to be regularly updated, with stakeholder input incorporated.

f. Appeal Mechanism

An appropriate appeal mechanism is essential to ensure transparency and accountability. This should clearly define:

- i. circumstances under which an appeal may be lodged;
- ii. procedures to be followed; and
- iii. grounds for reconsideration.

A well-defined appeal process enhances stakeholder confidence and ensures decisions are subject to appropriate scrutiny. Should Annex A be adopted into each code's governance, it could reference or incorporate such an appeal process.

g. Representation of Smaller Parties

Although this does not apply to the UNC, NGN encourages the guidance to explicitly address how smaller parties or less resourced stakeholders will be represented in prioritisation decisions, ensuring all voices are heard.

Q7. Do you agree with the proposed code text drafting published in annexes B-L?

The information below only refers to the drafting in Annex L

NGN welcomes the intent behind the proposed legal drafting for the code modification prioritisation procedure. However, we have several comments regarding the wording and structure of certain passages, which we believe could impact the effectiveness and practicality of the new arrangements:

Amended

- a. The current wording refers to ‘_Uniform Network Code, 6 Modification Proposals.’ As the UNC consists of distinct sections, with the Modification Rules forming a separate section, we recommend amending the heading to state ‘_Uniform Network Code, Modification Rules, 6 Modification Proposals.’ This amendment will help ensure the proposal is implemented effectively.
- b. Some passages give broad discretion to the Modification Panel (e.g., deferring proposals, changing terms of reference), which could lead to inconsistent application. NGN would welcome clearer criteria or safeguards in the wording to ensure decisions are made transparently and fairly, with appropriate stakeholder input and appeal mechanisms.
- c. We acknowledge that a standard review period is an important element of the process, we recommend that Ofgem and code administrators consider whether annual reviews could achieve the same objectives more efficiently, and ensure that the implementation process remains proportionate and sustainable. Alignment of this with the publishing of the annual Strategic Direction Statement would seem prudent.
 - i. Noting that whilst a bi-annual review would be too onerous on code administrators, this period could be reviewed once the relevant code managers are in place.
- d. Under the UNC specific obligations cannot be placed on the code panel, instead they are placed on the code administrator to request the panel to carry out a function. Therefore, we believe the wording of this specific element should state:

Amended (bi-annual)

1. 12.13.1 The Code Administrator shall schedule an annual review of the *Prioritisation Category of Modification Proposals as part of the UNC Panel agenda, and following UNC Panels determinations adjust the relevant modification timetable for each Modification Proposal accordingly.*
- e. Publication of a Modification Register, including prioritisation categories and reasons for changes (12.14). Currently the Joint Office of Gas Administrators publish a Modification Register of the UNC modifications, as do other a number of other code managers and administrators for their respective codes. The addition of this requirement into code, including the additional information relating to prioritisation is therefore a sensible step.
- f. As per our comments under Q2 (d) above, we ask that the drafting for 12.14.1 (a) is also expanded to include Fast Track Self Governance modifications and suggest
 1. 12.14.1 The Code Administrator shall prepare and publish an updated Modification Register on its Website, which shall include:

whether each Modification Proposal has been determined to be an Urgent Modification Proposal or a Fast Track Self Governance

[Modification Proposal](#), or, where a Modification Proposal has been determined to not be an Urgent Modification Proposal [or a Fast Track Self Governance Modification Proposal](#), its Prioritisation Category; and

....

- g. There is currently no clear guidance or drafting on whether a modification should be reassessed when amended, and if so whether this applies only to certain criteria /materiality. Any addition to the UNC would require further modification¹ to facilitate.

ⁱ Any further required modifications to the UNC to facilitate the effective implementation of code prioritisation, could be raised by the Gas Transporters to avoid additional burden to Ofgem, or add unnecessary delay to the implementation to all codes. The NGN modification rules and processes are very prescription, however any amendment to these would automatically be an Authority Direction modification, allow Ofgem oversight to ensure that the proposals are aligned with the overarching policy intent as laid out in this consultation, and any subsequent direction.