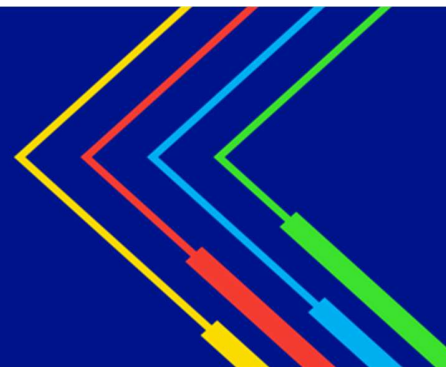


National Grid Electricity Transmission

Second Implementation Decisions on Energy Code Reform

17th April 2026



National Grid Electricity Transmission (NGET) owns, develops and maintains the high-voltage electricity transmission network in England and Wales.

We transport electricity from generation sources such as wind farms and other power stations across our network of pylons, overhead lines, cables and substations, before it flows onto the lower-voltage distribution networks that supply homes and businesses.

We are investing heavily in the network to connect increasing volumes of low-carbon generation and helping to enable a cleaner, more secure, energy system for the future.

Executive Summary

We thank Ofgem for the opportunity to respond to these Second Implementation Decisions on Energy Code Reform (ECR). Taken together, the decisions and accompanying draft texts represent a meaningful step forward in further defining Ofgem's vision for the future code governance framework.

We also recognise and continue to agree with Ofgem's stated benefits from Code Reform. A clearer more coherent framework for industry codes is welcome - particularly where it reduces fragmentation, strengthens strategic oversight, enables more streamlined decisions, and delivers more transparent and open processes industry wide. Ofgem's design principles help to move ECR from theory towards delivery. They provide clarity on Code Manager expectations, support industry understanding of the reformed modification process, and the role of Stakeholder Advisory Forums. If implemented well, these changes have the potential to improve confidence in code decision-making and enable more efficient delivery of market-wide cross-cutting code reform.

While improving openness and transparency is essential, the differing roles, purposes and impacts of the codes will remain. We recognise that Ofgem's current decisions are focused on establishing a robust baseline for Phase 1 codes, however, as the framework is delivered in Phases 2 and 3, Ofgem's decisions will need to operate effectively across a wider range of codes – all with differing scopes, complexities and stakeholder implications.

Proportionality - particularly where parties are materially affected - and clear applicability to each code will therefore be critical to ensuring the ECR framework supports, rather than constrains, the effective operation of individual codes. In this context, the Code Manager role, and the discretion it provides in applying new governance requirements, will be central to balancing common standards with the differing purposes and characteristics of each code. Our response recognises Ofgem's current focus on Phase 1, and supports the principles underpinning ECR, while highlighting features that are vital, as consolidation and subsequent phases are developed. In particular - Ofgem must continue to recognise the distinct roles of different codes and ensure the framework is sufficiently flexible to allow Code Managers to reflect those differences in the design and operation of consolidated governance.

This consultation specifically asks whether the proposed Code and SAF texts accurately reflect Ofgem's ECR policy decisions and, in that respect, we consider that they largely do. Our direct responses to that question, and the comments on draft texts, are set out separately later in this document (from page 6 onwards).

However, the consultation does not explore enduring gaps in the policy intent behind those decisions, nor does it fully explain how Ofgem will balance ‘cross-cutting’ vs ‘code-tailored’ decisions - such as the inconsistency between Ofgem’s aims to:

- *“establish a consistent approach to the code modification process across all codes”* - with the need to
- *“reflect the different level of complexity across codes”, where “the code manager may be of the view” or has discretion “to determine” applicability.*

The observations set out in the following sections are therefore distinct from our later comments on the draft text. They focus instead on gaps, inconsistencies and underlying governance assumptions in Ofgem’s decisions - particularly where safeguards may require further consideration. Addressing these issues are important if Ofgem is to avoid unintended consequences, and the potential erosion of the established value, purpose and expertise that have become embedded within distinct codes and panels over time.

Code Modification decisions and text

Overall, the direction set out for the code modification process is sensible and reflects a clear intent to modernise code governance arrangements. We welcome the emphasis on improving transparency and openness, including enabling a broader range of parties to raise modifications, while maintaining a focus on timely and effective change to the codes.

We particularly welcome the following positive elements in Ofgem’s Second Implementation Decisions:

- **Improved consistency in the pre-modification stage**, which should help ensure proposals are appropriately scoped and well-developed before entering the formal modification process;
- **Introduction of appeal rights for designation decisions**, including the ability for non-code parties to appeal a rejected designation, which we welcome as an important reinforcement of openness and accessibility for all;
- **Provision for continuity of modifications**, with confirmation that a proposal will not fall away where a designated non-code party wishes to transfer ownership to the Code Manager or a code party; and
- **Removal of limits on alternative modifications**, moving away from the previously proposed cap of three and removing the requirement that alternatives be demonstrably superior to the original. We agree that Code Managers and Workgroups should have flexibility and assess alternatives against specific circumstances.

These changes represent a constructive response to stakeholder feedback and provide a clearer and more robust baseline for implementation.

However, we continue to feel that areas of appeal have not been fully explored. While Ofgem notes they have *“reviewed all the decision points in the modification process and where there are options for appeal”*, this consultation does not provide a complete articulation or illustration of these decision points, nor how safeguards and appeal mechanisms will operate for different parties (code parties vs non-code parties). All industry parties would greatly benefit from seeing Ofgem’s work on this. So **we ask that Ofgem provides this full articulation and illustration** so clarity of Ofgem’s thinking is increased and so misinterpretation can be removed.

One such area is in early decisions taken by the Code Manager in consultation with the SAF. Following on from the Second Implementation Consultation, we note Ofgem's confirmation that Code Managers will make assessment decisions on:

- **Governance route**, including whether a modification is progressed under Code Manager self-governance or referred to Ofgem for a decision;
- **Process and timetable**, such as the number of workgroup meetings and consultations, which can affect the ability of industry participants to develop evidence and test proposals; and
- **Representation**, including determinations on the size, shape, and membership body of workgroups, which will have significant impact given only workgroup members are able to sponsor alternatives.

We consider that these decisions do require additional safeguards and escalation mechanisms and would benefit from further clarification. Without this, there is a risk that the current framework - particularly these decisions taken by the Code Manager early in the modification lifecycle - could unfairly affect materially impacted parties and represent a mismanagement of the codes. While code parties can raise modifications, are likely to participate in the SAF, and may provide views on assessment decisions, the newly defined assessment and triage stages concentrates significant influence with the Code Manager. It is true that some additional appeal routes have been established (including decision of non-code-party designation, rejection of modifications at assessment stage, and self-governance classification or referral decisions), however, while there is SAF consideration, these early process-shaping decisions – on governance route, timetable, workgroup composition and consultation rounds - have no route of challenge or escalation.

These decisions are final and could lead to mismanagement of the codes. As they materially shape how a modification is progressed and its ultimate outcome - affecting a code party's ability to participate in or influence the process or its outcome. In the absence of clear criteria in Ofgem's decisions or the provided code texts, it is also unclear on what basis any challenge could be made, even if a route were available. This dramatically affects all industry parties governed by the codes, and we suggest, may also undermine Ofgem's confidence that modifications have been fully and properly considered prior to decision-making.

In respect of these sorts of process (or mismanagement) driven appeals, we ask that Ofgem notes the legal precedent (*AMEC Capital Projects Ltd v Whitefriars City Estates Ltd [2004] EWHC 393 (TCC)*), and the subsequent Court of Appeal decision that upheld it - *AMEC Capital Projects Ltd v Whitefriars City Estates Ltd [2004] EWCA Civ 1418*), has determined that those who are acting in the role of an adjudicator (i.e. Code Managers) must follow natural justice rules, including the right to appeal their decisions, particularly in cases of bias.

We therefore consider it beneficial for Code Managers, when making assessment and triage decisions, to **clearly evidence and publish how the views of materially impacted parties have been taken into account, and for code parties to be able to challenge that position to Ofgem**. This would be in addition to Ofgem's considered addition that Code Managers must account for SAF input. This is not intended to create a veto for affected parties, but to provide confidence that decisions are proportionate, informed by relevant expertise, and reflective of material impacts and unique or arising market circumstances. Where concerns are substantive (non-trivial) and reasonable (non-vexatious), materially impacted code parties should have a defined route to seek clarification or, where appropriate, appeal to Ofgem significant assessment and triage decisions. This would provide a proportionate safeguard, strengthen accountability, and create a clear audit trail giving confidence in the Code Manager, the modification process, and reinforce Ofgem's perspective that modifications have been fully explored before decisions are taken.

SAF decisions and text

Overall, the direction set out for the Stakeholder Advisory Forum (SAF) is coherent and reflects a clear intent to strengthen advisory governance within the reformed code framework. We particularly welcome a number of positive elements and changes in Ofgem's decisions, including:

- **Greater clarity on the respective roles of Code Managers and the SAF**, with strengthened expectations on Code Managers to engage with, and account for, SAF views;
- **Increased accountability of Code Managers to the SAF**, particularly where Code Managers are required to consult with the SAF on the appropriate way forward; and
- **Introduction of a formal mechanism for SAF Chair views**, enabling SAF perspectives to be independently articulated in both draft and final modification reports, as reflected in the proposed code text.

While these changes represent a constructive strengthening of the advisory function, and provide a clearer baseline for SAF operation, we remain concerned by the continued uncertainty over how the SAF framework will be applied across codes. Each code has materially different purposes, scopes, complexities, expertise requirements and stakeholder impacts. While we accept some nuances will be considered and applied for each code in each Phase, and in some circumstances led by the Code Manager. There is a risk that core governance decisions are being formalised through Ofgem's baseline cross-cutting SAF text, ahead of Phase 2 and Phase 3 consultations and prior to Code Manager appointment - effectively pre-empting how the framework should apply to those codes, and how Code Managers will be instructed to design SAFs, in practice.

In addition we note that - in the Second Implementation Consultation - Ofgem acknowledged "*concerns raised by respondents about the inclusion of the STC in the consolidated technical code, recognising that further detailed consideration is needed to determine how the STC can best be included within the governance of the new technical code*". However, an update has not yet been given, and this further consideration is not reflected in these implementation decisions. This remains a substantive and unresolved issue. The STC is, in part, a bilateral commercial framework between NESO and the Transmission Owners, governing both technical matters (primarily through STC Procedures) and commercial arrangements such as connection offers, securities, terminations and interruptions. Considerations also apply to the SQSS, where governance decisions relate directly to system security and resilience and concentrate operational risk on a limited number of industry parties. These codes are therefore materially different from multilateral or multi-party codes with a purely technical or commercial focus, and the application of the SAF model, as currently drafted in text, is not a natural or proportionate fit. This reinforces our assessment that the SAF text and provisions which Code Managers will be asked to comply with must apply flexibly and proportionately to the codes Code Managers govern. Without this – the cross-cutting SAF text risks being misaligned with specific characteristics of certain codes. We provide reflections of this below:

- **Impartiality and independence:** Applying standard independence requirements is particularly challenging for codes with an inherently bilateral nature such as the STC. In practice, STC parties can and do assess proposals objectively and on their merits, with NESO and the Transmission Owners bringing distinct, formally separated roles and objectives that provide a robust and natural balance of perspectives, materially reducing the risk of undue influence by any single party. This balance has been further strengthened following legal separation, reinforcing independence and the quality of challenge within decision-making. Introducing fixed numbers of independent members or consumer representatives risks disproportionately diluting the voices of the four materially impacted parties (three TOs and NESO). Similarly, the appointment of an independent chair to represent such a narrowly constituted and highly specialised set of bilateral interests, for a small number of impacted code compliant parties, may not be

appropriate or necessary in this context. The greatest risks and costs from the STC lie with these bilateral parties, so maintaining an appropriate balance, and not a dilution or concentration for an STC SAF is critical. We do not think it necessary to remove all principles and policies raised by ECR however, and believe that elements of ECR would improve and reinforce STC Governance - most notably: through the role of an impartial Code Manager – who would provide added balance for NESO & TO views, as well as the ability for non-code parties to raise modifications that are considered objectively on their merits.

- **SAF composition:** Ofgem’s decisions are unclear on whether the Authority or the Code Manager determines independent SAF membership. Paragraph 3.41, and B4.10 of the SAF code texts states that *“the appropriate number of independent members should be determined by the Authority on a code-by-code basis”*, while paragraph 3.56 of the decision consultation suggests *“the code manager should determine the final number of independent members”*. While both recognise the need for non-uniform application, the absence of a clear decision-maker creates risk for specialist bilateral codes such as the STC, where independent membership could materially alter the balance between impacted code parties and non-impacted independents, with consequences for NESO and Transmission Owner commercial arrangements. Relatedly, there is limited clarity on who determines the number of code-party representatives, whether minimum representation or parity with independent members is expected, or how membership would reflect the diversity of each code and parties affected by that code.
- **Term limits:** Uniform application of SAF term limits risks displacing expertise in specialist codes. While we acknowledge Ofgem’s conclusion that *“term limits [are] important for ensuring a broader range of stakeholder views”*, this rationale is less well suited to the STC, where governance is inherently bilateral and subject-matter expertise is concentrated within a small number of individuals or dedicated teams in an organisation. In this context, these teams and those on panels act as formal sponsors of the codes and the modification processes. Their role is expressly to drive change in their organisation: gathering and testing evidence, challenging established assumptions and testing conventional thinking, to translate code modifications into informed organisational decisions. This is not a passive representative function, but an active governance role that can bring rigour, challenge and adaptability to organisational decision-making in support of: the codes, customer interests and modifications raised. Applying fixed term limits does not adequately reflect these distinct roles, the way expertise is embedded within organisations, or how accountability is exercised under a bilateral code. This is particularly true where, in contrast to multi-party codes, impartiality can be more naturally maintained through balanced counter-party interests, without having to accommodate a larger, more diffuse, set of perspectives within the SAF.

While we recognise that the draft SAF text is not intended to address every code-specific requirement, and that future Phase 2 and Phase 3 consultations - along with decisions taken once Code Managers are in place - will shape detailed arrangements, **we consider it important that Ofgem provides a clearer statement on how these acknowledged concerns will be addressed in practice, and in future phases**. Such an approach would preserve the intent of ECR without removing the effectiveness we see in specialist codes today.

Overall we remain supportive of Ofgem’s objectives for ECR and appreciate the collaborative approach taken to date. Our comments are intended to help ensure that the implementation framework operates proportionately across the diversity of industry codes, does not preempt future decisions taken by Ofgem nor the need for further consultation, so that the framework can continue to command confidence among affected parties.

We welcome further discussion on the issues we outline above, and any opportunity for continued constructive engagement with Ofgem as implementation progresses.

Code text consultation responses

Contact name	Benchohra Sayah
Role title	Policy & Code Development Lead
Company name	National Grid Electricity Transmission
Date of submission	17 / 04 / 2026
Do you want your response treated as confidential? (If yes, please indicate whether you would like the whole of your response to be confidential, or just particular parts).	We would like our full response, including context above, to be made public.

Consultation section 2: Future code modifications process

Sections A1-A2:

Comments - Roles and responsibilities:

It would be helpful to clarify that Code Managers should share the *accurate and complete* views of the SAF, including any differing or minority views where these arise.

Section A3:

Comments - Code Manager / SAF engagement:

Further clarity would be welcome on how and when SAF views are captured and recorded on decisions taken without prior SAF consultation or assessment.

Section A6:

Comments - Withdrawals:

Clarification may be beneficial on whether other parties (code-parties) can **offer** to take ownership of a proposal and whether reasons should be provided when ownership requests are accepted or declined.

Section A7:

Comments - Pre-Modification:

Consideration could be given to whether proposers should be consulted or have an opportunity to make representations before a decision to refuse an issue is finalised.

The proposed five-working-day notice period for Pre-Modification Forums may be short for materially affected parties, and extending this or providing targeted notification could be considered.

Section A8:**Comments - Raising modification proposals:**

Additional clarity on designation criteria, required information (including legal text and knock-on impacts), and the basis for appeal decisions would strengthen transparency and confidence in the process.

Section A9:**Comments - Modification Path:**

It would be helpful to provide greater visibility on how modification path decisions are assessed and whether affected parties can seek clarification or reconsideration.

Section A11:**Comments - Assessment and Workgroup:**

Given the influence of early assessment decisions, consideration could be given to how affected parties may provide input or seek clarification on decisions that materially shape a modification's progression.

Section A12:**Comments - Workgroups:**

Providing a clearer expectation that impacted parties can join Workgroups, or have access to an appeal mechanism where requests are declined, would support access and representation.

Section A13:**Comments - Consultation and reporting:**

Clarifying that SAF assessments should accurately reflect differing views, and that impact analysis is provided even where impacts are assessed as non-significant, would support completeness and transparency.

Section A22:**Comments - Reasonableness criteria:**

Further clarity on coordination of information requests across Code Managers, and on what constitutes "sufficient" cooperation, would help manage burdens on parties and improve consistency.

Consultation section 3: Stakeholder Advisory Forum (SAF)**Section B1-3:****Comments - SAF responsibilities:**

It would be helpful to clarify whether the Code Manager is expected to formally respond to SAF comments and explain how those views have been considered in decision-making.

Section B4:**Comments - SAF membership:**

Clarification would be welcome on whether responsibility for determining the SAF Chair sits with the Authority or the Code Manager, to ensure consistency with paragraph 3.41 of the decision document.

Section B5:**Comments - Terms of office:**

Minor clarification may be needed to ensure these provisions fully align with paragraph 3.44 of the decision document and to confirm whether obligations are intended to be mandatory or discretionary.

Section B6:**Comments - Cessation of office:**

Consideration could be given to whether the attendance threshold is sufficient to ensure meaningful engagement, or whether a higher standard would better support SAF effectiveness.

Introducing clearer expectations around transition support where Code Party Representatives cease employment could help maintain continuity and safeguard institutional knowledge.

Section B11:**Comments - SAF operation:**

Further consideration could be given to whether the current provisions sufficiently enable timely convening of additional meetings where required.

Including clearer expectations on deadlines for draft minutes and confirming whether publication requirements are mandatory would enhance transparency and timeliness.