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Sent by email to: industry_codes@ofgem.gov.uk

Dear Ofgem Codes Team,

RE: Implementation of energy code reform: second decision

Thank you for the opportunity to respond to this consultation on behalf of the SSE Group¹. The design of the code modification process and of SAFs are critical to establishing a reformed codes system that is fit for the future.

In line with our initial consultation response in May 2025, we agree with much of the design of the reformed end to end code modification process. We also welcome the specific clarification of SAF and code manager interactions and relation on a stage by stage basis as outlined in section A3 of the proposed code text subsidiary document. With this sentiment in mind, we do not have particular feedback on the consultation questions that form part of this decision document.

Instead, we wanted to use this response to **(i) outline our concern with the decision on SAF membership terms as we do not believe the case has not been made for implementing a limit of a maximum two consecutive three-year terms**. As acknowledged in section 3.30, limiting code party representatives will directly reduce participation in the primary medium for engaging with codes over time, thereby decreasing the views of industry that are signatories to the code in question. Further, given that this decision will limit the already reduced pool of individuals with advanced code expertise, the quality of output from SAFs is likely to decrease which will impact the final decision making of code managers and Ofgem. The proposal that in circumstances where there is a lack of candidates to fulfil the code party representative roles that this limit will be increased does not adequately address this risk.

Building on the above, **(ii) the rationale and explanation as to why this decision has been selected is not clear and the benefits of this approach have not been outlined**. Section 3.61 states that limits are important for ensuring a broad range of stakeholder views over time, but there is no explanation or assessment as to why capping a limit to two terms will result in delivering this objective. This approach also contrasts with other policy decisions on SAF membership, such as section 3.21 which outlines that there will not be a limit on the number of code party representatives that can become SAF members. The result is a framework which on one hand limits code party engagement but on the other is open, we therefore recommend that the proposal to cap code party representation within SAFs is reviewed.

¹ The SSE Group is one of the largest UK listed companies and includes six business units – SSE's Network Businesses (SSEN Distribution, and SSEN Transmission) and SSE's Energy Businesses (SSE Renewables, SSE Thermal, SSE Energy Solutions, and SSE Energy Markets).

Linked to SAF membership, **(iii) we are disappointed that there is no confirmation that the STC and SQSS in particular will receive specialised governance arrangements to ensure transmission owner representation.** We recognise that section 3.93 notes there will be a need for adaptations to the process on a code by code basis, but with a lack of formal confirmation on the arrangements for the phase 3 codes we remain concerned that decisions made in the consultation will become boilerplate and inevitably are used for the technical code. We had previously written to discuss the idea of a technical advisory committee or a form of dedicated transmission owner group and still believe this is required for the technical code. The current pool members proposal set out in section B4.17 – B4.19 within the proposed SAF text subsidiary document does not provide adequate checks on balances on how the code manager will select the experts, the duration of time they will be appointed for, nor why they will not have voting rights. We recognise that transmission owners are in the process of scheduling a date to meet with the Ofgem in spring 2026 and that discussions will advance within this forum to tackle the issue. Regardless, it is critical that Ofgem commit to specialised arrangements which can guarantee that security and resilience of the network is protected by guaranteeing some form of permanent seat for transmission owners.

Our final comment relates to the linked Ofgem and UK Government decision on code manager licence conditions and CMA appeals, **(iv) we do not agree that the trigger for an appeal should be a disagreement between the code manager and Ofgem and do not believe the case for this decision has been made.** As section 2.4 acknowledges, the majority of industry does not agree with this decision and that instead using the view of the SAF rather than the code manager as the basis of an appeals trigger is much more appropriate. Doing so would ensure that stakeholder views and those impacted by a modification are guaranteed their own representation via the SAF. It is yet to be seen how the conflict of interest mitigations will work in reality for code managers, and given that code managers are not impacted by the commercial or practical implications resulting from a decision, whereas the SAF would be, their decision is not adequate to be used as the trigger. We would urge both parties to review this decision and outline in much greater detail to industry the rationale for proceeding with this decision.

We remain committed to assisting with the delivery of code reform and raise the above concerns with the intent to help design the code framework of the future that works for industry, regulators, and government alike. A written response that addresses these concerns would be a welcome step forward to delivering an outcome that works for all. We will continue to review the recent suite of code reform decisions and consultations and will be in touch as we develop our own thinking further. As ever, we would be happy to meet and to discuss.

Yours sincerely,

Nicholas Phillips
Regulation Manager