

Ofgem Consultation on the draft second preliminary Strategic Direction Statement for industry codes

Citizens Advice response

This response is not confidential and may be freely published.

We welcome the opportunity to contribute to the ongoing development of the Strategic Direction Statement (SDS) for industry codes. The SDS is important to prioritise and guide the work of the energy industry codes as the energy transition continues at pace.

Q1. On the basis that the SDS should contain a strategic assessment of government policies and developments relating to the energy sector, that will or may require the making of code modifications, do you think there is anything missing from the SDS that you would expect to require code modifications in the next 1-5 years? If so, please specify.

We cannot identify any issues missing from the proposed SDS-2 although we note the absence of the Carbon Capture and Storage Code as part of the SDS. See our response to Q5 regarding this issue.

We welcome the additional new policy area in SDS-2 of 2.1 Consumer Confidence where the Multi-Year Strategy Objective is to improve protection for all consumers, particularly those in vulnerable situations. We also support the addition of the other new policy areas including those relating to the Offshore Transmission Owner framework, Demand Connections, Reformed National Pricing, and the Data Communications Company (DCC) Successor licence.

Q2. Do you agree with the classification of each policy area within the three time horizons (Act now, Think and plan, Listen and wait)? If not, please specify what changes you suggest and why.

Yes, we agree with the classifications of the time horizons for each policy area.

Q3. Do you find the SDS easy to understand and do you think that the level of detail included is sufficient to allow you to begin raising and implementing code modifications, where appropriate?

We believe that the SDS is easy to understand for those familiar with the energy industry. The spreadsheet is useful to capture all of the Multi-Year Strategy Objectives, the Policy Areas, the Time Horizons, and the responsible Codes. The spreadsheet should continue to be updated and be publicly available in the coming years.

Q4. Do you support our proposed approach to convert the SDS from a preliminary document to a hybrid document, following designation of the BSC and the REC?

Yes. We agree that, for efficiency, one hybrid document should be used for the designated code managers (BSC and REC) and used for the other Code Panels awaiting formal designation as code managers.

Q5. Do you have any other feedback?

Multi-Year Strategy Objective 8.2 refers to the Regulation of carbon capture, usage and storage. The SDS and the spreadsheet listing the objectives and Codes do not refer to the new Carbon Capture and Storage Code (CCS). This is because the CCS Code is currently not a designated document within section 182 of the Energy Act 2023 ('the Act') (as noted at page 44 of the Draft Secondary Preliminary SDS). The CCS Code is therefore not currently part of the SDS. Given the high importance and costs associated with the carbon capture, usage, and storage policies of the government, we recommend that consideration be given to incorporating the CCS Code within the Act and to add the CCS Code's activities to the SDS. A mechanism should be established so that any future new codes can be readily incorporated into the SDS (e.g. Heat Networks Code).

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