
Consultation on the draft second preliminary Strategic Direction Statement – response template

This document provides a template for responses to our consultation on the second preliminary Strategic Direction Statement, published on 2 April 2026.

If you are interested in responding to this consultation, please complete this word document and send it to industrycodes@ofgem.gov.uk by the end of the day on Thursday 28 May 2026.

Guidance

We typically publish consultation responses when we publish our decision. To ensure that we can correctly attribute your response, please ensure that you enter all relevant details in the “your company’s details” section (template part 1).

If you would like us to treat your response as being confidential, either in full or in part, please indicate this to us below. Further information on how we will treat your response, data and confidentiality can be found at the end of this document.

Please use template part 2 to provide your responses. For all questions, the template below provides space for you to enter free text comments. Some questions also ask whether you agree with our proposals. Please indicate the extent to which you agree or disagree with relevant proposals by deleting all but one of the bullets provided.

There is also a section for “general feedback” (template part 3). Please use this section to provide any views on the overall consultation process.

Template part 1: Your organisation’s details:

Contact name	Rebecca Bennett
Role title	Regulatory Manager
Company name	Centrica
Telephone number	07557408572
Email address	Rebecca.bennett@centrica.com
Date of submission	28 May 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).	No
--	------------------

Template part 2: consultation responses

Consultation section 2 – Approach to the Strategic Direction Statement

Question 1 – 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.

- Yes

Comments:

Yes. In Centrica's view, the Strategic Direction Statement would benefit from explicitly recognising the development of Energy Smart Data Schemes as an emerging policy area likely to require code modifications over the next 1–5 years.

The SDS appropriately highlights the increasing importance of digitalisation and data across the energy system, including initiatives such as Data Best Practice, Consumer Consent and Data Sharing Infrastructure. However, it does not yet explicitly reference the potential introduction of an Energy Smart Data Scheme, which we consider to be a significant and evolving area of policy.

The DESNZ Call for Input in 2025¹ demonstrated strong industry support for the development of such a scheme, with 76% of respondents expressing support. This indicates both stakeholder appetite and the likelihood of future policy progression.

Given this trajectory, and the expectation that DESNZ will formally consult on Energy Smart Data Schemes later in 2026, we consider that this area should be reflected within the SDS to provide early visibility to industry and support forward planning.

¹ [Developing an energy smart data scheme - GOV.UK](#)

Consultation on the draft second preliminary Strategic Direction Statement – response template

In terms of categorisation, we suggest that Energy Smart Data Schemes would most appropriately fall within the “Think and plan” horizon. This would align with the SDS framework for areas where policy is still developing but where stakeholders are expected to begin planning, resourcing and assessing the potential need for code changes.

Furthermore, we consider the SDS should explicitly reference the government’s ambition to reduce the administrative burden of regulation by 25%, as this is a key strategic driver for energy code reform. Whilst this has been briefly mentioned within the executive summary, it is our view that this should be included as a policy area and categorised accordingly with objective 11.2 (Reform energy code governance to enable faster, more strategically aligned rule changes across the sector). Delivering against this target will require a programme of ongoing code modifications aimed at reducing complexity, improving accessibility, and enhancing the efficiency of code governance. As such, this objective should be clearly reflected within the SDS and treated as an area to be actively monitored and prioritised.

Including these policy areas would enhance the completeness of the SDS strategic assessment and ensure that industry is better prepared for future code modifications.

Question 2 – Do you agree with the classification of each policy area within the three time horizons (Act now, Think & plan, Listen & wait)? If not, please specify what changes you suggest and why.

- Disagree

Comments:

We do not fully agree with the classification of all policy areas across the three time horizons. While we recognise the intent of the SDS in providing forward visibility and prioritisation signals, there are several areas where the categorisation is unclear or inconsistent with policy development. This has implications not only for implementation but also for how Code Managers will be expected to prioritise work and demonstrate performance against SDS-driven obligations under the new license conditions.

In addition, we observe that a number of policy areas are assigned to multiple time horizons without clearly identifying which elements sit within each category. This lack of clarity reduces the effectiveness of the SDS as a delivery tool, particularly in the context of Code Manager KPIs and delivery plans. We would therefore strongly encourage Ofgem to ensure that each policy component is clearly mapped to a single, defined time horizon where possible, alongside improved transparency around cross-policy dependencies.

Consultation on the draft second preliminary Strategic Direction Statement – response template

We set out our proposed changes in the following table and have provided additional rationale below.

Objective	Policy Area	Proposed Change
2.2 Protect the interests of non-domestic consumers	TPI Regulation and Smart Metering	Clarify allocation of specific policy elements to each time horizon
9.2 Enable faster electricity network connections	Connections End-to-End Review	Ensure that any resulting code changes from the review are moved into "Act Now"
10.4 Build resilience to extreme climate events and long-term climate change	Climate Resilience	Reclassify from "Think & Plan" to "Act Now"
12.1 Work with government to deliver reforms which set efficient locational incentives for investment and operation across the energy system	Reformed National Pricing	Reclassify from "Act now" to "Think & plan"
14.1 Set governance and standards to digitise system data	Digitalisation	Update content to reflect latest policy including the Ofgem/DESNZ Wider Access letter and revised Consumer Consent timelines
14.1 Set governance and standards to digitise system data and improve data sharing, and 14.2: Enable innovation across the sector	Digitalisation	Separate 14.1 and 14.2 clearly mapping individual initiatives to time horizons.

2.2 Protect the interests of non-domestic consumers

The current classification of this objective requires further clarification. This is a broad policy area which currently spans both "Act now" and "Think & plan" categories, without clear allocation of specific policy elements. Without further clarity on which activities fall into each time horizon, it will be difficult for Code Managers to prioritise workstreams or demonstrate performance against SDS expectations.

We recommend that Ofgem explicitly identifies which specific policy areas, such as TPI regulation, smart metering impacts, and market review follow-ons, sit within each time

horizon. This would provide greater transparency and support more effective delivery planning.

We also note that this objective overlaps significantly with other policy areas, including tariff interoperability and wider digitalisation initiatives. These interdependencies are not sufficiently clear in the current drafting, and we would welcome more explicit cross-referencing to support coordinated implementation across codes.

In addition, while the SDS references smart metering, it does not sufficiently reflect developments in the non-domestic space. We recommend strengthening this section to include further detail on the non-domestic smart meter rollout beyond 2025, including the October 2025 Call for Input² on a future policy framework to drive high levels of non-domestic smart meter installs to support Clean Power 2030. This would better reflect current policy direction and ensure completeness.

9.2 Enable faster electricity network connections

We broadly agree that the current split between “*Act now*” and “*Think & plan*” is appropriate in principle, but we urge that the treatment of any outputs from the end-to-end review³ should be strengthened. The SDS notes that it is currently unclear whether this review will result in code changes, with greater clarity expected in mid-2026.

Given the critical importance of connections reform to achieving Clean Power 2030 and enabling wider system transformation, we consider that any code modifications identified through the end-to-end review should be expedited and prioritised accordingly. Where code changes are confirmed, these should be clearly moved into the “*Act now*” category to ensure they are treated as delivery critical and progressed at pace.

Without this adjustment, there is a risk that important changes from the end-end review are not prioritised early enough within Code Manager delivery plans, potentially delaying implementation of strategically significant reforms.

² [Non-domestic smart meter rollout post-2025: consultation document \(accessible webpage\) - GOV.UK](#)

³ [Connections end-to-end review: updated proposals and next steps | Ofgem](#)

10.4 Build resilience to extreme climate events and long-term climate change

We recommend that this policy area is reclassified from “*Think & plan*” to “*Act now*”. While we recognise that aspects of the policy are still developing, the SDS itself indicates that code changes may be identified as early as Autumn 2026.

Given the increasing focus on system resilience, the growing frequency and severity of climate-related risks, and the near-term identification of required changes, it would be more appropriate to reflect this work within the “*Act now*” category. Doing so would send a clearer signal to industry on the need to prioritise resilience-related changes and ensure that Code Managers are prepared to act as soon as policy direction is confirmed.

Maintaining this as “*Think & plan*” risks under-prioritising an area that is becoming increasingly central to security of supply and long-term system stability.

12.1 Reformed National Pricing

We recommend that this policy area is reclassified from “*Act now*” to “*Think & plan*”. While we recognise the strategic importance of Reformed National Pricing, the current classification does not align with the maturity of the policy or the expected delivery timeline.

The SDS indicates that key elements of the policy are still under development, with detailed scoping expected through 2026–2027 and implementation likely to be phased over time. There is also potential reliance on legislative mechanisms for delivery. As such, it is premature to categorise this as “*Act now*”, particularly given the expectation that Code Managers will be assessed against delivery of SDS priorities.

Classifying this as “*Act now*” risks creating unrealistic expectations and may distort prioritisation, drawing focus away from areas where policy is more advanced and deliverable within the defined timeframe. A “*Think & plan*” classification would more accurately reflect the need for preparatory work, stakeholder engagement, and future readiness, without imposing premature delivery pressure.

14.1 Set governance and standards to digitise system data and improve data sharing / 14.2 Enable innovation across the sector

It is our view that this section requires structural improvement and updates to reflect current policy positions, rather than a change to the overall time horizons.

Consultation on the draft second preliminary Strategic Direction Statement – response template

Firstly, the combination of 14.1 and 14.2 into a single section, with overlapping “*Act now*” and “*Think & plan*” classifications, creates ambiguity. It is not clear which specific initiatives, such as Data Best Practice, Consumer Consent, or Data Sharing Infrastructure, sit within each time horizon. We recommend that these policy areas are clearly separated and that individual initiatives are explicitly mapped to a defined time horizon to improve clarity and usability.

Secondly, there are gaps and inaccuracies in the supporting content that should be addressed. The SDS does not reference the Ofgem/DESNZ open letter issued on 1 April regarding wider access to smart data⁴, which is an important development in the digitalisation agenda and should be incorporated to ensure the document reflects the latest policy direction.

Similarly, while the SDS states that Consumer Consent solutions are expected to be deployed as minimum viable products by the end of 2026, this is no longer accurate. The delivery timeline has moved to February/March 2027 and should be updated accordingly to avoid misalignment with industry planning.

We also note that the treatment of Data Best Practice would benefit from further clarity, particularly regarding how obligations will be implemented across licences and codes and the expected role of Code Managers in delivery and assurance.

Finally, we consider that tariff interoperability, which is referenced under the Smart Secure Electricity Systems programme, should also be more clearly integrated within the broader digitalisation framework, given its central role in enabling data interoperability and consumer-facing innovation.

Question 3 – 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?

- Yes – Partial, with some suggestions for improvement

Comments:

Overall, we find that the SDS is structured in a logical and accessible way, and the use of clearly defined objectives and time horizons provides a helpful framework for understanding Ofgem’s strategic priorities. The accompanying spreadsheet is also extremely useful to help navigate the different impacts on individual codes.

⁴ [Open Letter from DESNZ and Ofgem: scoping exercise on the provision of wider access to smart metering data | Ofgem](#)

Consultation on the draft second preliminary Strategic Direction Statement – response template

However, while the overall structure is helpful, we do not consider that the level of detail is consistently sufficient to enable stakeholders to begin raising and implementing code modifications with confidence. In particular, greater clarity is required where Ofgem has assigned multiple time horizons to a single objective without clearly distinguishing which elements sit within each category. This creates ambiguity in interpretation and reduces the effectiveness of the SDS as a practical delivery tool.

A good example of where this has been done effectively is under Objective 7.2 – Prepare for repurposing and decommissioning of the gas grid. In this case, the SDS clearly separates the different policy components and assigns them to distinct time horizons. Biomethane related code changes are explicitly categorised within "*Act now*", while gas transporters, disconnections and hydrogen blending are placed within "*Think & plan*". This distinction is clearly articulated and provides stakeholders with a strong understanding of both the priority and sequencing of work. As a result, this objective gives sufficient clarity to enable early mobilisation of activity and would allow Code Manager performance and delivery of associated code modifications to be assessed in a transparent and consistent way.

In contrast, there are several objectives where multiple time horizons are applied without equivalent clarity. For example, Objective 4.2 – Explore reform of the retail market and respond to future developments is categorised across both "*Think & plan*" and "*Listen & wait*" but does not clearly identify which elements of the policy fall within each time horizon. This makes it difficult to determine what actions are expected in the near term versus what should be subject to longer-term monitoring or preparatory work. As a result, stakeholders may interpret priorities differently, leading to inconsistent approaches to code modification development, resourcing and planning.

This lack of consistency in how time horizons are applied across the SDS presents a broader challenge. Where objectives are not clearly broken down, it becomes difficult for Code Managers to:

- prioritise workstreams effectively;
- develop delivery plans aligned to SDS expectations; and
- demonstrate measurable performance against their licence obligations.

Furthermore, ambiguity in time horizon classification introduces a risk that either effort is misdirected toward less mature policy areas, or that critical near-term changes are not progressed at the pace intended.

Consultation on the draft second preliminary Strategic Direction Statement – response template

To address this, we recommend that Ofgem revisits all objectives where multiple time horizons are currently applied and adopts a more standardised and explicit approach. Each objective should clearly identify which specific policy components or workstreams sit within each time horizon, in a consistent format throughout the document. This would significantly improve clarity, reduce interpretation risk, and enhance the SDS as a tool for driving coordinated and measurable delivery.

In summary, while the SDS is directionally helpful and provides a strong high-level framework, improvements in the consistency and granularity of detail, particularly in relation to time horizon allocation, are necessary to ensure that stakeholders can confidently translate the SDS into actionable code modification activity.

Question 4 – 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

Comments:

We support the proposed approach to convert the SDS from a preliminary document to a hybrid document following designation of the BSC and the REC. This approach appears sensible and pragmatic, recognising the phase transition where some codes are designated and subject to new obligations, while others remain under existing arrangements.

However, we have a concern regarding the application of this approach in scenarios requiring cross-code change. Under the hybrid model, designated code managers will be obligated to facilitate delivery of SDS requirements that apply to their code.

Where 'Act now' policy areas require coordinated changes across multiple codes, there is a risk of misalignment if one or more of the impacted codes have not yet been designated. In such cases, the designated code manager would be under a formal obligation to deliver SDS outcomes, while the non-designated code(s) would not have equivalent obligations. This could create barriers to timely and effective implementation, particularly where delivery is dependent on aligned cross-code changes.

To mitigate this risk, we recommend that Ofgem sets expectations for coordination of cross-code change during the hybrid SDS which includes provisions for cross-code dependencies. This would help ensure that SDS delivery remains practical and achievable during the hybrid governance phase, while avoiding unintended delays or inconsistencies in implementation.

Consultation on the draft second preliminary Strategic Direction Statement – response template

Question 5 - Do you have any other feedback?

Comments:

We have no additional comments.

Template part 3: General feedback

We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to the following questions.

Question	Response
Do you have any comments about the overall process of this consultation?	
Do you have any comments about its tone and content?	
Was it easy to read and understand? Or could it have been better written?	
Were its conclusions balanced?	
Did it make reasoned recommendations for improvement?	
Any further comments?	

Your response, data and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish

Consultation on the draft second preliminary Strategic Direction Statement – response template

to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 3.

If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.