

Annie Appleton
Industry Codes
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

28 May 2026

Dear Annie

**DRAFT SECOND PRELIMINARY STRATEGIC DIRECTION STATEMENT FOR
INDUSTRY CODES**

Thank you for the opportunity to respond to this consultation regarding the draft second preliminary strategic direction statement (SDS) for industry codes. Our networks business, SP Energy Networks, is responding separately from its perspective as a networks licensee.

We broadly agree with the approach adopted by Ofgem in categorising the policy areas for the direction statement. However, we recommend a degree of flexibility within its structure, given the dynamic nature of the energy sector. Unexpected or unforeseen developments may necessitate adjustments to these classifications over time, and a flexible approach would help ensure that the framework remains responsive and effective. In addition, we think there may be some areas which may need to be reclassified or reprioritised to ensure certain programmes of work are delivered in timescales that meet the needs of the sector (for example, Ofgem's Change of Tenancy programme).

We welcome Ofgem's efforts on the draft and if there are any areas of concern within our response, please feel free to contact me.

Yours sincerely,



Richard Sweet
Director of Regulatory Policy

**DRAFT SECOND PRELIMINARY STRATEGIC DIRECTION STATEMENT FOR
INDUSTRY CODES – SCOTTISHPOWER RESPONSE**

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 have not identified any gaps within the SDS that would necessitate code modifications over the next one to five years. However, we recommend allowing a degree of flexibility in the categorisation of these policy areas. As Ofgem will be aware, the energy sector is continually evolving, and policy areas that are currently assigned to a particular category may need to be reclassified or reprioritised over time to reflect changing industry requirements and priorities.

For example, the draft SDS (page 23-24), raises the possibility that planned change of tenancy (CoT) reforms (to avoid the build-up of debt) may require code modifications (to REC or SEC) (emphasis added):

“We have identified amendments to the Change of Tenancy (CoT) process which may require code modifications. As set out in our recent Call for Input, we plan to work with suppliers, consumer groups and charities to co-create a new approach to CoT, including the potential need for code modifications. Our intention is to enable suppliers to switch smart meters to pre-payment mode when an occupier leaves a property with the aim of preventing accumulation of energy debt by the new occupier. [...] We therefore consider the options for possible code changes in these areas need further assessment and prioritisation between Ofgem and industry, **with a view to possible implementation in 2028-2029.**”

The CoT process design is still under development so it is unclear at this stage whether code modifications will be required. However, if they are required, we consider that the 2028-2029 timeframe for implementation is not sufficiently ambitious given the importance of debt issues.

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 approach adopted by Ofgem.

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?

Yes.

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, due to the evolving work of energy code reform and possible changes in the sector, we would support the conversion of the SDS to a hybrid document.

Q5. Do you have any other feedback?

No further comments.

ScottishPower

May 2026