Northern Gas Networks

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Dear Lucy

Proposed Code Manager Standard Licence Modifications relating to Data Best Practice

Northern Gas Networks (NGN) welcomes the opportunity to respond to Ofgem's consultation on the proposed introduction of Data Best Practice (DBP) obligations within the Code Manager Standard Licence. We have remained actively engaged throughout the development of the Energy Code Reform programme and have responded to previous consultations on code governance reform, code manager licensing and related implementation arrangements. Accordingly, our comments focus primarily on the interaction between the proposed obligations and the wider transition of responsibilities from existing licence and code arrangements into the future Code Manager framework.

We support the overall objective of improving consistency in data governance and digitalisation across the energy sector and recognise the important role that future Code Managers will play in embedding data best practice within code governance arrangements.

As a Gas Distribution Network, we are not a prospective Code Manager. However, we are currently subject to Data Best Practice and Digitalisation Strategy and Action Plan obligations through our licence and therefore have practical experience of implementation and compliance with the framework.

We hope the observations below are helpful and would be pleased to discuss any aspect of our response further. Our responses to the consultation questions are set out in the attached appendix 1.

Should you have any queries regarding this response, including any of the detailed positions set out in Appendix 1, please contact Tom Pollock, Head of Digitisation, who has led Northern Gas Networks' subject matter input to this consultation and is our lead subject matter expert for this area. Tom can be contacted at tpollock@northerngas.co.uk or on 07773 545548 and will be pleased to discuss any aspect of this submission, provide further information, and coordinate any follow-up discussions or requests for clarification.

Yours sincerely,



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Appendix 1 – NGN consultation questions and responses.

Please see our responses to the specific questions or requests for comments outlined in the consultation below.

Q1. Do you agree with the structure of our proposed amendments to the Code Manager Standard Licence Conditions, to introduce the requirement to follow Data Best Practice (DBP) Guidance for licensed Code Managers?

We broadly support the proposed approach of placing DBP obligations directly on licensed Code Managers through the Code Manager licence rather than through consequential obligations on code parties. This is consistent with the future governance framework established through Energy Code Reform and places responsibility with the party that will have direct accountability for code governance.

The proposed structure largely mirrors the existing digitalisation licence conditions applicable to network licensees, which should promote consistency of regulatory expectations across licensed parties

Existing licence obligations and transition to the Code Manager framework

We note that the introduction of DBP obligations for future Code Managers forms part of a wider transition of governance responsibilities from existing licence and code arrangements into the Energy Code Reform framework. As responsibilities currently established through code administration, code management and central data service functions transfer to future Code Managers, Ofgem should ensure that associated obligations, accountabilities and implementation timelines remain aligned.

This will help avoid uncertainty regarding compliance responsibilities during transitional periods and support a clear transfer of responsibilities between organisations.

This is particularly important where an existing licensed party currently holds code administration or governance obligations that are expected to transfer to a future licensed Code Manager. An example is the obligations currently placed on Gas Transporters under Standard Special Condition (SSpC) A11 (Network Code and Uniform Network Code), SSpC A12 (Joint Office Governance Arrangements) and related governance provisions, which will need to be considered alongside the future Gas Code and Code Manager licence arrangements.

We consider it important that Ofgem ensures there is a clear and coordinated transition between existing and future obligations so that there is neither duplication of requirements nor any gap in regulatory accountability. More generally, additional clarity would be beneficial regarding how responsibilities will be allocated where obligations are shared between:

- Existing network licensees who remain subject to DBP obligations under their own licences;
- Licensed Code Managers;
- Central system operators and service providers; and
- Parties responsible for code-governed data assets and systems.

This is particularly relevant in the context of the UNC, where the future Code Manager is expected to have responsibility for both code governance and the associated central systems. In such circumstances, responsibility for compliance with DBP principles relating to code-owned data and systems may naturally sit with the Code Manager.

However, this will not necessarily be the case for all code arrangements. We therefore recommend that Ofgem provides further clarity on how accountability will be assessed where responsibilities are shared, delegated or delivered through third parties.

Best endeavours versus reasonable endeavours

We also recommend that Ofgem carefully considers whether "best endeavours" is the appropriate legal standard across all aspects of the proposed obligation.

The draft licence condition requires a Code Manager to use its best endeavours to act in accordance with Data Best Practice Guidance when conducting work involving, or making decisions about, Energy System Data.

While we support the objectives and principles of DBP Guidance, the ability of a Code Manager to deliver all outcomes may depend on factors outside its direct control, including:

- Actions of code parties;
- Third-party service providers;
- Data ownership arrangements;
- Legacy systems and technical constraints;
- Cyber security and resilience considerations;
- Commercial confidentiality requirements; and
- Wider industry programmes and dependencies.

Where delivery relies on cooperation, decisions or actions from other organisations, a requirement to use reasonable endeavours may represent a more proportionate and practical standard while still driving continuous improvement and alignment with the objectives of the framework.

We recognise that certain obligations may be fully within a Code Manager's control and therefore capable of supporting a stronger obligation. However, we believe Ofgem should consider whether a single best endeavours standard remains appropriate across the full range of DBP requirements, particularly where outcomes depend on multiple parties.

Overall, we support the proposal to place DBP obligations on licensed Code Managers but consider that further clarification of accountabilities and proportionality of obligations would strengthen the framework and support effective implementation.

Q2. If you are a prospective Code Manager, do you currently follow DBP Guidance on a voluntary basis? If not, what are the key barriers preventing adoption (for example, data maturity, capability, resource constraints, legacy systems, or governance arrangements)?

Not applicable as we are not a prospective Code Manager.

However, as a Gas Distribution Network, we are already subject to Data Best Practice Guidance and associated Digitalisation Strategy and Action Plan obligations through existing licence requirements. We therefore have experience of implementing DBP principles and recognise the benefits that improved data governance, discoverability, transparency, interoperability and stakeholder engagement can deliver.

Q3. What forms of support, clarification, or guidance from Ofgem would help prospective Code Managers comply with the DBP obligation once it becomes a licence requirement? Please include examples of tools, documentation, or transitional arrangements that would be beneficial.

Drawing on our experience of implementing DBP obligations, we believe the following would support future Code Managers and assist a smooth transition into the new framework:

a. Clear accountability guidance: Further clarification regarding the allocation of responsibilities between Code Managers, network licensees, central system operators, service providers and code parties, particularly where responsibilities for data assets and systems are shared.

b. **Responsibility and accountability mapping:** We believe it would be beneficial for Ofgem to provide, or facilitate the development of, a responsibility matrix setting out the expected allocation of obligations across common governance arrangements.

Such a framework could identify, for key categories of code-governed data and central systems:

i) The Data Owner;
ii) The Data Custodian;
iii) The accountable licence holder;
iv) Any service provider or agent acting on behalf of the accountable party; and
v) Responsibility for compliance with Data Best Practice obligations.

This would help provide consistency across codes, support effective implementation of DBP obligations and reduce uncertainty where responsibilities are shared between Code Managers, existing licensees and third-party service providers.

We consider this could be particularly valuable during the transition to Energy Code Reform, where existing governance, code administration and central service responsibilities are transferring between organisations. A clear accountability framework would help avoid gaps, overlaps or duplication of responsibilities and support a more consistent approach to compliance across the sector.

c. **Guidance on transition arrangements:** Clear guidance on the transfer of responsibilities from existing licence and governance arrangements into the Code Manager framework, including how compliance expectations will be managed during transition periods.

d. **Guidance on central systems:** Specific clarification on the application of DBP obligations to code-operated or code-managed central systems, particularly where responsibilities differ between codes.

e. **Practical implementation examples:** Worked examples and case studies demonstrating how individual DBP principles can be applied within different code governance models and organisational structures.

f. **Compliance assessment expectations:** Further clarity on how Ofgem intends to assess compliance against principles-based obligations, particularly where outcomes depend on collaboration across multiple organisations or stakeholders.

g. **Proportionate implementation support:** A pragmatic implementation approach for newly licensed Code Managers, recognising that organisations may require time to establish governance arrangements, stakeholder engagement processes, data inventories and publication frameworks where these are not already in place.

Overall, we consider the proposed extension of DBP obligations to licensed Code Managers to be a logical development of the Energy Code Reform framework. Subject to further clarity on accountability, transition arrangements and proportionality of obligations, we consider the proposal should support greater consistency of data governance across the sector while avoiding unnecessary duplication with existing licence requirements.