



Reforming the Energy Industry Codes - response form

The consultation is available at: www.gov.uk/government/consultations/reforming-the-energy-industry-codes

The closing date for responses is: 16 September (23.45)

Please return your completed form to the following email addresses. As this is a joint review, please ensure you respond to **both** email addresses below.

Email to: codereform@beis.gov.uk & industrycodes@ofgem.gov.uk

If you would like to send a hard copy then please send copies to the following. As this is a joint review, please ensure you send copies to **both** postal addresses below.

Write to:

Code Reform - Electricity Systems Team
Department for Business, Energy and Industrial Strategy
Abbey 1, 3rd Floor,
1 Victoria Street
London
SW1H 0ET

Ofgem
Industry Code and Licensing Team
Office of Gas and Electricity Markets
10 South Colonnade
Canary Wharf
London, E14 4PU

BEIS and Ofgem will share with each other all responses that are received.

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Please be aware that we intend to publish all responses to this consultation.

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the

access to information regimes. Please see the consultation document for further information.

If you want information, including personal data, that you provide to be treated as confidential, please explain to us below why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we shall take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

I want my response to be treated as confidential ☐

Comments: [Click here to enter text.](#)

Questions

Name: James Robottom

Organisation (if applicable): The Institution of Engineering and Technology

Address: Michael Faraday House, Six Hills Way, Stevenage, SG1 2AY, United Kingdom

Please select a box from the list of options below that best describes you as a respondent. This allows views to be presented by group type.

	Respondent type
<input type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Central government
<input checked="" type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Trade union or staff association
<input checked="" type="checkbox"/>	Other (please describe) Professional Engineering Institution

Question 1 [page 17 in consultation document]

Do you agree with our four desired outcomes for the code governance landscape by the mid-2020s?

☒ Yes

☐ No

☐ Don't know

Please explain.

Comments:

We agree with the 4 suggested outcomes, but we have additional comments.

- 1) Due to the additional pressure of delivering net-zero, the mid 2020s is too late
- 2) It is disappointing that the consultation does not highlight better engagement with stakeholders as a desired outcome. No governance model can be effective if it doesn't connect with stakeholders to identify the need for change and then develop and deliver it. As greater numbers of smaller players become active in the energy sector it will be increasingly important, but also difficult, to do this. It therefore deserves dedicated effort to find ways to meet this challenge.
- 3) This is a perfect opportunity to be bold in the scope of their reforms and build a sustainable future governance and not just fix the problems of the legacy governance arrangements.
- 4) The codes should allow room for innovation, however the current list of outcomes suggests that helping new market entrants understand the codes is all that is needed for allowing innovation. This ignores that the content of the codes may give disproportionate regulation on small actors which prevents new market entrants or may not allow/support new tech or new business models
- 5) The outcomes should consider the wider implications of codes changes to ensure efficiency and 'codes develop in a way that benefits existing and future energy consumers'
- 6) The outcomes should explicitly mention the requirement for a 'system technical coordination' functionality, which will be essential in the new multi-party, data-enabled energy sector

If you disagree, please explain what you consider the outcomes should be.

Comments: [Click here to enter text.](#)

Question 2 [page 17 in consultation document]

Do you agree with the problems we have identified (in chapter 1 – Background – and in later chapters), and that they present a persuasive case for reform of the current framework for energy codes?

☒ Yes

☐ No

☐ Don't know

Please explain.

Comments:

Further problems not highlighted are:

- 1) the prescriptive nature of the codes hinders innovation (prevents/hinders new tech, new business models)

- 2) incumbents have undue influence, are not accountable and have mixed incentives. This leads to an institutional bias towards the current regulated industries and licensed generators.
- 3) poor representation of new parties, especially SMEs and other new entrants - which could be seen as the reason for points 4) and 5)
- 4) knowledge retention is ad hoc, and no party has responsibility to do this systematically
- 5) poor 'system technical coordination' which should consider the operation of the system as well as the interaction/implications of different code changes
- 6) a focus on the market codes rather than the engineering codes, the latter being essential enablers of the former and of wider change

Question 3 [page 18 in consultation document]

Do you have additional evidence on the performance of the current framework?

Comments:

Significant evidence has been collected through the Future Power Systems Architecture (FPSA) programme – full information can be found at <https://www.theiet.org/impact-society/sectors/energy/future-power-systems-architecture/>

Question 4 [page 18 in consultation document]

Do you agree with our proposed scope of reform?

☐ Yes

☒ No

☐ Don't know

Please explain.

Comments: Whilst we recognise that this is a significant first step, we do not agree with the proposed scope of reform for the reasons listed below.

If not, which additional codes or systems do you think should be included/excluded?

Comments:

It should also include SQSS, 'and other similar systems'. Without these being included, the responsibility of ensuring the technical operation of the system will be spread over a number of organisations.

We also think the code body should have the power to review the current status of these documents as 'recommendations' and to alter it in the future if they felt it was appropriate.

We support the assertion in Annex D that there should be 'flexible arrangements that ensure it is possible to **keep under review which codes and systems are in scope**, and for codes that are in scope, to keep under review how the scope of the reforms should apply.'

We envisage a future need for the IMRBs remit to be wider than that for the current codes i.e. including hydrogen and heat. Considering this need, it should be carefully considered how best to deliver this new remit. Considering this body may not be established until the mid-2020s (though we think it is imperative this timeline is shortened) it may be necessary that the body is set up with a wider remit. If not, there should be a very clear process for how its remit is widened in the future (which does not require further primary legislation).

Needs to consider the implications of new wider developments, such as behind the meter tech, on system security and put a clear plan in place to allow these to be integrated into the grid. This plan could include liaison with different bodies such as standard bodies and Ofgem. Careful consideration must be paid to ensure action is taken when something is on the boundary of multiple body's remits i.e. LoL distributed generation.

Therefore, the remit should not just be licensees- we believe the body should consider the operation of the whole system- from consumer usages of behind the meter technologies through to high level transmission operation for a number of energy vectors. Therefore, the ability of the body to prevent problems arising from the actions of current non-licensees must be carefully considered. For example, the operation of electric vehicle charge points in relation to price signals has the potential to cause a rapid RoCoL. A future aggregator sending these signals could be regulated through a specific license to prevent RoCoF problems however, a basic algorithm following price signals could not. Therefore, this body will need to work closely with standards agencies and government to resolve the problems it may highlight surrounding the future operation of the grid.

As noted, how the body undertakes this process must be carefully considered. Otherwise, the body will have no power to ensure the issue is resolved and the issue could continue like the distributed generation LoL dispute which has been proven to cost the government millions of pounds.

The consultation does not mention **the responsibility of the Code Manager to consider system security or safety**. Considering the decisions that the body will be making surrounding the operation of the system, this should be part of their remit. However, it should be added in a way which does not make the body overly conservative

We suggest that the distinction between National Grid ESOs system security responsibilities and the IMRB would be as follows:

National Grid is responsible for the real time operation of the grid and complying with the system security requirements outlined in the codes.

The IMRB would be responsible for maintaining the system security requirements ensuring they are sufficient and efficient considering the wider system factors. This also highlights the need of the body to consider non-licensees and **new tech as its impact on system security must be considered and a path to resolution clear if this is the case.**

Question 5 [page 18 in consultation document]

Are there any codes or systems that we should only apply a limited set of reforms to?

☐ Yes

☒ No

☐ Don't know

Please explain.

Comments: No, a key benefit of the reform is the standardisation of the process. Also, industry expertise can still be accessed when needed under these proposals.

Question 6 [page 21 in consultation document]

Do you agree that the four areas for reform are required? Please provide reasons for your position and evidence where possible.

Comments: Yes, but all of these elements must be aligned with allowing innovation towards a consumer-facing whole energy system and progress to Net Zero, it's an opportunity to be bold in the scope of their reforms and build a sustainable future governance and not just fix the problems of the legacy governance arrangements.

It must be ensured that the codes enable innovative tech and business models and should explicitly ensure technical coordination and long-term oversight across supply chain parties where this is essential to assure secure and effective outcomes.

Question 7 [page 21 in consultation document]

Do you agree with the two broad models outlined? Please provide reasons for your position and evidence where possible.

Comments:

Yes, we **welcome the proposals**

For the models to successfully deliver the desired outcomes, we think the following are particularly important:

1) accountability (they should be accountable to a body who fully understands what

the body is doing, is independent and will consider industry complaints)

2) the body has sufficient 'due process' to handle legal challenges. This should be carefully considered in advance as it needs to be robust but not overly slow down code modifications. It should be proportional to the impact of the code modification, allow continual change processes for appropriate regulations and have some allowance for code changes which need to be fast tracked.

3) careful consideration of remit (discussed further above) -provision for technical co-ordination - must be established to deliver inclusive, timely change, and simplifying the whole regime

Question 8 [page 21 in consultation document]

**Which model do you believe will best deliver on our desired outcomes?
Please explain.**

Comments:

We do not have a preference of either model

Model 1:

Pro- could perhaps develop into a comprehensive strategic oversight body easier

Con- could be caught in limbo with no direction power to affect change.

Model 2:

Pro- single centre of expertise and align the incentives of the bodies encouraging collaborative working and removing potential tension

Con- the strategic direction could become purely focused on codes and not the wider system.

The work conducted by FPSA has shown the need for strategic oversight. We think either proposal would provide this for the codes. However, we think there needs to be a body who extends this strategic oversight to the operation of the wider system

Question 9 [page 21 in consultation document]

Do you agree with the changes to the role of code signatories we are proposing?

Comments:

Yes, we support the re-balancing of power away from incumbent code-signatories whilst still ensuring industry expertise is included in decisions when necessary. We support the potential funding of under-represented stakeholders as there must be a mechanism to ensure SMEs viewpoints are represented meaningfully noting their very limited resources.

We think it is important that industry experience is sought where necessary and that due diligence is performed on proposals to ensure they will have a net benefit on the system. However, these arrangements should be set up envisaging that future

stakeholders may not wish to partake in industry governance as is the case in comparable industries. Therefore, the arrangements need to carefully consider the balance between gathering industry expertise and experiences without high-resource stakeholder engagement always being a necessity for each change to the codes.

Provided that fair industry access is available, and stakeholders have the right to be involved in industry governance, we think actions should be taken to ensure they do not have to partake in the governance process for their views to be represented. This will be done by having a fully resourced body, potentially with the ability to request data from companies to support the need for different code changes, with the aim of enabling innovative technologies and business models and reducing the regulatory workload to enable new market entrants. In this light, the establishment of strict processes which prove due diligence become even more important.

Question 10 [page 29 in consultation document]

Do you agree there is a missing strategic function for codes development in the energy sector and that introducing a strategic function with the responsibilities outlined in chapter 3 is the best way to address the lack of strategic direction?

☒ Yes

☐ No

☐ Don't know

Please explain.

Comments: We support an independent body providing a long-term roadmap of code modifications which collectively deliver the required future functionality of the system.

We think the strategic function should be independent and fully resourced. It should have a board and regularly engage with stakeholders.

As put forwards within this consultation, the level of detail in the strategic direction is yet to be decided. This will be a key determinant of the interaction between the Strategic Function and the Code Managers.

We think the Code Managers must be represented when the Strategic Direction is being created, as they will be the point of expertise for the complexities of the codes and therefore well placed to help create an effective long-term roadmap.

Who is best placed to fulfil the strategic function and why?

Comments: [Click here](#) to enter text.

Question 11 [page 29 in consultation document]

Do you agree with the objectives and responsibilities envisaged for the strategic function, and are there any additional objectives or responsibilities the strategic function should have?

Comments: We think some of the responsibilities in this list could be given to the code managers. The division between the strategic function and the code managers needs to be carefully considered (see response to question 10). Additional objectives could be to:

- 1) ensure timely transition
- 2) ensure, that with code compliance, the code ensure the effective technical operation of the system (within reason)
- 3) horizon scan to ensure the remit of the codes is appropriate
- 4) liaise with other bodies whose remits possibly overlap
- 5) work to provide long term stability for the industry by creating a long term road map of code changes.
- 6) ensure, provided they are not a danger to system security, the codes are not a barrier to new participants entering the market.
- 7) ensure the market allows new technologies and business models to enter the market, provided they will not be a danger to the wider system and will benefit consumers.
- 8) decide on priorities between different issues where there is a shortage of resources.

Question 12 [page 29 in consultation document]

How may this new function potentially impact the roles and responsibilities of other parts of the framework? Do you foresee any unintended consequences?

Comments: The interaction and division of work between the strategic function and code manager needs to be clear or this could lead to conflict in the future.

As discussed in Q4:

We suggest that the distinction between National Grid ESOs responsibilities and the IMRB would be as follows:

National Grid is responsible for the real time operation of the grid and complying with the system security requirements outlined in the codes.

The IMRB would be responsible for maintaining the system security requirements ensuring they are sufficient and efficient considering the wider system factors. This would need to ensure collaboration between the two bodies as **National Grid ESO's** knowledge of system operation will be vital to maintaining effective security of supply requirements. This should also consider the need of the body to highlight and affect non-licensed actions if they are shown to pose a danger to system security or equate to the industry evolving uneconomically.

In this light interaction with bodies **such as the British Standards Institute** who currently place regulations on these technologies should be considered.

We also think the interaction with this body and Ofgem must be carefully considered as Ofgem will hold the power to create licenses for stakeholders.

Question 13 [page 29 in consultation document]

What are your views on how the strategic direction should be developed and implemented (including the option of establishing a strategy board to aid engagement)?

Comments: We suggest considering a rolling plan approach that would signal longer term 'current thinking' but firm up and remain consistent in regard to shorter term horizons. Such a model would enable longer term 'sense of direction' to be communicated and explored, while giving shorter term certainty. Both short and long term messaging are important for investors, innovators and policy makers in times of continual change.

The independent Strategic Function could use their internal expertise to create the long-term strategic direction. This should be augmented with workshops which gather industry, government and internal expertise (such as the code managers), liaison with stakeholders with specific expertise and a comprehensive horizon scanning process.

This should happen periodically (such as each year) to alter the high-level long-term view (Could create annual cycle of workshops, publication of draft, consultation and publication of updated strategy). This could perhaps take the approach along the lines of the National Infrastructure Commission, where a strategic national review takes place every few years and is recommended to Government for action. It has legislative weight and a requirement for Government to act in response. Potentially the IRMB could adopt a similar approach where its report is used by Government to inform its strategic direction guidance. It should be noted that this would need to be augmented with a more agile approach and would work best for long-term low-regret transformative changes.

Then the approach taken to deliver the required outcomes would be determined in line with the timeline of required functionality.

The exact delivery approach should be determined by the Strategic Function/Code Managers (as previously discussed, the level of detail which would be determined by the Strategic Function is as yet unclear) through a collection of internal work and stakeholder engagement.

Once the approach has been determined the Code Managers would deliver the necessary code changes.

For example, it has been highlighted that to enable innovation, the supplier hub model will need to be unbundled.

The initial Strategic Direction could detail this simply as 'Unbundling the Supplier Hub Model'. This would be followed with a workstream and set of consultations considering the best way to achieve this. Once this has been decided, there is then a considerable amount of work to alter the codes to reflect the chosen approach.

Question 14 [page 29 in consultation document]

Do you think that the scope of the strategic function should be limited to taking account of the Government's vision for the energy sector and translating it into a plan for the industry codes framework, or are there other areas it should address (for example, impact on vulnerable consumers)?

☐ Yes

☒ No

☐ Don't know

Please explain.

Comments: Net Zero 2050, Industrial Strategy, Jobs and Exports will all depend crucially on getting this governance change right.

Therefore, we think the governance should consider all areas of policy, especially those which are likely to have a direct impact on, or be impacted by, the operation of the energy industry. It is essential that we do not constrain this. We want the Strategic Function to take a system of systems perspective, working with anyone else relevant to drive a direction in the interests of society as a whole

However, it should be noted that, for many areas, to deliver the maximum benefit to consumers in the long term, there may be conflicts with other government policies in the short term i.e. fuel poverty reduction. In this event the beneficial action should still be taken. This should be supported by an official mechanism whereby the Strategic Function informs government of the potential impact of the planned code modifications so that a comprehensive complementary policy may be introduced to mitigate the negative impact on other policy goals. This will ensure the system can develop in an economically efficient way and meet its policy targets: thereby benefitting consumers.

Question 15 [page 36 in consultation document]

Do you agree that in addition to the current responsibilities that code administrators have, that the code manager function should also have the following responsibilities?

a. identifying, proposing and developing changes (analysis, legal drafting etc.), including understanding the impacts;

☒ Yes

☐ No

☒ Don't know

b. making decisions on some changes, or making recommendations to the strategic body; and

☒ Yes

☐ No

☒ Don't know

c. prioritising which changes are progressed.

☒ Yes

☐ No

☒ Don't know

Please explain.

Comments: There is some ambiguity around what the 'current responsibilities' of Code Managers are.

We agree with the new suggested responsibilities/abilities.

For c. this process could be supported by the high-level long-term plan for code changes. This combined with an initial triage process could be used to prioritise code changes based on when it is foreseen that they should be introduced.

Specific attention should be paid to considering industry-raised modifications in a timely manner, as these changes may impact their business models.

The new code manager needs to be full time (no conflict of interest) and fully resourced.

We suggest the name of this new 'Code Manager' is altered to reflect their new expertise and the active role they will have in the process.

Question 16 [page 36 in consultation document]

What is the best way to ensure coherent end-to-end changes to the codes and related systems? For example, is it through having end-to-end code and system managers?

Comments:

This could be delivered in a number of ways i.e. a team with oversight of code changes, regular meetings between teams/senior leadership to communicate progress on work, digitalised threads which shows personnel working on different areas of code content. However, we think these processes should not be dictated to the organisation but suggested as a flexible way of operating. This should be accompanied with a regular review process which will allow the organisation to learn and improve as it develops and operates.

Having the IRMB should help to ensure the changes are co-ordinated as subject matter will not be institutionally siloed. Clear accountability of Code Managers to the IRMB and Ofgem should also ensure that such coordination is realised

Question 17 [page 36 in consultation document]

Should the approach differ on a case-by case basis (i.e. depending on the code or system in question)?

☒ Yes

☐ No

☐ Don't know

Please explain.

Comments: There should be some consistency, but yes it should be flexible so that the process is not inefficient.

The process which should be undertaken for a code modification (for example, based on system impact, need for specific industry expertise or the need for a continual iterative change process) could be determined at the triage process.

For some code modifications which relate to fast moving industry/technological developments, there may be the need of an ongoing iterative review/change process. The code manager should be given the potential to use this process though the transparency of the process and assurance for industry stability should be carefully considered.

A key differentiator must be the independence, competence and speed of decision making – the new regime must set out how these decisions will be taken effectively.

Question 18 [page 36 in consultation document]

Do you agree that the code manager function should be accountable to the strategic body and that this should be via a licence or contract?

☒ Yes

☐ No

☐ Don't know

Please explain.

Comments: Under Model 1 - yes

Please note questions 19- 26 only apply in respect of Model 1 (code managers and a strategic body).

Question 19 [page 36 in consultation document]

Are there more effective ways that the code manager function's accountability to the strategic body could be enshrined other than in a licence or contract?

Comments: With Model 2, we suggest there should be a non-executive board who oversees operations and the IRMB should be accountable to government/Ofgem. The IRMB Board should encompass representation across the 'whole energy system'.

Appeals from industry should go to whoever the IMRB reports to. We also suggest that the appeal process is carefully considered to ensure that decisions are not unduly delayed.

Code managers should produce and justify a plan of how they will implement the strategic direction

Question 20 [page 36 in consultation document]

Do you agree that we should not consider further a model whereby the code manager function is accountable to industry?

☒ Yes

☐ No

☐ Don't know

Please explain.

Comments: There should be an appeal process but ultimately it should not be accountable to industry.

Question 21 [page 37 in consultation document]

Do you have views on whether the code manager function should be appointed following a competitive tender process or other competition?

☐ Yes

☒ No

☐ Don't know

Please explain.

Comments: No, it should be set up as a specialised, independent centre of expertise.

Question 22 [page 37 in consultation document]

Do you think the code manager function should be established by the strategic body creating a body or bodies?

☐ Yes

☐ No

☐ Don't know

Please explain.

Comments: No comment

If the code managers were established in this way, would we need to consider any alternative approaches to funding or accountability?

☐ Yes

☐ No

☐ Don't know

Please explain.

Comments: [Click here to enter text.](#)

Question 23 [page 37 in consultation document]

In terms of establishing/choosing the code manager function, do you agree that we should not consider further:

a. requiring an existing licensee to become the code manager; and/or

☒ Yes

☐ No

☐ Don't know

b. requiring a licensee (or group of licensees) to create the code manager?

☒ Yes

☐ No

☐ Don't know

Please explain.

Comments: We agree, the code manager needs to be impartial and able to establish trust. Furthermore, no one company currently has the breadth of knowledge needed to engage with all areas of code content. Therefore, multiple companies would need to be tendered; automatically entrenching the traditional structure of the codes in the new system and discouraging co-ordinated code modifications.

Question 24 [page 37 in consultation document]

What would be the most effective way to ensure the code manager function offers value for money (for example, through price controls or budget scrutiny)? More broadly, what is the right incentive framework to place on the code manager function?

Please explain.

Comments: No comment

Question 25 [page 37 in consultation document]

Are there any factors that:

a. would stop parties (including code administrators) from becoming a code manager?

☐ Yes

☐ No

☐ Don't know

b. should prevent parties from becoming a code manager (e.g. do you agree that licensees should not be able to exercise control of the code managers)?

☐ Yes

☐ No

☐ Don't know

Please explain.

Comments: No comment on any

Question 26 [page 37 in consultation document]

How should the code manager function be funded (for example through licence fees or by parties to the code(s)?

Please explain.

Comments: No comment

Question 27 [page 44 in consultation document]

Are there any quick wins that could be realised in terms of code consolidation and simplification?

Comments: No comment

Question 28 [page 44 in consultation document]

How many codes would best deliver on the outcomes we are seeking under these reforms?

Comments: In many ways the number of codes is not key to making them more accessible, this comes down to the underlying principles of the regulations, such as the need to be in simple language, outcome orientated, and digitalised (leading to bespoke codes covering the operations of industry participants).

That said, we support the number of codes being reduced.

We think it is important to consider that the traditional divisions between different operations may disappear in the future. Therefore, the code structure should not hold back how the code body thinks about the industry (i.e. in silos). Agreed – the important thing is to be able to discuss changes to multiple codes in one place and have a single holistic decision made.

We don't support dual fuel codes except where appropriate (i.e SEC) and Retail Energy Code.

Question 29 [page 44 in consultation document]

Which option (one code manager versus multiple) would best deliver on the outcomes we are seeking under these reforms?

Comments: In principle, we support the proposal of a single code management organisation as this will best deliver the aims of this code reform. A single code manager will help deliver the agile, co-ordinated governance which will be needed for future transformative code changes as well as creating a centre of knowledge to support the industry evolve. Furthermore, the future landscape may be suited to a different division of the code content in the future, therefore traditional thinking

around the structure of the energy system should not be entrenched in the new governance arrangements.

Question 30 [page 44 in consultation document]

Which of our consolidation options would best deliver the outcomes we are seeking to achieve? Please provide evidence for your examples.

Comments: No comment

Question 31 [page 44 in consultation document]

Do you agree that the codes should be digitalised?

☒ Yes

☐ No

☐ Don't know

Please explain.

Comments: We support the proposal that codes will be available through a single online portal where they will be tailored for the specific operations of a user and it is possible to follow a digital thread of content. We agree that this will ease contact for users as well as reduce the administrative burden for code changes.

Question 32 [page 47 in consultation document]

What role should industry have in monitoring code compliance or making decisions on measures needed to address any identified non-compliance?

Comments: There should not be a role for industry.

Question 33 [page 47 in consultation document]

Which of the two models we propose would better facilitate effective monitoring and compliance arrangements?

Please explain.

Comments: The role of monitoring compliance should rest with the Code Manager as this will align with their role as the body writing the rules to be complied with and collecting the evidence of non-compliance. The experience which comes from monitoring compliance will help the Code Manger produce clear and effective rules for compliance.

The codes should have processes which are proportional and appropriate for the size of the stakeholder being considered in order not to overburden the participants with compliance activities. For example, a new small stakeholder should have a smaller regulatory workload than one with much larger resource. The ability to provide this tiered system is heavily dependent on having appropriate mechanisms assessing compliance.

It should be ensured that where necessary there is a strict process for widening the parties required to comply with the codes.

Please note this question only applies in respect of Model 2 (integrated rule-making body).

Question 34 [page 47 in consultation document]

With Model 2 - integrated rule-making body - should the IRMB have responsibility for imposing measures (where a party is non-compliant with the code) or should this be for another organisation?

Please explain.

Comments: Further to the point above, the body that administers penalties will gain experience in ensuring the rules in the codes and the processes are monitoring compliance are robust enough to ensure non-compliance can be penalised. Therefore, we see some potential benefits from the IMRB administering penalties. However, we see this code lead to potential conflicts and that Ofgem have expertise in this area.

Do you have any other comments that might aid the consultation process as a whole?

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

No

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply ☒

At BEIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

☒ Yes

☐ No