

Code Reform – Electricity Systems
Team

Department for Business, Energy
and Industrial Strategy
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Ofgem
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Your ref

Our Ref

Date:
16 September 2018
Contact / Extension

Tel: 0141 614 1956

Dear Team,

Consultation on reforming the energy industry codes

I am writing on behalf of SP Energy Networks (SPEN), which comprises the electricity distribution licensees SP Manweb plc, SP Distribution plc and the electricity Transmission Licensee SP Transmission plc, in response to your consultation on reforming the energy industry codes.

We are supportive of the moves to make the energy code governance framework simpler for customers and industry to navigate and easier to engage with. We consider, in the first instance, that codes should be consolidated by industry activity type though it may be necessary to retain separate codes for gas and electricity to ensure that related expertise is retained at the code level.

We also welcome the proposal to provide clear linkage between Government policy and the strategic direction of code development which should provide much needed clarity to both industry and consumers. For this reason, we would therefore encourage the establishment of a Strategic Body and Code Management entity, as suggested under model 1. Given the rapid change which is expected across the energy system to support the transition to a net-zero economy as well as the anticipated increase in new entrants to the energy industry, we believe that all parties engaged with the code governance process should also share the costs of operating the system in a fair and transparent manner and thus avoid the costs being inappropriately skewed to one or two sectors of the industry. It will also be important that, in simplifying the current code structure, smaller parties do not feel side-lined and that their voice has been diminished on codes of relevance to them and their operations.

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SP Transmission plc, Registered Office: Ochil House, Technology Avenue, Blantyre, G72 0HT. Registered in Scotland No. 189126. Vat No. GB 659 3720 08
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We also believe that there is an important role for the Economic Regulator, Ofgem, to play in the future energy code process. Ensuring that those regulated parties are not unduly disadvantaged by placing additional obligations and costs upon them without due consideration of the funding implications for these businesses where a longer term (5-year) price control mechanism is applied. It is also important that the costs and benefits arising from modifications are adequately assessed against the needs and requirements for electricity and gas networks in a rapidly changing (and complex) environment. It is also important that all parties understand their roles and obligations placed upon them and that simplifying the code arrangements does not simply mean a reduction in standards being applied. The introduction of new services, industry parties and technologies will lead to more complex arrangements and interactions between industry parties. Therefore the new structure should be agile and adaptive to accommodate this whilst still ensuring that codes and rules still enable the energy networks and systems to operate efficiently, reliably and robustly as we transition towards a more flexible and carbon neutral energy system.

Yours sincerely,

A handwritten signature in black ink that reads "Graeme Vincent". The signature is written in a cursive style with a large, stylized 'G' and 'V'.

Graeme Vincent
Network Planning and Regulation

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