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Code Reform - Electricity Systems Team
Department for Business, Energy and Industrial Strategy
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Industry Code and Licensing Team
Office of Gas and Electricity Markets
10 South Colonnade Canary Wharf
London E14 4PU

By email: codereform@beis.gov.uk and industrycodes@ofgem.gov.uk

28 September 2021

Dear Sir/Madam,

Re: Consultation on the Design and Delivery of the Energy Code Reform

Introduction to RES

RES is the world's largest independent renewable energy company with operations across Europe, the Americas and Asia-Pacific. A British company, at the forefront of renewable energy development for 40 years, RES is responsible for more than 17GW of renewable energy capacity and energy storage projects worldwide. RES is active in a range of renewable energy technologies including onshore wind, offshore, solar and energy storage.

In the UK, RES has developed and/or constructed 1GW of operating wind generation capacity. We provide support services (AM and O&M) to a global operational portfolio of 7.5W of renewable projects and energy storage for a range of third-party clients. We play a critical role in ensuring the provision electricity with our teams on the ground and in our 24/7/365 control centre responsible for keeping 10% (3GW) of the UK's operating renewable capacity running.

RES wants to play an active part in the UK's energy future, ensuring our projects contribute to decarbonising the energy system at least cost to the consumer, in line with RES' vision to be a leader in the transition to a future where everyone has access to affordable zero carbon energy. We therefore welcome this opportunity to respond to this Consultation and we are happy for our response to be published.

Executive summary

RES supports the objectives behind what an energy code framework should look like; to be forward-looking, to accommodate a larger number of market participants, to be agile and responsive, and to make it easier to identify rules that apply to participants. We agree with that energy code governance is not meeting these

objectives and therefore needs reform. For RES it is particularly important that code changes can progress quickly to avoid uncertainty in the market and do not adversely impact on net zero.

To this end, RES is also supportive of the main changes suggested in this consultation. That is, creating a strategic direction, empowered and accountable code management, independent decision-making, and code simplification and consolidation. However, we have concerns with the lack of detail outlined in the consultation in some critical areas such as stakeholder engagement. While it is suggested that panels should be disbanded, no viable detailed alternative has been proposed. Until this detail is fleshed out, RES cannot provide a definitive view on whether the proposals are better or not than the status quo.

RES response

Strategic direction

RES believes that the creation of a strategic function with the ability to oversee code changes is a positive proposal that will provide necessary focus to modification changes. Currently modifications can be progressed and take up valuable resource from industry and the regulator, regardless of whether they are aligned with government policy. There should be stronger accountability for modification proposers and for Ofgem, to be aligned with government policy, that is to meeting net zero targets.

The consultation outlines two options for the strategic body that would be responsible for the strategic direction. Option one is to have Ofgem as the strategic body and option two is to give this function to the Future System Operator. RES believes there are merits to both options. Under both options, decision making for material changes lies with Ofgem and so there are clear efficiencies to having Ofgem as both the decision-making body and the strategic body as the same content would be understood and covered by both bodies.

However, there are advantages to having an independent body establishing a strategic direction. A more independent body may be able to provide independent criticism and accountability to Ofgem when considering strategic changes necessary to meet objectives. The Strategic body should keep the regulator, industry, and code managers to account. It is not clear what or when the Future System Operator will come to fruition so it is difficult to endorse this as an option, but RES does support the Strategic Body being one that is able to act independently and in the best interest of meeting net zero targets.

Though it has been outlined that the strategic direction should include relevant content from any designated Strategy and Policy Statement, and the impact of government's policy priorities, the most up to date government target for emission reductions should be at the forefront of the strategic direction.

Code managers

We support the proposal to give greater focus to code management of codes rather than just administration. Code managers should be empowered to make decisions on code changes and ensure that they are not spurious or going to result in anything not aligned with net zero.

Currently there are varying degrees of performance from code administrators and different levels of service. We support the objective that code administrators/code managers should be more accountable should on the whole provide a better service to its users. There should be stronger incentives, than reputational, for code administrators/managers, however, it is not clear what the licensable activity would be when providing license. We also do not believe that licencing code managers would have the desired effect. Perhaps financial incentives would be a better alternative.

We note that Code managers would likely be selected through a competitive tender process, the detail for which has yet to be determined. We are concerned that the process setting this tender process up could take significant resource and time away from both BEIS, Ofgem and industry engaging in the process. We urge BEIS to ensure that this process is as streamlined as possible.

RES deals extensively with both grid code and distribution code related engineering standards and don't agree that it is necessary to establish engineering standards into their own code. Nor do we think it is necessary that the standards need to be codified. However, it is important that we ensure all security standards and engineering standards are up to date considering new net zero targets.

Stakeholder engagement

It is set out in the proposal that industry panels will be disbanded in order to create flexibility and equality among stakeholders. Instead, code managers would be required to establish stakeholder advisory forums, where the advice of the forum would not be binding. There is also no detail in the consultation on how many, how often and what format the forums would take. Further to this, it is not clear what role workgroups would have in this process; it is through workgroups that RES believes the expertise is able to debate and discuss the detail of modifications and that this should not be lost. As a smaller party with few resources to engage in every code change process, RES understands the goals behind disbanding panels, but we do not think that BEIS has provided enough clarity on the alternative, nor provided stakeholders with the confidence that an alternative would value stakeholder feedback. We would suggest that BEIS presents stakeholders with a more robust proposal for an alternative.

Given that Ofgem is the decision-making body, RES believes that it would be helpful if Ofgem was more participatory in the modification process from the outset. This would mean that Ofgem could provide feedback throughout the process on whether the direction of travel is one that is meeting the strategic objectives or not, or whether it will pass or not. Ofgem would also be closer to the arguments made on modifications, therefore shortening the decision-making time.

We note that Energy UK has provided a detailed response to the questions in the consultations which are largely representative of RES's views. We would be happy to answer any further questions on our evidence or provide additional information if required.

Yours faithfully,

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