

Consultation

FSO Codes Change Programme – Statutory consultation on modifications to industry codes to implement the Independent System Operator and Planner (ISOP)

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Contact:	Kristian Marr and Carly Malcolm
Team:	Future System Operation
Telephone:	020 7901 7000
Email:	FSO@ofgem.gov.uk

1. This document sets out the proposed modifications to the following industry codes and their associated documents (collectively referred to as the “Codes”):
 - Balancing and Settlement Code (BSC)
 - Connection and Use of System Code (CUSC)
 - Distribution Code (D Code)
 - Distribution Connection and Use of System Agreement (DCUSA)
 - Grid Code
 - System Operator Transmission Owner Code (STC)
 - Security and Quality of Supply Standard (SQSS)
 - Uniform Network Code (UNC)
2. Further, we intend to make no modifications to Independent Gas Transporters’ Uniform Network Code (IGT UNC), Retail Energy Code (REC) and the Smart Energy Code (SEC).
3. Subject to this consultation, we intend for the Relevant Authority to exercise its powers, respectively, under section 169 of the Energy Act 2023¹ in order to modify directly these Codes. The Gas and Electricity Markets Authority (GEMA)² and the Secretary of State of the Department will each act as the Relevant Authority for

¹ Energy Act 2023: <https://www.legislation.gov.uk/ukpga/2023/52/enacted>

² Gas and Electricity Markets Authority. Ofgem is the Office of the Gas and Electricity Markets Authority. The terms “GEMA”, “Ofgem”, “we” and “us” are used interchangeably in this document.

corresponding parts of the proposed modifications. We intend for GEMA to be the Relevant Authority for all the proposed code changes, excluding those related to National Security. In the case of the latter, the intention is for the Secretary of State to be the Relevant Authority.

4. The effect of the proposed modifications is to implement changes to the Codes to ensure they are coherent with the establishment of the Independent System Operator and Planner (ISOP)³ and other changes to the regulatory framework in accordance with its statutory functions, duties and licence conditions.
5. Provisional legal text for the proposed modifications to the Codes is contained in a number of annexes (the "Annexes") which are also being published alongside this document.
6. Subject to this consultation's findings and account taken of representations provided, these proposed modifications, with annexes in a similar form as the Annexes, will form part of the decision by the Relevant Authority to modify the Codes.
7. It is anticipated that the finalised modifications will take effect upon the date when the designation of the ISOP comes into effect following notice by the Secretary of State of the Department under section 162 of the Energy Act 2023.
8. More information can be found on the dedicated ISOP webpage⁴ on the Ofgem website.

³ Part 5 of the Energy Act 2023 defines the term Independent System Operator and Planner (ISOP), previously referred to as the Future System Operator (FSO)

⁴ Ofgem's FSO / ISOP webpage: <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/future-system-operation-fso>

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Executive Summary

Policy decision

In April 2022, the Office of Gas and Electricity Markets (Ofgem) and the Department for Energy Security and Net Zero (the “Department”) decided to proceed with the creation of the Independent System Operator and Planner (ISOP)⁵. This impartial, expert body is designed to accelerate the transition towards net zero, whilst ensuring energy security, and minimising costs for consumers. The ISOP will take on all the existing roles and responsibilities of National Grid Electricity System Operator Limited (NGESO), in addition to several new roles and responsibilities across electricity and gas. These duties and roles will allow it to take a whole energy system approach when operating and planning the energy system.

Naming the ISOP

On 22 January 2024, NGESO announced that the name of the company which will become the ISOP will be “National Energy System Operator” (NESO)⁶. Part 5 of the Energy Act 2023 defines the term ISOP, and previous Ofgem and government consultation documents and publications refer to the ISOP as the Future System Operator (FSO). In the future, NESO will be designated as the ISOP with the functions, powers and duties of the ISOP under section 162 of the Energy Act 2023. All legal documents such as licences and the industry codes will use the (statutory) term ISOP, but the company will be known using the company name, NESO. Until NESO is created, NGESO will continue to operate under its current name.

For simplicity and clarity this document will refer to ISOP or NESO except when referencing previous documents and consultations which used the terms ISOP and FSO.

New regulatory framework

The regulatory framework for the ISOP is predominantly set out across legislation and licences, as well as other supporting documents.

Legislation

⁵ April 2022 response: <https://assets.publishing.service.gov.uk/media/624c840ce90e075f1120592f/future-system-operator-consultation-govt-response.pdf>

⁶ January 2024 announcement: <https://www.nationalgrideso.com/what-we-do/becoming-national-energy-system-operator-neso>

- Part 5 (“Independent System Operator and Planner”) of the [Energy Act 2023](#)⁷. This includes the ISOP’s statutory duties and functions, as well as direct obligations; and
- Consequential amendments made to other Acts (Electricity Act 1989, Gas Act 1986, Utilities Act 2000, in addition to a range of other Acts) given effect via statutory instruments laid before Parliament⁸.

Licences

- ISOP will hold two newly created electricity and gas licences. These are the Electricity System Operator (ESO) licence, and the Gas System Planner (GSP) licence.
- As part of the ISOP’s implementation, consequential modifications to wider licences are required. These changes will ensure the required cross-sector alignment as a result of ISOP being established.
- The proposed ESO and GSP licences and the proposed consequential licence changes were published under [statutory consultation](#)⁹ in March 2024.
- Arrangements as a consequence of the Elexon ownership decision were published under [statutory consultation](#)¹⁰ in January 2024.

Codes Change Programme (FSO CCP)

The code changes which should follow from the new framework necessitated a change programme. We established the Future System Operator Codes Change Programme (FSO CCP) for developing the industry code modifications required for the establishment of the ISOP. Under the FSO CCP, [a Cross-Code Workgroup \(CCWG\)](#)¹¹ of industry representatives spanning all impacted codes and relevant constituencies was constituted in October 2023 after an initial [Call for Volunteers](#)¹² in August 2023 to support the programme.

Us and our Project Partners have undertaken analysis of code changes required as a result of establishing the ISOP. Our Project Partners include NGESO, Elexon and National

⁷ Energy Act 2023: <https://www.legislation.gov.uk/ukpga/2023/52/enacted>

⁸ The Energy Act 2023 (Consequential Amendments) Regulations 2024, laid 13-May-2024 and subject to passage through Parliament <https://www.legislation.gov.uk/ukdsi/2024/9780348261448/contents>

⁹ March 2024 Statutory consultation on NESO licences and other impacted licences: <https://www.ofgem.gov.uk/publications/national-energy-system-operator-neso-licences-and-other-impacted-licences-statutory-consultation>; replicated on the Department’s website: <https://assets.publishing.service.gov.uk/media/66053b92f9ab41001aeea46b/statutory-consultation-on-national-energy-system-operator-licences-and-other-impacted-licences.pdf>

¹⁰ January 2024 Statutory consultation on BSC and licence changes: <https://www.gov.uk/government/consultations/future-ownership-of-elexon-licence-and-code-changes>

¹¹ October 2023 Decision letter for Ofgem’s Call for Volunteers – FSO Codes Change Programme: <https://www.ofgem.gov.uk/publications/decision-letter-ofgems-call-volunteers-fso-codes-change-programme>

¹² August 2023 Call for Volunteers – FSO Codes Change Programme: <https://www.ofgem.gov.uk/call-for-input/call-volunteers-fso-codes-change-programme>

Gas Transmission plc (NGT), and the CCWG. This analysis took into account the decision to create the ISOP, its new regulatory framework and the consequential impacts on industry codes. Following this analysis, and taking account of feedback received from codes industry panels and similar forums, we propose that the following industry codes be modified:

- Balancing and Settlement Code (BSC)
- Connection and Use of System Code (CUSC)
- Distribution Code (D Code)
- Distribution Connection and Use of System Agreement (DCUSA)
- Grid Code
- System Operator Transmission Owner Code (STC)
- Security and Quality of Supply Standard (SQSS)
- Uniform Network Code (UNC)

with no modifications required to:

- Independent Gas Transporters' Uniform Network Code (IGT UNC)
- Retail Energy Code (REC)
- Smart Energy Code (SEC)

We express our thanks to all our Project Partners, codes industry panels and participants of related forums for all their contributions as part of this analysis.

Changes set out as policy packages

The proposed changes span multiple policy areas. To make these more manageable to describe and assess, we have split them into "policy packages". **They include:**

- Modifications required to establish the ISOP as a public body ("**Institutional**"), which include updating:
 - Definitions of defined terms currently referring to NGESO, updated to make reference to the new company NESO;
 - References to the two new ISOP licence categories (the Gas System Planner licence and the Electricity System Operator licence);
 - References to the new licences structure;
 - Consequential references¹³.

¹³ In some instances, this includes the removal of references to text that is no longer needed, for example, references to British Electricity Trading and Transmission Arrangements (BETTA).

- Modifications associated with the ISOP’s statutory functions and duties, and new and enhanced roles to be obligated by its new licences on Day 1 (**“Day 1 roles”**). These include policy related to:
 - Gas networks and markets, both (**“Gas roles”**); See **Annex J – Gas roles Package** and below for further details.
 - Advisory and Information Requests to the ISOP; and
 - National Security directions issued to the ISOP.

They do not include other “modifications which we [initially considered whether we wanted] to take the opportunity to complete as part of the transition to the FSO”, as set out in the August 2023 Call for Volunteers¹⁴. In prioritising delivery to the wider project timeline and the minimum required changes for the establishment of the ISOP, those other modifications will be considered only in the period following the ISOP transition and include revising the methodology for the CUSC credit cover calculation.

Notwithstanding a thematic approach in describing the proposed changes as separate policy packages, **this proposal is to be considered as a single change and implemented as such**, subject to the consultation decision.

Documenting the gas roles

As highlighted above, **Annex J – Gas roles Package** sets out our proposed changes to the UNC as a result of regulatory changes to establish the ISOP, its new gas planning and markets roles, as well as changes related to its Advisory and National Security obligations. In summary, these proposed changes aim to define the ISOP’s relationship with the UNC, as well as support it in its new gas roles through the provision of relevant data and information sharing. The packages of proposed changes include:

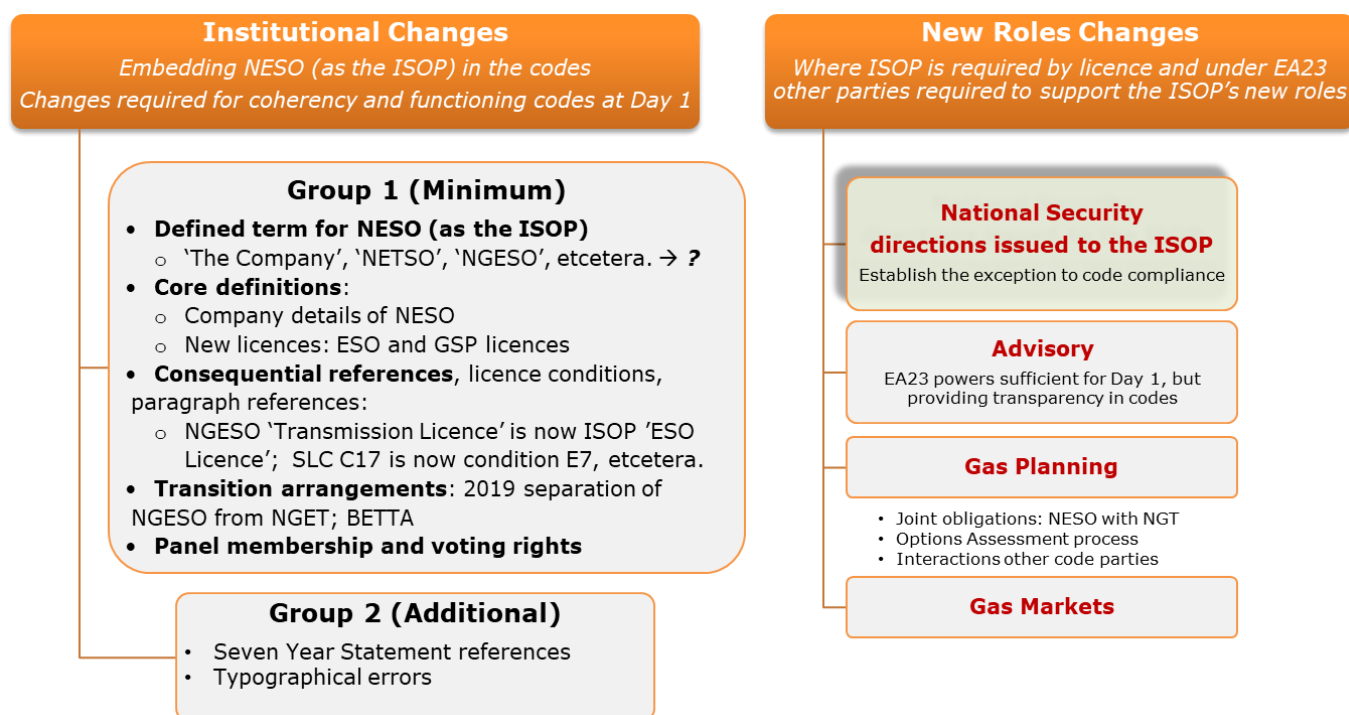
- 1) **ISOP Institution Changes:** These include, but are not limited to, references to new components of the regulatory framework (e.g., legislation and licences) and new defined terms for the ISOP. We also define the ISOP’s relationship with the UNC.
- 2) **ISOP Gas Planning, Advisory and National Security Roles:** As a result of the ISOP’s new roles, we are proposing to modify the UNC to enable data and information sharing between relevant parties to enable the ISOP in fulfilling its

¹⁴ August 2023 Call for Volunteers – FSO Codes Change Programme: <https://www.ofgem.gov.uk/publications/call-volunteers-fso-codes-change-programme>. See Annex 1, Chapter 2 for draft examples

new roles. We also include standardised text in relation to wider ISOP obligations and functions, specifically related to its Advisory and National Security roles.

This **main consultation document** sets out the overall context of our FSO CCP, and the approach we have taken to the proposed code changes as a whole. Whereas **Annex J – Gas roles Package** includes the detailed considerations for gas policy and the UNC, reasons and effects, and **Annex I – UNC.zip** includes the change-marked UNC text that we are consulting on. We therefore recommend both documents are read together for stakeholders intending to assess the UNC proposals.

Figure 1. Schematic of the proposed changes to be made across the Codes



Implementation

Like other parts of the process to implement the ISOP's regulatory framework¹⁵, we intend to use powers in the Energy Act 2023 to implement the code modifications proposed here. Specifically, section 169 of the Energy Act 2023 allows the Relevant Authority¹⁶ to modify any Relevant Document¹⁷ for the purpose of establishing the ISOP, which includes the Codes identified in this document.

¹⁵ For example, our joint statutory consultation on National Energy System Operator (NESO) licences and other impacted licences: <https://www.ofgem.gov.uk/publications/national-energy-system-operator-neso-licences-and-other-impacted-licences-statutory-consultation>

¹⁶ "Relevant Authority" means the Secretary of State or the GEMA. See glossary.

¹⁷ "Relevant Document" means a document maintained in accordance with the conditions of a relevant licence. See glossary.

Section 170(1) of the Energy Act 2023 sets out the procedure for the Relevant Authority relating to modifications under section 169. These include, but are not limited to:

- publishing a notice about the proposed modification;
- sending a copy of the notice to the persons listed in section 170(2)¹⁸;
- considering any representations made within the period specified in the notice about the proposed modification or the date from which it would take effect.

National Security vs. Other areas of change

We intend for GEMA to be the Relevant Authority for all the proposed code changes, excluding those related to National Security. In the case of the latter, the intention is for the Secretary of State to be the Relevant Authority.

The policy views, considerations of stakeholder feedback so far, and the proposed code modifications to support the National Security policy represent the views of the Secretary of State for the Department. In this regard, this consultation serves as the consultation for the Secretary of State for the Department exercising its powers as the Relevant Authority, as outlined in section 169(1)(c) of the Energy Act 2023. The Secretary of State and the Department will consider and respond to any representations to this statutory consultation in relation to the National Security policy area. As a result of this approach, we intend to share relevant responses on the National Security policy with the Department in order to support their decision making¹⁹.

Responses and decision making

We will assess responses to this statutory consultation, before making a decision on final modifications under section 170(4) of the Energy Act 2023. We intend for any modifications to come into effect on Day 1 of the ISOP, alongside all other regulatory changes required to establish the ISOP (e.g., new licence conditions and consequential amendments to other licences).

The legal effect of section 169 of the Energy Act 2023 is that where the Relevant Authority has decided on final modifications, they will have legal effect from Day 1 regardless of whether they are reflected in the consolidated published versions of the

¹⁸ For the purposes of code modifications, this includes a list of statutory bodies plus such other persons as the Relevant Authority considers appropriate.

¹⁹ Subject to the General Data Protection Regulation (GDPR) as set out in greater detail at Appendix 4 – Privacy Notice.

Codes as of that date. The full text of the code modifications will be enclosed with and or signposted from the Relevant Authority's decision, to enable the relevant code administrators to then (respectively) update the consolidated published versions of the Codes.

Ancillary Documents

Appendix 3 – Ancillary Documents provides a table listing documents which are either considered part of an industry code or are ancillary to one and our treatment of the changes required to them for Day 1. Changes to documents which are considered to form part of an industry code will be made by the Relevant Authority as described in the section on Implementation. Documents which do not form part of an industry code or are ancillary to one will be amended via their usual code governance route.

Assurance of code changes required for Day 1

In addition to wider industry engagement through the CCWG, we have also worked with delivery partners to undertake specific assurance work of potential modifications to the Codes required for Day 1. This activity has specifically focussed on assessing new roles in the ISOP's two new licence conditions for the potential need to modify the Codes to fully enable the ISOP to deliver these roles on Day 1. We have not included any assessments beyond the initial establishment of ISOP.

The assessment took a condition-by-condition approach for new roles across both the ESO and GSP licences. The obligation, the role area, the relevant code and brief description of the assessment have been included. These assessments broadly focussed on the ISOP's Office of Resilience and Energy Management, Advisory, and gas planning and markets roles.

In most cases, new roles did not create a requirement for code modifications. The majority of the changes we identified were related to the ISOP's gas roles and defining its relationship with the UNC. More specifically, we have identified changes related to areas such as data sharing and defining the ISOP's over-arching relationship with the UNC, such as the ability to raise code modification proposals²⁰.

²⁰ See Annex J for further details on the gas roles package.

Further details of this work can be found in an Excel Spreadsheet published alongside this statutory consultation, “**Annex A – ISOP licence conditions mapping to code change**”.

Structure of this document

The **remainder of this main consultation document** expands on the Executive Summary and provides details of the defects identified having compared current arrangements to the ISOP policy decisions. It includes a 'minded to' position based on the work of the CCWG and our assessments.

Appendix 1 – Glossary contains an explanation and definitions of terms used throughout this document.

Appendix 2 – Questions sets out specific areas of our proposals to which we are inviting responses on the suitability of the proposed changes.

Appendix 3 – Ancillary Documents outlines our treatment of the Day 1 changes required to documents considered part of an industry code or those ancillary to one.

Appendix 4 – Privacy Notice outlines how we will handle your data.

There are a number of annexes (the “**Annexes**”) being published alongside this document:

- 1) **Annex J – Gas roles Package:** Sets out our proposed changes to the UNC as a result of regulatory changes to establish the ISOP, its new gas planning and markets roles, as well as changes related to its Advisory and National Security obligations.
- 2) **Annex A – ISOP licence conditions mapping to code change:** A mapping from each proposed ESO and GSP licence condition, and the new activities derived from the ISOP's new roles to an assessment on whether a code change is needed.
- 3) 'Change-marked' legal text of the Codes as if the proposed modifications set out in this document were applied to it. Each code-specific annex includes a guide of where changes are proposed to be made in it.
 - **Annex B – BSC.zip**
 - **Annex C – Distribution Code.zip**
 - **Annex D – DCUSA.zip**
 - **Annex E – CUSC.zip**
 - **Annex F – Grid Code.zip**
 - **Annex G – STC.zip**
 - **Annex H – SQSS.zip**
 - **Annex I – UNC.zip**
- 4) The standard clauses were modelled on the Grid Code and proposed to code administrators for adaptation to the style of the respective code.
 - **Annex K – Standard clause National Security directions to the ISOP**
 - **Annex L – Standard clause Advisory and Information Requests**

Package: Institutional

Background

1.1 The Secretary of State intends to use the power under section 162 of the Energy Act 2023 to designate a person as the ISOP, and to establish NESO as the company that will be designated as the ISOP in future. Amendments to primary and secondary legislation, licences and industry codes are needed to ensure the ISOP is functional at its designation and Day 1, in line with the policy intent. These include:

- The Energy Act 2023 and consequential amendments to other legislation²¹, designed to reflect the establishment of the ISOP, and clarify which of the existing powers, rights and duties currently held by NGESO and NGT that the ISOP will or will not inherit.
- The introduction of two new categories of licences. These are an Electricity System Operator (ESO) Licence, and a Gas System Planner (GSP) Licence, with new and revised licence conditions. There will also be consequential changes to other categories of existing licence conditions.
- Industry code changes, as outlined in the Executive Summary of this document.

1.2 The proposed “Institutional” code changes are required to ensure industry codes, to which the ISOP will become a party to, are coherent with other parts of the regulatory framework for a functioning ISOP at its designation. Below we outline the three main packages of code changes that we have identified.

Group 1 - References and definitions

1.3 **The first group** of institutional code changes are generally updates to references and definitions within the Codes required as a result of the ISOP’s creation and designation, and include:

- Definition of ‘the Act’, meaning references to the Electricity Act 1989, the Gas Act 1986, or other legislation as applicable and in force at the time.
- The defined term for the ISOP. This is how the *person* designated as the ISOP is to be referred to in the Codes. Currently across the Codes, there are multiple defined terms²² used to refer to the corporate body NGESO or to the ‘system operator’²³.
- The legal meaning of the defined term for the ISOP.
- References to the ISOP’s two new licence categories (the GSP Licence and the ESO Licence), as distinct from Electricity Transmission, Gas Transporter or other classes of licences under the Electricity Act 1989 and Gas Act 1986. This

²¹ E.g., the Electricity Act 1989, Gas Act 1986, Utilities Act 2000, in addition to a range of other primary and secondary legislation and ‘Direct EU legislation’.

²² This includes ‘NETSO’, ‘NGESO’, ‘the Company’, ‘OTSO Party’ etc.

²³ The holder of the electricity transmission licence granted, or treated as granted, pursuant to Section 6(1)(b) of the Electricity Act 1989 and in which section C of the standard transmission licence conditions applies

will include references to the new ESO and GSP Licences' structure and provisions, and consequential references and changes.

- Transitional arrangements for the rights, liabilities, and obligations of NGESO to continue to have effect following the designation of the ISOP.

Group 2 – Applying NGESO's existing arrangements to NESO

1.4 **The second group** are those which consider how to apply existing arrangements of NGESO to NESO, and covers:

- Panel membership and voting arrangements.

1.5 Both the first and second groups are required for the establishment of the ISOP at Day 1.

Group 3 – Legacy and Anomalies

1.6 **The third group** are those to resolve obvious anomalies such as the removal of references to legacy conditions and outdated language, including where this has already been done in the ESO Licence. These proposed changes have been assessed on a case-by-case basis with regard to complexity and the volume of consequential modifications in order to be deliverable to the wider project timeline, and include:

- Removal of references to the Seven Year Statement;
- Correction of Retained EU Law defined term; and
- Other typographical errors and corrections.

1.7 For each of the three groups we describe the "business rules" as formulae to apply the changes across the Codes, including examples for each change case. These rules are to be implemented wholesale unless specified otherwise.

Group 1 – References and definitions

A. Definition of 'the Act'

1.8 NGESO currently holds an electricity transmission licence treated as granted under section 6(1)(b) of the Electricity Act 1989. The Energy Act 2023, under which the ISOP will be designated pursuant to section 162(1), gives rise to consequential legislative amendments, for example but not limited to, the Utilities Act 2000 and the Energy Act 2004 and Part 5, Schedule 11 ("Minor and consequential amendments relating to Part 5") sets out these amendments, such amendments to also be given effect via statutory instruments laid before Parliament²⁴.

1.9 Under section 162 of the Energy Act 2023, NESO will be designated as the ISOP and will hold two new licences – an ESO licence and a GSP licence. It will no

²⁴ The Energy Act 2023 (Consequential Amendments) Regulations 2024, laid 13-May-2024 and subject to passage through Parliament <https://www.legislation.gov.uk/ukdsi/2024/9780348261448/contents>

longer hold a Transmission Licence. For the avoidance of doubt, other transmission licensees will continue to hold a Transmission Licence.

- 1.10 In reviewing the definitions of the legislation giving effect to the licences NGESO currently holds, and the licences which NESO (as the ISOP) will hold in future, we noted inconsistencies in the references to amendments of that legislation. Section 20(2) of the Interpretation Act 1978 states that where an Act refers to an enactment, the reference, unless the contrary intention appears, is a reference to that enactment as amended, and includes a reference thereto as extended or applied, by or under any other enactment, including any other provision of that Act. Therefore, we suggest removing the explicit references to any amendments in the definitions of the legislation. The ambulatory reference to legislation 'as amended' by other legislation is not necessary to encompass the amendments in the entirety of the definition.

Proposal

- 1.11 Suggested changes to the definitions of legislation giving effect to the NGESO/ISOP/NESO licences across the Codes.

Suggested Change to 'the Act' (or similar defined term). Definition referring to the legislation giving effect to the licences a licensee holds	References (not limited to)
'means the Electricity Act 1989'	BSC: Annex X-1
"Act" the Electricity Act 1989	CUSC: Section 11
"Act" the Electricity Act 1989 (as amended by the Utilities Act 2000 and the Energy Act 2004)	D Code: DGD 1
"Act" means the Electricity Act 1989	DCUSA: Section 1A
'The Electricity Act 1989 (as amended by the Utilities Act 2000 and the Energy Act 2004). '	Grid Code: GD
'The Electricity Act 1989 (as amended by the Utilities Act 2000 and the Energy Act 2004). '	STC: Section J
"Act" the Electricity Act 1989 (as amended by the Utilities Act 2000 and the Energy Act 2004)	SQSS: 11 Terms and Definitions
"the Act" means the Gas Act 1986, as amended by the Gas Act 1995 and as otherwise amended;	UNC: GTC 1

Reason and Effect

- 1.12 The reason and effect of the changes across the Codes are as follows:

Reason	The purpose of this change is to simplify the definition of 'the Act' (or similar defined term) to resolve inconsistencies where explicit references to amendments are included and others excluded.
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Effect	The effect of this change is to make clear that 'the Act' is the relevant legislation in effect at the time, unless otherwise stated, as well as to align definitions across the Codes where possible.
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B. Defined term for the *person* designated as the ISOP

Overview

1.13 All industry electricity codes in GB refer directly or indirectly to the *person*, NGENSO, using a defined term. This definition includes either the registered company name and number²⁵, and or the holder of the electricity transmission licence that NGENSO currently holds²⁶.

- **The Company:** The CUSC, Grid Code and STC, use the defined term '*The Company*.' Under CM090²⁷ and PM0130²⁸ the STC and STC Procedures (STCPs) adopted this term in April 2023 to facilitate the transition to ISOP.
- **NETSO:** The BSC and DCUSA use National Electricity Transmission System Operator ('*NETSO*');
- **OTSO Party:** the DCUSA additionally using '*OTSO Party*' for specific contract roles of the NGENSO.
- **NGESO:** The Distribution Code and SQSS use '*NGESO*'.

1.14 In respect of gas, the UNC does not currently refer to NGENSO or anything similar.

Options assessment

1.15 A range of options were considered among members of the CCWG as to which defined term should be used across all the industry codes to refer to the new public corporation. The options were:

- a **minimum solution**, which:
 - replaces '*NGESO*' in the SQSS and Distribution Code (as '*NGESO*' would not be correct after the transition to the ISOP);
 - adds a new defined term in the UNC, to which the ISOP would become a party; and
 - retains the existing defined terms in the remaining codes.

Only the codes with a potential defect on Day 1, the SQSS, Distribution Code and the UNC, would be addressed. The choice for a new term in the SQSS and Distribution Code should minimise the number of defined terms across all codes, mirroring one of the retained terms ('*NETSO*'), or mirroring the new term selected for the UNC.

²⁵ NGENSO's registered company name is National Grid Electricity System Operator Limited and company number 11014226

²⁶ Section C of this licence apply to NGENSO. Wherein it is subject to standard licence conditions, and to special conditions specific to its role as the electricity System Operator (SO).

²⁷ CM090: Housekeeping changes to simplify FSO transition – changes to the current STC <https://www.nationalgrideso.com/industry-information/codes/stc/modifications/cm090-housekeeping-changes-simplify-fso-transition>

²⁸ PM0130: Housekeeping changes to simplify FSO transition – changes to all current STCPs <https://www.nationalgrideso.com/industry-information/codes/stc/modifications/pm0130-housekeeping-changes-simplify-fso-transition>

- an **intermediate solution**, which:
 - replaces 'NGESO' in the SQSS and Distribution Code, as in the minimum solution;
 - harmonises the DCUSA with the Distribution Code; and
 - adds this new defined term in the UNC.

Four codes therefore would use the same defined term. The BSC would retain its use of 'NETSO', and 'The Company' would similarly remain in use for the CUSC, Grid Code and STC.

- a **maximum solution**, which:
 - replaces all existing defined terms ('The Company', 'NETSO' and 'NGESO') with a new term;
 - adds this new term in the UNC.

All codes therefore would use the same defined term.

1.16 In debating the merits of the options, consideration was given to:

- The pipeline of code change programmes which could potentially impact the **implementation capacity of the code administrator** in delivering the changes for Day 1.
- Representations of the **code administrator on their assessment** of the implementation risks, including system safety and reliability.
- The **recency of the existing defined term**, in particular 'the Company' as adopted by the STC and STCPs in April 2023, and the NETSO as adopted by the BSC at the legal separation of NGESO from NGET in 2019. This considered both 'bedding in time' of the term, and the volume of consequential work to put it in place.
- **Clarity for stakeholders. For example**, the Distribution Code and DCUSA share a similar set of stakeholders, and alignment would be preferred.
- Presentational **opportunities to harmonise the defined term across all codes**, particularly selecting one that best represented the ISOP with a low likelihood of future change. This is in line with the policy intent to create a new, expert body to accelerate the transition towards net zero, reflecting to stakeholders the clear 'step change' in new duties and responsibilities that arise from the establishment of the ISOP compared to the status quo.
- **Coherence with [Energy Code Reform](https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/energy-code-reform)**²⁹.
- The **principles** set out in 1.40 to 1.45 of the August 2023 Call for Volunteers³⁰. These prioritised "delivery within the project timeline", while also aspiring to deliver modifications coherent with the transition to the ISOP but which are not required for Day 1 operability or as a result of the ISOP being designated.

²⁹ <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/energy-code-reform>

³⁰ Call for Volunteers – FSO Codes Change Programme: <https://www.ofgem.gov.uk/publications/call-volunteers-fso-codes-change-programme>

1.17 Specific terms were discussed. A summary is below:

- **'ESO'** and **'NETSO'**: The term **'ESO'** is understood by stakeholders as describing the current entity NGESO which would become the ISOP, with a logical link to the new ISOP 'ESO' licence. The term **'NETSO'** is considered a natural extension of National Electricity Transmission System (NETS). Whilst both terms represent a positive step towards harmonising the term across the industry codes, they maintain an association with 'electricity', and risk confusion with DNOs in a distribution codes context.
- **'ISOP'**: This was deemed sufficiently neutral, aligned with the Energy Act 2023 as the statutory term and with the policy intent. However, it is a less familiar way of referring to the ISOP, noting the previous use of FSO.
- **'NESO'**: The term was considered as an appropriate option in place of 'ISOP' where this is planned to be employed. NESO was announced by NGESO in January 2024 as the new name for NGESO upon its designation as the ISOP.
- **'The Company'**: There was no appetite to extend the use of this term outside of the codes currently administered by NGESO.

1.18 The table below summaries the options compared to the status quo.

Code	Defined Term Status Quo	Option 1(a) Minimum	Option 1(b) Minimum	Option 2 Intermediate	Option 3 Maximum
CUSC	The Company	The Company	The Company	The Company	'NEW_TERM'
Grid Code	The Company	The Company	The Company	The Company	'NEW_TERM'
STC	The Company	The Company	The Company	The Company	'NEW_TERM'
SQSS	NGESO	NETSO	'NEW_TERM'	'NEW_TERM'	'NEW_TERM'
D Code	NGESO	NETSO	'NEW_TERM'	'NEW_TERM'	'NEW_TERM'
DCUSA	NETSO	NETSO	NETSO	'NEW_TERM'	'NEW_TERM'
BSC	NETSO	NETSO	NETSO	NETSO	'NEW_TERM'
UNC	n/a	'NEW_TERM'	'NEW_TERM'	'NEW_TERM'	'NEW_TERM'

Proposal

1.19 We propose Option 2 be implemented across all impacted codes, where the 'NEW_TERM' is **'ISOP'**.

1.20 Further, we propose that Option 2 is the first step in a transition to Option 3 for the CUSC, Grid Code, STC and BSC. The timing will consider the Energy Code Reform timetable and additionally in the case of the BSC the completion of the Market-Wide Half-Hourly Settlement programme, currently estimated as Summer 2025.

Reason and Effect

1.21 The reason and effect of the changes across the Codes are as follows:

Reason	Each of the Codes uses a defined term which refers to the company NGESO Ltd and or to the holder of the electricity transmission licence that NGESO currently holds. Upon designation of NESO as the ISOP, use of the defined term NGESO will be incorrect, the UNC will require a new defined term, and we propose to take the first step in harmonising how the ISOP is referred to across the Codes.
Effect	

CUSC	The CUSC shall retain the defined term ' The Company '.
Grid Code	The Grid Code shall retain the defined term ' The Company '.
STC	The STC shall retain the defined term ' The Company '.
SQSS	The SQSS shall retire the use of the defined term 'NGESO' and replace NGESO with a new defined term ' ISOP '.
D Code	The Distribution Code shall retire the use of the defined term 'NGESO' and replace NGESO with a new defined term ' ISOP '.
DCUSA	The DCUSA shall retire the use of the defined term 'NETSO' and replace NETSO with a new defined term ' ISOP '.
BSC	The BSC shall retain the defined term ' NETSO '.
UNC	A new defined term ' ISOP ' shall be introduced in the UNC.

C. Core Definitions

Overview

1.22 At designation of the ISOP, the **defined terms** set out in the previous section **must have the meaning of:**

- **the new registered company details** of NESO. These are expected to be National Energy System Operator Limited (No. 11014226) whose registered office is St Catherines Lodge, Bearwood Road, Sindlesham, Berkshire RG41 5BN; **and or**
- the **holder of the new ESO Licence** granted or treated as granted under 6(1)(da) of the Electricity Act 1989 **and the new GSP Licence** as granted under 7AA(1) of the Gas Act 1986.

Proposal

1.23 We propose the following core definitions are implemented in the Codes.

"NESO"	'National Energy System Operator Limited (No. 11014226) whose registered office is St Catherines Lodge, Bearwood Road, Sindlesham, Berkshire RG41 5BN as the designated ISOP and holder of the ESO Licence and GSP Licence .'
"Independent System Operator and Planner" or "ISOP"	'Independent System Operator and Planner, means a person designated by the Secretary of State under section 162 of the Energy Act 2023 as the holder of the ESO Licence , and the GSP Licence , for the time being that person is NESO '
Code-specific defined term, if applicable and being retained (e.g., "The Company" , or "NETSO")	has the meaning given to NESO, in its role as the designated ISOP pursuant to section 162(1) of the Energy Act 2023 and the holder of the ESO Licence and GSP Licence.

<p>“Electricity System Operator Licence” or “ESO Licence”</p>	<p>means a licence granted or treated as granted under section 6(1)(da) of the Electricity Act 1989.</p>
<p>“Gas System Planner Licence” or “GSP Licence”</p>	<p>means a licence granted or treated as granted under section 7AA(1) of the Gas Act 1986.</p>

Reason and Effect

1.24 The reason and effect of the changes across the Codes are as follows:

Reason	<p>The purpose of these changes is to:</p> <ul style="list-style-type: none"> include the legislation giving effect to the new ESO Licence and the new GSP Licence that the ISOP (or NESO as the ISOP) must hold, i.e., the sections of the Electricity Act 1989 and the Gas Act 1986; recognise the establishment of the ISOP, and include a defined term using the language in legislation; and where appropriate recognise the <i>person</i>, NESO, to be designated as the ISOP pursuant to s.162 of the Energy Act 2023. Generally, make necessary consequential changes where required.
Effect	
CUSC	'The Company' is redefined as above; the four defined terms have been introduced.
Grid Code	'The Company' is redefined as above; the four defined terms have been introduced.
STC	'The Company' is redefined as above; the four defined terms have been introduced.
SQSS	The term 'ISOP' is introduced and defined as above.
D Code	The term 'ISOP' is introduced and defined as above.
DCUSA	The term 'ISOP' is introduced and defined as above, in respect of the ESO Licence; reference to the GSP Licence was not implemented. 'OTSO Party' now means the ISOP (in its capacity as the operator of Offshore Transmission Systems)
BSC	'NETSO is redefined as above;
UNC	The term 'ISOP' is introduced and defined as above.

D. Consequential references

Overview

1.25 NESO as the designated ISOP will not hold the electricity transmission licence that NGESO currently holds³¹. Beyond the introduction of the 'Core Definitions' from the previous section, there may be consequential changes required throughout the Codes to reflect the new licencing regime.

Proposal

1.26 We propose consequential changes are made as follows:

a) Where a defined term or definition currently refers to:

- o NGESO, and or
- o the holder of the licence that NGESO currently holds, or
- o the entity acting as the system operator for the National Electricity Transmission System (NETS)

those defined terms or definitions should be updated to refer to the ISOP or NESO, and or to the holder of an ESO Licence (and GSP Licence).

b) Where the meaning of 'Transmission licence' is to a role fulfilled wholly by NGESO, and by consequence NESO those should mean 'ESO licence'. This should include the respective derivatives, for example 'Transmission licence condition', 'ESO licence condition', the singular or plural, 'licensee', et cetera.

BSC-specific treatment of 'Transmission Licence'

1.27 In Annex X-1: GENERAL GLOSSARY, 'Transmission Licence' means "a licence granted or treated as granted to the NETSO under section 6(1)(b)(sic)³² of the Act." Transmission Licence so defined, despite the use of NETSO, could be the licence held by any Transmission licensee as the definition does not reference Section C, which only apply to NGESO.

1.28 Other terms³³ are defined relative to the Transmission Licence, that is they have "the meaning given to that term in the Transmission Licence". While there is generally no role for any other Transmission licensee except NGESO, we assessed all terms defined relative to the Transmission Licence. We identified 'Remote Transmission Assets' as applicable to the transmission licensee National Grid Electricity Transmission plc (NGET) with all other terms included in the new ESO Licence.

1.29 To enable the consequential changes, 'Transmission Licence' is required to refer to NGET rather than NETSO and in all cases except 'Remote Transmission Assets', 'ESO Licence' should replace 'Transmission Licence', that is those terms will have the meaning given to them in the ESO Licence.

Reason and Effect

1.30 The reason and effect of the changes across the Codes are as follows:

Reason	NESO as the designated ISOP will not hold the electricity transmission licence that NGESO currently holds. It will hold an ESO Licence and a GSP
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³¹ Section C of this licence apply to NGESO. Wherein it is subject to standard licence conditions, and to special conditions specific to its role as the electricity System Operator (SO).

³² This is a typographical error and should read as 6(1)(b)

³³ Those include but are not limited to "Applicable BSC Objective(s)", "Core Industry Document", "Connection and Use of System Code", et cetera.

	Licence. There are consequential changes required to correctly reflect this new licensing regime.
Effect	<p>The effect across the Codes is to:</p> <ul style="list-style-type: none"> • separate any collective use and or meaning of Transmission Licence* into the contexts which apply to <ol style="list-style-type: none"> i. the ISOP (or NESO) only, ii. other transmission licensees only, iii. a combination of i and ii. <p>In the first case, 'ESO Licence' and applicable conditions in the ESO Licence should now apply. In the second, 'Transmission Licence'* should be revised to apply to the appropriate set of licensees which do not include ISOP (or NESO). In the third, ISOP (or NESO) should be listed explicitly, and reference made to its ESO Licence if applicable.</p> <p>*This includes derivatives such as 'Transmission licence condition', 'standard condition', 'licensees', singular or plural, et cetera.</p> <ul style="list-style-type: none"> • Generally, make necessary consequential changes where required.

E. Transition arrangements: Rights, liabilities, and obligations of NGESO to continue to have effect after ISOP designation

Overview

- 1.31 This section deals with provisions in the Codes which describe the transitional arrangements leading up to and following regime change in two scenarios:
- a) The 01-April-2005 implementation of British Electricity Trading and Transmission Arrangements (BETTA); and
 - b) The 01-April-2019 transfer of the system operator role from National Grid Electricity Transmission plc (NGET) to National Grid Electricity System Operator Limited (NGESO).
- 1.32 The CUSC, Grid Code, STC and the BSC have provisions to deal with issues arising out of the BETTA implementation. The CUSC, Grid Code, and STC have provisions to deal with issues arising out of the separation of NGESO from NGET. In both scenarios, the respective code describes the suite of arrangements, including but not limited to: the stages of the transition programme, milestone dates, the role of users or parties to the code, and the treatment of agreements under the code including novation as applicable.
- 1.33 While both transitions have since completed, any agreements which remain will need to be read as if they had been issued by NESO (as the ISOP). NESO is intended to be established as the same legal entity as NGESO (including its Companies House number 11014226), meaning the rights, liabilities, and obligations of NGESO will continue to have effect as NESO.
- 1.34 In determining if and to what extent either set of provisions could be removed from the Codes we applied two principles:

- a) if agreements remained which have not completed nor have lapsed, and
- b) if arrangements were being made in the new ESO Licence.

Proposal – BETTA

- 1.35 We have confirmed that no outstanding connection agreements remain which date to before BETTA and which have neither lapsed nor are still to be completed. These arrangements are therefore no longer required in the Codes.
- 1.36 The March 2024 [statutory consultation on the ISOP licences](#)³⁴ excludes BETTA arrangements from the ESO Licence. Subject to the outcome of that consultation, we similarly propose references to BETTA also be excluded from the Codes.
- 1.37 All references to BETTA should be deleted from the Codes and necessary consequential changes where required be made.
- 1.38 Note, the [Call for Volunteers](#)³⁵ proposed the resolution of the BETTA arrangements as part of ‘Group 3 – Legacy and Anomalies’. However, for coherence with the above approach on the treatment of transitional arrangements in the Codes, we include that change proposal in this ‘Group 1’.

Proposal – the 2019 separation of NGESO from NGET

- 1.39 Our Project Partners have identified connection agreements which are live and therefore references to the 2019 legal separation of NGESO from NGET will be retained.

Consequential changes

- 1.40 Where transitional arrangements are being retained, we propose that those provisions reflect where specific activities have been completed, such as ‘was novated’ in our proposal versus ‘will be novated’ in the existing text. Further, we propose to generally retain the name NGESO Ltd which was in place at the time but to include the Companies House details as the link between “National Grid Electricity System Operator Limited (No. 11014226)” and “National Energy System Operator Limited (No. 11014226)”.

Reason and Effect

- 1.41 The reason and effect of the changes across the Codes are as follows:

	BETTA	2019 separation of NGESO from NGET
Reason	Standard Condition C18 of the current Transmission Licence: ‘Requirement to offer terms for connection or use of the GB transmission system during the	Agreements which remain in effect post separation will need to be read as if they had been issued by NESO (as the ISOP). NESO is intended to be established as the same legal

³⁴ March 2024 Statutory consultation on NESO licences and other impacted licences: <https://www.ofgem.gov.uk/publications/national-energy-system-operator-neso-licences-and-other-impacted-licences-statutory-consultation>; replicated on the Department’s website: <https://assets.publishing.service.gov.uk/media/66053b92f9ab41001aeea46b/statutory-consultation-on-national-energy-system-operator-licences-and-other-impacted-licences.pdf>

³⁵ August 2023 Call for Volunteers – FSO Codes Change Programme: <https://www.ofgem.gov.uk/call-for-input/call-volunteers-fso-codes-change-programme>

	BETTA	2019 separation of NGESO from NGET
	transition period' relating to the BETTA transition is not being retained in the ESO Licence. The purpose of this change is to remove all references and dependencies relating to BETTA in line with its removal from the ESO Licence.	entity as NGESO (including its Companies House number 11014226). Changes are required to the Codes text to confirm to the User or Party to the code the automatic transfer of responsibilities with the change of name from NGESO to NESO at designation of the ISOP.
Effect	The effect across the Codes is to: Maintain alignment with the new ESO Licence, simplify the Codes so that legacy provisions are removed in good time and good order. Generally, make necessary consequential changes where required.	The effect across the Codes is to: Introduce the Companies House number where it does not already exist, amend the name of NGESO to either preserve the name in use at the time, as well as to set out the context for the change of name. Generally, make necessary consequential changes where required, including to reflect where specific activities have been completed using the past tense.

Group 2 – Applying NGESO’s existing arrangements to NESO

A. Panel membership and voting rights

Overview

- 1.42 NGESO currently has various panel membership and voting arrangements across the Codes. These are that NGESO:
- is a voting member of each of the panels that it is the licensee for and administers, that is the **CUSC**, **Grid Code** and **STC**;
 - is a voting member of the **SQSS** and **Distribution Code** panels;
 - is an observer, with the right to nominate (including self-nominate) a candidate for elections to the **DCUSA** panel;
 - is a non-voting member of the **BSC** panel;
 - is not a member of the **REC** or **SEC** panels; and
 - is not a member of the **UNC** or **IGT UNC** panels.
- 1.43 NESO (as the designated ISOP) should inherit these arrangements where they exist.
- 1.44 Further, to discharge its duties under the GSP Licence, NESO is proposed to accede and become a party to the UNC when its designation as the ISOP comes into effect, with the right to raise modification proposals. Modifications shall be made in the UNC to enable NESO to provide a non-voting representative to the UNC panel.
- 1.45 There will be no change to the relationship with the IGT UNC, REC, or SEC panels.

Options assessment

- 1.46 In selecting the options to consider for Day 1, the CCWG considered:
- the **minimum change** to implement the current membership and voting arrangements of NGESO in the ISOP, and to also establish the new arrangements in the UNC without voting rights.
 - extending voting rights** across the Codes, and if such extension was coherent with establishing an independent and non-commercial body 'as a trusted and expert body at the centre of the gas and electricity systems'³⁶. This solution would include voting rights in both the BSC and the UNC.
- 1.47 There was no policy justification to permit an extension of voting rights in the BSC solely for the establishment of the ISOP.
- 1.48 While representations received from all parties to the UNC in response to this consultation may result in a different conclusion, the CCWG was not convinced they could provide sufficient inputs to assess the impact on the balance between shippers and transporters, where the ISOP (as neither) may have a 'swing' vote.
- 1.49 The table below provides an overview of existing code panel membership and voting arrangements for NGESO, alongside the proposal for these arrangements at the establishment of the ISOP.

Code	NGESO's current arrangements		Option 1		Option 2	
	Membership	Voting	Membership	Voting	Membership	Voting
CUSC	Yes	Yes	Yes	Yes	Yes	Yes
Grid Code	Yes	Yes	Yes	Yes	Yes	Yes
STC	Yes	Yes	Yes	Yes	Yes	Yes
SQSS	Yes	Yes	Yes	Yes	Yes	Yes
D Code	Yes	Yes	Yes	Yes	Yes	Yes
DCUSA	Yes*	No*	Yes*	No*	Yes*	No*
BSC	Yes	Yes**	Yes	Yes**	Yes	Yes**
UNC	No	No	Yes	No	Yes	Yes

*NGESO has the right to nominate a candidate for the annual DCUSA panel elections, which if won would come with full panel membership including voting rights. In all other cases, NGESO has non-voting observer status.

**NGESO can vote, except on modifications.

Proposal

- 1.50 We propose Option 1 to be implemented across all impacted codes, that is retaining the current arrangements and introducing changes for the UNC.

Reason and Effect

- 1.51 The reason and effect of the changes across the Codes are as follows:

³⁶ <https://assets.publishing.service.gov.uk/media/624c840ce90e075f1120592f/future-system-operator-consultation-govt-response.pdf>

Reason	NESO at designation under s.162 of the Energy Act 2023 as the ISOP will need to, at a minimum, inherit the current panel membership and voting arrangements NGESO currently has. The proposed Option 1 does not require any new arrangements except for NESO acceding to the UNC as a non-voting member.
Effect	Except for the UNC arrangements ³⁷ , the effect across the Codes is to make necessary consequential changes where required to reflect NESO as the same legal entity as NGESO (including its Companies House number 11014226).

Group 3 – Legacy and Anomalies

A. Removal of references to Seven Year Statement

Overview

1.52 In 2013, the Electricity Ten Year Statement (ETYS) superseded the Seven Year Statement (SYS), where NGESO outlines its forward view of future transmission requirements and capabilities for the National Electricity Transmission System (NETS).

1.53 References to SYS were replaced in NGET’s licence when the change was made. The ETYS is referenced in condition C12 ‘Production of information about the National Electricity Transmission System’ of the ESO Licence.

Proposal

1.54 We propose all references (and consequential changes) are made to replace SYS with ETYS.

Reason and Effect

1.55 The reason and effect of the changes across the Codes are as follows:

Reason	Condition C12 ‘Production of information about the National Electricity Transmission System’ of the ESO Licence refers to the ETYS which superseded the SYS in 2013. The purpose of this change is to bring the Codes in line with the licence and remove legacy references and dependencies which are no longer operative.
Effect	The effect across the Codes is to: Maintain alignment with the new ESO Licence, simplify the Codes so that legacy provisions are removed in good time and good order. Generally, make necessary consequential changes where required. The CUSC, Grid Code, STC and DCUSA are the codes to which these consequential changes are proposed to be made.

³⁷ NGESO is not currently a UNC panel member. We are proposing the ISOP become a party to the UNC at designation, with the right to raise modification proposals. The ISOP will not be classified as a Transporter, nor a Shipper, it will simply be a Party in a new role of Independent System Operator and Planner. Please see **Annex J – Gas roles Package** for further details.

B. Typographical errors and corrections

Overview

- 1.56 We would like to take this opportunity to make typographical corrections to the Codes where manifest errors have been identified.
- 1.57 The proposed corrections have been assessed on a case-by-case basis with regard to complexity and the volume of consequential modifications in order to be deliverable to the wider project timeline. They are generally self-contained, low impact but high value, and have the support of our Project Partners in the utility of making the changes as part of this package.

Proposal

- 1.58 We propose all references to "Retained EU Law" be deleted and replaced with the up-to-date term and definition for "Assimilated Law", where "Assimilated Law": has the same meaning as that given by section 6(7) of the European Union (Withdrawal) Act 2018. Other corrections are noted in the Annexes and have included correcting "NEGSO" to "NGESO", "section 6(l)(b) of the Act" to "under section 6(1)(b) of the Act" when referring to the transmission licence, and similar.

Reason and Effect

- 1.59 The reason and effect of the changes across the Codes are as follows:

Reason	Where we have identified manifest errors in the Codes, and together with the assessment of our Project Partners have determined that they are self-contained, low impact including with regard to complexity and volume of consequential changes, we have proposed the corrections be made to keep the Codes in good order.
Effect	To keep the Codes in good order and generally, make necessary consequential changes where required.

Package: National Security directions to the ISOP

Background

- 2.1 The purposes of:
- Condition B4: Compliance with directions related to national security, as set out in the ISOP ESO Licence, and
 - Condition B4: Compliance with directions related to national security, as set out in the ISOP GSP Licence
- are collectively to require the ISOP to comply with directions issued by the Secretary of State where, in the opinion of the Security of State, there is a risk relating to national security that may detrimentally impact the resilience, safety or security of the energy system, or the continuity of essential services.
- 2.2 Paragraph 7 of condition B4 specifies that *"The licensee [the ISOP] is not required to comply with any obligation in this [the Electricity System Operator] licence (or the Gas System Planner Licence), where and to the extent that compliance with that obligation would be inconsistent with the requirement to comply with a direction issued in accordance with paragraph B4.4, for the period set out in the direction."*
- 2.3 This derogation extends to obligations on the ISOP to comply with the Code, as required by its licences, where compliance would be inconsistent with the requirement to comply with a national security direction issued in accordance with condition B4.

Proposal

- 2.4 The Department proposes to introduce a new clause to each of the Codes to which the ISOP is a party. The purpose of this clause will be to highlight to users of the code the existence of such a national security licence condition on the ISOP, and to ensure the ISOP has contractual (as well as licence) relief from compliance.

Key elements of the new clause

- 2.5 The standard clause is designed to reflect a licence condition for the NESO which enables the Secretary of State for the Department for Energy Security and Net Zero (DESNZ) to direct the NESO to take, or not take, certain actions where there is a risk relating to national security that may detrimentally impact the resilience, safety or security of the energy system, or the continuity of essential services. The Secretary of State could only exercise this power and issue a direction where it is in the interests of national security to do so. For example, this might include directing the NESO not to grant commercial contracts with external parties for goods or services, where these represent a risk relating to national security.
- 2.6 The Department set out provision for the national security power in licences to achieve the desired policy outcome through existing statutory vires, removing the need for additional primary legislation. In the Department's assessment of existing legislation, it identified a limited ability to provide direction on national

security issues in the energy system, with existing legislation focussing on emergency powers where there is imminent severe risk to life. Those powers are not designed to be used pre-emptively before an emergency has taken place, whereas national security concerns may not necessarily be urgent, but rather arise out of a long-term risk that government is managing. However, the direction in connection with risks relating to national security has not been limited to long term, strategic threats as national security threats may materialise on any timescale.

- 2.7 The national security power is not intended to override any existing legislation or national security provision, nor provide new powers for NESO to direct others, but rather to require NESO to comply with a national security direction issued by the Secretary of State where it is within its power and control.
- 2.8 The proposed code text follows the drafting of the licence condition. It outlines that the NESO must comply with any national security direction issued by the Secretary of State, and in doing so the NESO is not required to comply with any other obligation in the codes where and to the extent that compliance with those obligations is incompatible with compliance with the direction, for the period set out in the direction. The proposed code text also sets out that the NESO is able to withdraw from any contractual obligations that it has under the codes without liability, in order to comply with a national security direction.
- 2.9 The intention is to exclude the liability of NESO in the case of breaching its obligations under the relevant code to a User that has been deemed to pose a national security threat, where compliance with a direction given by the Secretary of State results in such a breach.
- 2.10 The proposed code text reflects the licence condition text, which has been consulted on previously³⁸, and has been adjusted to incorporate feedback from the CCWG. This adjustment includes requiring that NESO not only identify impacts of a direction on Users, but also request the Secretary of State to permit communication to affected Users regarding the direction in a timely manner.
- 2.11 The clause also addresses the case where NESO's compliance with a direction renders a User unable to comply with any of its obligations under the Code and suspends those obligations in such a case.
- 2.12 However, the clause does not include provision to address a case where NESO's compliance with a direction incidentally results in other ('bystander') parties incurring exceptional costs or rendering them unable to comply with their licence. This potential issue was raised in discussion with the CCWG.
- 2.13 While consideration was given to including such a provision within the Codes, the Department was not able to identify any credible scenarios in which 'bystanders'

³⁸ Please see "National Energy System Operator (NESO) licences and other impacted licences: statutory consultation" for details: <https://www.ofgem.gov.uk/consultation/national-energy-system-operator-neso-licences-and-other-impacted-licences-statutory-consultation>

incurred exceptional costs as a result of a national security direction issued to NESO by the Secretary of State. As such, the Department is minded to not include provisions for exceptional costs as to avoid introducing unintended compensation for a malicious actor who posed a national security threat and endangered the system, particularly where we have not been able to identify credible scenarios in which it would be necessary.

- 2.14 During this consultation the Department would welcome views on reasonable and credible scenarios in which such exceptional loss may be incurred by 'bystanders'. If, once NESO is in operation, it becomes clear that there are situations in which there was a genuine risk of a bystander User suffering exceptional loss as a result of the national security direction power being used, the Department would be open to reconsidering the necessity for such a provision in the codes at that time.
- 2.15 Other questions raised in the CCWG include queries about the definition of 'Users' in the context of the standard code text. The Users to whom this provision in the Code applies will match the standard definition for Users in the Code.

Precedents

- 2.16 Requirements superseding the obligation to comply with codes already exist to cover unforeseen circumstances and emergency situations, as follows in the Grid Code examples below. The proposed standard clause has been modelled in a similar fashion.
- **Example 1** – Grid Code General Conditions section *GC.9 EMERGENCY SITUATIONS*
Users should note that the provisions of the Grid Code may be suspended, in whole or in part, during a Security Period, as more particularly provided in the Fuel Security Code, or pursuant to any directions given and/or orders made by the Secretary of State under section 96 of the Act or under the Energy Act 1976.
 - **Example 2** – Grid Code General Conditions section *GC.3 UNFORESEEN CIRCUMSTANCES*
GC.3.1 If circumstances arise which the provisions of the Grid Code have not foreseen, The Company shall, to the extent reasonably practicable in the circumstances, consult promptly and in good faith all affected Users in an effort to reach agreement as to what should be done. If agreement between The Company and those Users as to what should be done cannot be reached in the time available, The Company shall determine what is to be done. Wherever The Company makes a determination, it shall do so having regard, wherever possible, to the views expressed by Users and, in any event, to what is reasonable in all the circumstances. Each User shall comply with all instructions given to it by The Company following such a determination provided that the instructions are consistent with the then current technical parameters of the particular User's System registered under the Grid Code. The Company shall promptly refer all such unforeseen circumstances and any such determination to the Panel for consideration in accordance with GC.4.2(e).

Placement in the Codes

2.17 The Department proposes the new clause is inserted at the end of the corresponding section of the Code listed below. This mirrors the suggested placement of the 'Advisory and Information Requests' clause. The description summarises the purpose and general content of the section, and in addition to validation by the administrators of the Codes provides the basis for the proposed placement.

Code	Section	Description
CUSC	Section 6 – General Provisions (add new sub-sections to the end)	This is a catch-all section of the CUSC and includes provisions for Force Majeure, the Fuel Security code and the requirements for CUSC parties to comply as applicable with the Grid Code.
Grid Code	General Conditions (add new sub-sections to the end)	<p>Section GENERAL CONDITIONS (GC) of the Grid Code sets out in GC1.1 “<i>The General Conditions contain provisions which are of general application to all provisions of the Grid Code. Their objective is to ensure, to the extent possible, that the various sections of the Grid Code work together and work in practice for the benefit of all Users.</i>”</p> <p>This is a catch-all section of the Grid Code and is already used to detail arrangements for the Fuel Security Code and 'unforeseen circumstances' leading to arrangements in the Grid Code not covering a particular situation.</p>
STC	Section G – General Provisions	This section contains those provisions that are generic to the code. It includes Force Majeure, Data Protection and Derogations.
SQSS	Section 1 - Introduction	
BSC	Section H - General	This section includes provisions relating to the ownership, use and disclosure of data; and the limitation of liability of Parties under the Code
Distribution Code	DISTRIBUTION GENERAL CONDITIONS (DGC)	Sets out DGC3 UNFORESEEN CIRCUMSTANCES and DGC6 DATA AND NOTICES
DCUSA	SECTION 3 GENERAL LEGAL PROVISIONS	Includes provisions relating to force majeure, derogations, and further information provision
UNC	GENERAL TERMS SECTION B – GENERAL	Includes provisions relating to force majeure, derogations, and communications.

Reason and Effect

2.18 The reason and effect of the changes across the Codes are as follows:

Reason	The proposed code text is intended to create consistency and clarity between legislation, licences and codes where a SoS direction is issued to the ISOP in relation to National Security. It further aims to provide transparency for market participants that may be affected by a SoS direction issued to the ISOP, as well as how they are effected.
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Effect	<p>The effects of these proposed code modifications include highlighting within the Codes that, in accordance with condition B4 of both the ESO Licence and GSP Licence, the Secretary of State may issue a direction to the ISOP, that the ISOP is required to comply with such direction, and may withdraw from any contractual obligations under the code, and that the ISOP’s obligations may be suspended without liability as a result of that direction. Note, the ability of the Secretary of State to direct the ISOP is not derived from this proposed modification.</p> <p>As a result of any direction, the ISOP will also identify the impacted code users, and will inform users what actions have been taken where permitted by the Secretary of State.</p>
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Package: Advisory and Information Requests

Background

- 3.1 The below table draws together the main provisions in the Energy Act 2023 and the corresponding licence conditions in the ESO and GSP licences. Collectively these govern the ISOP’s new advisory role, and its power to request information from persons in fulfilling any of its functions (including that role).

Energy Act 2023	ESO Licence and GSP Licence
<p>s.171 Provision of advice, analysis or information (1) The ISOP must, so far as reasonably practicable, comply with a request by a person* for the provision of advice, analysis or information.</p> <p><i>*person means a Minister of the Crown or GEMA, see s.171(2)</i></p>	<p>Condition D1 Provision of ISOP Advice sets out the licensee’s* obligations and reporting requirements in connection with the provision of ISOP Advice (to GEMA and to a Minister of the Crown)</p> <p><i>*licensee means NESO (as the ISOP)</i></p>
<p>s.172 Power to require information from regulated persons etc (1) The ISOP may by notice request from a person* such information as the ISOP reasonably requires in connection with the exercise of any of its functions.</p> <p><i>*means a person carrying out, or reasonably considered to be carrying out a relevant activity, see s.172(2) and s.163(5)³⁹</i></p>	<p>Condition D2 Information requests by the licensee sets out the obligations in connection with the licensee’s* power to request information under section 172 of the Energy Act 2023.</p> <p><i>*licensee means NESO (as the ISOP)</i></p>

- 3.2 Section 172 of the Energy Act 2023 provides for the ISOP by notice to request information from persons in the fulfilling of its functions. Section 172(3) includes that a person to whom a request is made “must, so far as reasonably practicable, provide the requested information within such period, and in such form and manner, as may be specified”. Conditions D2 of the ESO and GSP licences set out how the ISOP is obliged to act when it acts in accordance with s.172, not limited to its process when issuing a notice under s.172(1), the “Information Request Notice”⁴⁰.

³⁹ These are not limited to but are generally activities of persons regulated under the Electricity Act 1989 or the Gas Act 1986.

⁴⁰ “Information Request Notice” is defined in both licences as a notice that will be issued by the ISOP to a relevant party setting out reasonable requirements for information in accordance with s.172 of the Energy Act 2023.

Proposal

- 3.3 The licence conditions underpinned by legislation describe procedures which are sufficient for NESO to use its s.172 powers at designation as the ISOP on Day 1. Nevertheless, for the purposes of transparency and to set out for code signatories what they should expect where the ISOP finds it necessary to request information from them in fulfilling its functions, we propose to introduce a new clause to each of the Codes to which the NESO (as the ISOP) is a party.
- 3.4 Where further details become apparent after Day 1, for example, regular requests which would be aided by changes to the Codes, the new clause will provide a section marker for such future changes.

Key elements of the new clause

- 3.5 The standard clause is designed to reflect language in legislation and the licence condition text, which has been consulted on previously⁴¹.
- 3.6 The two introductory paragraphs (respectively) provide the policy context and mirror the ISOP's obligation to provide advice as set out in s.171 of the Energy Act 2023, and its powers to request information in s.172 of the Energy Act 2023.
- 3.7 The remaining paragraphs follow the drafting of the licence condition text and set out the process the ISOP is obliged to follow in requesting information by notice.
- 3.8 In the context of the standard code text, the CCWG queried the definition of 'User' to whom a request is made. The policy intention as set out in the Energy Act 2023 means the ISOP's use of the information request power will be exercisable on a person carrying out, or reasonably considered (by the ISOP) to be carrying out a relevant activity. Section 163(5) of the Energy Act 2023 details these activities⁴². The User to whom this provision in the code applies should match the policy intention, and match the standard definition for a 'User' (or equivalent defined term or terms) in the code.

Placement in the Codes

- 3.9 We propose the new clause is inserted at the end of the corresponding section of the Code listed below. This mirrors the suggested placement of the 'National Security directions to the ISOP' clause. The description summarises the purpose and general content of the section, and in addition to validation by the administrators of the Codes provides the basis for the proposed placement.

⁴¹ Please see "National Energy System Operator (NESO) licences and other impacted licences: statutory consultation" for details: <https://www.ofgem.gov.uk/consultation/national-energy-system-operator-neso-licences-and-other-impacted-licences-statutory-consultation>

⁴² These are not limited to but are generally activities of persons regulated under the Electricity Act 1989 or the Gas Act 1986.

Code	Section	Description
CUSC	Section 6 – General Provisions (add new sub-sections to the end)	This is a catch-all section of the CUSC and includes provisions for Force Majeure, the Fuel Security code and the requirements for CUSC parties to comply as applicable with the Grid Code
Grid Code	General Conditions (add new sub-sections to the end)	<p>Section GENERAL CONDITIONS (GC) of the Grid Code sets out in GC1.1 “<i>The General Conditions contain provisions which are of general application to all provisions of the Grid Code. Their objective is to ensure, to the extent possible, that the various sections of the Grid Code work together and work in practice for the benefit of all Users.</i>”</p> <p>This is a catch-all section of the Grid Code and is already used to detail arrangements for the Fuel Security Code and ‘unforeseen circumstances’ leading to arrangements in the Grid Code not covering a particular situation.</p>
STC	Section G – General Provisions	This section contains those provisions that are generic to the code. It includes Force Majeure, Data Protection and Derogations
SQSS	Section 1 - Introduction	
BSC	Section H - General	This section includes provisions relating to the ownership, use and disclosure of data; and the limitation of liability of Parties under the Code
Distribution Code	DISTRIBUTION GENERAL CONDITIONS (DGC)	Sets out DGC3 UNFORESEEN CIRCUMSTANCES and DGC6 DATA AND NOTICES
DCUSA	SECTION 3 GENERAL LEGAL PROVISIONS	Includes provisions relating to force majeure, derogations, and further information provision
UNC	GENERAL TERMS SECTION B – GENERAL	Includes provisions relating to force majeure, derogations, and communications.

Reason and Effect

3.10 The reason and effect of the changes across the Codes are as follows:

Reason	To include a standard clause in all Codes for transparency and to set out for code signatories what they should expect where the ISOP finds it necessary to request information from them in fulfilling its functions.
Effect	To insert a new standard clause into the Codes.

Appendix 1 – Glossary

Glossary

BETTA	British Electricity Trading and Transmission Arrangements
BSC	Balancing and Settlement Code
CCWG	Cross-Code Workgroup, workgroup constituted under the FSO CCP by decision on 18 October 2023 available at https://www.ofgem.gov.uk/publications/decision-letter-ofgems-call-volunteers-fso-codes-change-programme
CUSC	Connection and Use of System Code
Day 1	Day 1 is the date by which both designation of the ISOP and the new ISOP Gas System Planner and Electricity System Operator licences come into effect
D CODE	Distribution Code
DCUSA	Distribution Connection and Use of System Agreement
Department,	Department for Energy Security and Net Zero, previously known
DESNZ	as the Department for Business, Energy and Industrial Strategy
DNO	Distribution Network Operator
Effective Date	Means the date that the ISOP code modifications come into effect, as specified in the Relevant Authority’s notice of decision on the code modifications issued in accordance with section 170(4) and (5) of the Energy Act 2023. It is expected to fall on or following Day 1
Elxon	Elxon Limited
Energy Act 2023	The Energy Act 2023 available at https://www.legislation.gov.uk/ukpga/2023/52/enacted
Electricity System Operator Licence or ESO Licence	The licence which will be held by the ISOP and treated as granted by the Secretary of State pursuant to a direction issued under section 167 of the Energy Act 2023.
FSO	Future System Operator, see ISOP definition. This is the name previously given to the body that will be designated as the ISOP under Part 5 of the Energy Act 2023. References to the FSO in this document should be read as referring to that body. The Energy Act 2023 provides for the ISOP to have statutory functions and duties. After the ISOP is designated, the ISOP will take on some functions that already exist (e.g., the role of electricity transmission system operator), but many of its responsibilities (including those related to the provision of advice to government and Ofgem, and gas system planning) will be completely new.
FSO CCP	Future System Operator Codes Change Programme
GDPR	The General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK’s withdrawal from the European Union (“UK GDPR”)

Glossary

GEMA	Gas and Electricity Markets Authority. The terms “GEMA”, “Ofgem”, “we” and “us” are used interchangeably in this document.
GSP	Gas System Planner
Gas System Planner Licence or GSP Licence	The licence which will be held by the ISOP, and granted by the Secretary of State pursuant to section 168 of the Energy Act 2023
IGT UNC	Independent Gas Transporters Uniform Network Code
ISOP	Independent System Operator and Planner, see FSO definition
NETS	National Electricity Transmission System
NESO	National Energy System Operator Limited
NGESO	National Grid Electricity System Operator Limited
NGT	National Gas Transmission plc
Ofgem	Office of Gas and Electricity Markets, see also the definition of “GEMA”
Project Partners	include NGESO, NGT and Elexon; and the CCWG
REC	Retail Energy Code
Relevant Authority	Means the Secretary of State of the Department or the Gas and Electricity Markets Authority (GEMA), per section 169(7) and section 170(9) of the Energy Act 2023. Additionally, under section 169(5) the Secretary of State may direct GEMA to exercise the section 169(1)(c) modification power
Relevant Document	A Relevant Document is defined by section 169(7) of the Energy Act 2023 to mean a document maintained in accordance with the conditions of a relevant licence, e.g., such as industry codes
SEC	Smart Energy Code
SQSS	Security and Quality of Supply Standard
STC	System Operator - Transmission Owner Code
UNC	Uniform Network Code

Appendix 2 – Questions

Questions

Questions not related to National Security

(The Relevant Authority is GEMA)

Q1	Does the package of proposed code changes meet the objectives of the FSO CCP?
Q2	Do you have any other views or comments relating to the proposed modifications to the Codes (excluding those modifications relating to National Security)

Questions related to National Security

(The Relevant Authority is the Secretary of State for the Department)

NS.Q1	Do you have any views on the representation of licence condition B4 (Compliance with directions related to national security) in the Codes?
NS.Q2	Can you give examples where exceptional cost would be incurred by a 'bystander' party (wholly unrelated to the subject of the direction), which would not have been incurred but for a direction given by the Secretary of State to NESO?
NS.Q3	Do you have any other views or comments relating to the proposed modifications to the Codes relating to National Security?

Questions on the UNC

Questions on the UNC code changes are included in **Annex J - Gas roles Package** (Appendix 3 - Questions).

How to respond

Representations related to National Security

Any representations with respect to the proposed modifications to the Codes relating to National Security must be made to:

Electricity Systems Team, Department for Energy Security and Net Zero, 3-8 Whitehall Place, London, SW1A 2EG **and** Future System Operation, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU **or** nesoproject@energysecurity.gov.uk **and** FSO@ofgem.gov.uk

Representations not related to National Security

Any representations with respect to the proposed modifications to the Codes not related to National Security must be made to: Future System Operation, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU **or** by email to FSO@ofgem.gov.uk

Your response, data and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, **see Appendix 4**.

If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

Appendix 3 – Ancillary Documents

The below table lists documents which are either considered part of an industry code or are ancillary to it and our treatment of the changes required to them for Day 1.

Changes to documents which are considered to form part of an industry code will be made by the Relevant Authority as described in the section on Implementation.

Documents which do not form part of an industry code or are ancillary to one will be amended via their usual code governance route.

	Changes to be made by s.169 (1)(c)	Changes to be made by alternative form of governance
CUSC	All Sections, Schedules, and Exhibits	Forms and templates will be updated by NGESO's connections team in due course.
Grid Code	All Sections	<p>There are various associated documents which form the wider Grid Code content. An impact assessment has been conducted by NGESO.</p> <p>(1) There are a number of Electrical Standards which are owned by NGESO and are used regularly by industry. These documents are expected to need updates to reflect the new arrangements at and post Day 1:</p> <p>a) NGESO review still underway:</p> <ul style="list-style-type: none"> • EDL Instruction Interface • EDL Message Interface Specification <p>b) Was updated in March 2024 as part of GC0156. It uses ESO, therefore minor changes are required to reflect NESO (as the ISOP):</p> <ul style="list-style-type: none"> • Control telephony • Communications Standards • System Defence Plan • System Restoration Plan <p>c) Awaiting Authority decision</p> <ul style="list-style-type: none"> • Test Plan, will follow the change process for the System Defence Plan and the System Restoration Plan after receipt of an Authority. <p>It is proposed that the specific Electrical Standards will be updated as a batch of changes. As the batch will contain</p>

	Changes to be made by s.169 (1)(c)	Changes to be made by alternative form of governance
		<p>System Defence and System Restoration Plans, the required period for the panel to review the changes will be one month. Proposed changes can be made via circulation and implemented if there are no objections received.</p> <p>(2) There are various guides which are not covered by any governance and do not require a Day 1 update. These documents will be reviewed over the course of the following months and updated with branding where required.</p>
SQSS		<p>The "National Electricity Transmission System Security and Quality of Supply Standard (NETS SQSS)" is a standard and is neither an ancillary document to a code nor created by a licence obligation. This standard is voluntarily maintained by the Members and changes are proposed by Members to the Panel who shall decide whether to make amendments.</p> <p>There are limited changes required to the SQSS which are of a housekeeping nature, including amending 'NGESO' to 'ISOP'.</p> <ul style="list-style-type: none"> • Changes to the current "NETS SQSS" version 2.7 have been considered and included in this consultation. • Changes to the "NETS SQSS Industry Governance Framework" have been considered and is expected to be presented to the SQSS Panel on 03 June 2024 to be implemented by NGESO for Day 1.
STC	All Sections and Schedules	Modifications were made to the STC and STCPs in Spring 2023 (CM090 & PM0130) in anticipation of the transition to the ISOP.
D Code	The code, as a single document	<ul style="list-style-type: none"> • Documents listed in Annexes 1 & 2 will be covered by a standard clause on the face of the Annexes which make clear that references to NGESO, the NETS 'system operator', or holder of the licences NGESO currently holds is to be interpreted as NESO (as the ISOP)⁴³. Housekeeping changes in the documents will be made in the usual way.

⁴³ "The Annex 1 documents may make reference to NGESO, the Electricity System Operator (ESO) the Transmission System Operator etc. Any such reference will be updated to refer to the ISOP during the normal process for updating Annex 1 documents; in the meantime any such references should be interpreted as being a reference to the ISOP."

	Changes to be made by s.169 (1)(c)	Changes to be made by alternative form of governance
		<ul style="list-style-type: none"> • ‘THE CONSTITUTION AND RULES OF THE DISTRIBUTION CODE REVIEW PANEL OF GREAT BRITAIN’ mentions NGESO in two places, not including the revision section which in revision 8 lists the name change at separation of NGESO from NGET in April 2019. We would propose introducing a new defined term NESO and making the consequential change in 5.1(c)(4); this would be in line with the proposal in Group 1.A of the Institutional Package. This proposal will be raised at the June panel to be implemented for Day 1.
DCUSA	The code, as a single document	None
BSC	All Sections and BSCPs	None

Appendix 4 – Privacy notice

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

We will share responses with the Department for Energy Security and Net Zero.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Responses will be stored for reference until we have established a more stable and enduring regulatory regime for NESO.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete

- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information For more information on how Ofgem processes your data, click on the link to our "[Ofgem privacy promise](#)".