

To: All persons listed in section 170(2) of the Energy Act 2023

**Energy Act 2023
Section 170(1) and (3)**

Notice of statutory consultation on proposed modifications to industry codes to implement the Independent System Operator and Planner (ISOP) - excluding proposed modifications relating to National Security

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the following industry codes (collectively referred to as "the Codes") pursuant to section 169 of the Energy Act 2023:
 - 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. This notice excludes proposed modifications to the Codes that are related to National Security. The Secretary of State for Energy Security and Net Zero will act as the Relevant Authority² for such proposed modifications and will publish a separate notice accordingly.

¹ The terms "the Authority", "Ofgem", "we" and "our" are used interchangeably in this document. Ofgem is the Office of the Authority.

² "Relevant Authority" for the purpose of sections 169 and 170 of the Energy Act 2023 means either the Secretary of State or the Authority, whom may exercise the modification power under section 169(1) of the Act.

3. We are proposing these modifications to implement consequential changes to the Codes that are required to reflect an Independent System Operator and Planner³ and the regulatory changes to establish its regulatory framework; when created, the ISOP will be designated by the Secretary of State under 162 of the Energy Act 2023 and hold an Electricity System Operator licence⁴ and a Gas System Planner licence⁵.
4. The effect of the proposed modifications is to implement changes to the Codes to ensure they are coherent with the establishment of the ISOP and other changes to the regulatory framework in accordance with its statutory functions, duties and licence conditions.
5. A copy of the proposed modifications and detailed reasons and effects have been published alongside this notice on our website:
 - www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/future-system-operation-fso. Alternatively, they are available from information.rights@ofgem.gov.uk.
6. Any representations with respect to the proposed modifications to the Codes must be made on or before 17 June 2024 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.
7. All consultation responses are normally published on Ofgem's website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on Ofgem's website.
8. Following consideration of the responses to this consultation, if we decide to make the proposed modifications, they will have effect on the date that designation of the ISOP comes into effect under section 162 of the Energy Act 2023.

³ Part 5 of the Energy Act 2023 defines the term Independent System Operator and Planner (ISOP). The ISOP has previously been referred to in Ofgem and government consultations and publications as the Future System Operator (FSO)

⁴ pursuant to section 6(1)(da) of the Electricity Act 1989

⁵ pursuant to section 7AA of the Gas Act 1986

9. This will be on a date after this consultation closes on 17 June 2024.

Yours sincerely,

**Carly Malcolm – Senior Policy Manager
Duly authorised on behalf of the
Gas and Electricity Markets Authority**

22 May 2024