

Guidance

This Excel spreadsheet provides a template for responses to our **consultation on the implementation of energy code reform** published on 30 January 2024.

There are three tabs for you to fill in:

- 'Organisation Details': general information about yourself, your organisation and questions around your response's confidentiality.
- 'Consultation Questions': a list of all the questions made throughout the consultation document on the left hand side with blank cells on the right hand side for you to fill with your responses. Please respond to each one as fully as you can.
- 'General feedback': an opportunity for you to give us feedback on the overall consultation process.

Please complete this spreadsheet and **send your response to industrycodes@ofgem.gov.uk by 23/04/2024.**

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

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Do you want your response treated as confidential?	No
Do you want part of your response treated as confidential?	No

No.	Question	Response
1	Do you agree that we should recommend to the Secretary of State that the 11 industry codes listed (including the SQSS) should be designated as “qualifying documents” for the purposes of using our transitional powers in the Energy Act 2023 to deliver energy code reform?	Yes. We agree with the designation of 11 of the industry codes listed which had been confirmed in April 2022 as falling within scope of the energy code reform. We recognise this designation is for the purposes of Ofgem utilising its transitional powers, as
2	Do you agree that we should recommend to the Secretary of State that the 5 central systems listed (including the Central Switching Service) should be designated as “qualifying central systems” for the purposes of using our transitional powers in the Energy Act 2023 to deliver energy code reform?	Yes. We agree with designation of the five central systems which had been confirmed as falling within scope of the energy code reform. As part of this exercise, we recommend, Ofgem also confirms with the MHHS PMO (as well as the incumbent code
3	Do you agree with the monetised costs and benefits set out in the accompanying draft impact assessment (ie the quantitative analysis)? Please specify if you think there is any further evidence that we should consider.	Based on the impact assessment of monetised costs and benefits it looks relatively finely balanced between options 1 and 2 so we understand other non-monetised factors come more into play. It is difficult for us to unpack these qualitative factors but we suggest in
4	Do you agree with the hard-to-monetise costs and benefits set out in the draft impact assessment (ie the qualitative analysis)? Please specify if you think there is any further evidence that we should consider.	We are generally comfortable with the approach Ofgem has taken with the assessment against the design principles and the rationale used in applying the scoring system.
5	Do you agree with our preferred option to consolidate the CUSC and DCUSA to form a <u>unified electricity commercial code</u> ?	Yes. We agree with a unified ECC which could help support connections reform amongst other areas. We recommend to help shape what approach is taken by Ofgem to licence a ECC code manager, Ofgem reviews the previous results from the incumbent DCUSA and CUSC administrators from the code administrators survey
6	Do you agree with our preferred option to consolidate the Grid Code, STC, SQSS and Distribution Code to form a <u>unified electricity technical code</u> ?	2021 previous results published in January 2022 and/or issue a new survey. This We agree consideration should be given regarding unification of the four technical codes. The aspiration for a one-stop shop for technical codes will be an extremely complex and lengthy process, and the synergies between electricity transmission and distribution technical and operational areas may be difficult to achieve. Whilst some rationalisation could work on governance arrangements and reduce the
7	Do you agree with our preferred option to consolidate the UNC and IGT UNC to form a new <u>unified gas network code</u> ?	We have focused our response on electricity code consolidation; but Ofgem’s preferred option for gas network codes appears to be in keeping with the wider energy code reform objectives.
8	Do you agree with our proposals to rationalise the identified code provisions as part of any consolidation exercise?	Yes. We recommend Ofgem should review lessons learned from the retail codes consolidation of the MRA and SPAA into the REC and subsequent changes that have been implemented to improve processes such as prioritisation, appropriate triggers for requests for reporting and information. The creation of the REC has not been
9	Do you agree with our proposal to publish the first Strategic Direction Statement (SDS) for all codes next year (before code managers are in place)?	Yes, we welcome early sign of the first SDS but would not indicate incumbent Code Managers would welcome direction which is not overly ambitious prior to certainty on appointed licensed code managers and during any transition period. We would recommend
10	Do you have views on the proposed SDS process?	We welcome the SDS focusing up to a five-year period (and their being published 1-2 years ahead of that period) to provide improved certainty. We recommend Ofgem to engage with distribution networks post-consultation and before final publication of the SDS and should not focus on the NESO alone.
11	Do you agree with our proposal that a principles-based standard condition for gas and electricity licensees would support the development and delivery of code modifications related to the SDS?	Yes. However, industry is already incentivised to support any code modification development that impacts its core business and customers. We recommend an enhanced approach might be for ensuring the ‘right’ skilled resource, which encompasses code managers and industry, encourages collaborative working to
12	Do you agree with our preferred option for how a Stakeholder Advisory Forum should be constituted?	refine and develop any proposals which best meet the codes objectives (and any arrangement, and we welcome the proposal for broader representation for a pool of members. Fixed membership will enable code memory and expertise.

13	What are your views on i) a requirement to assess the greenhouse gas impact of code modifications with updated guidance, or, ii) introducing a 'net zero' code objective?	Our preference is option 2, to introduce a net zero code objective but ultimately an alignment with Ofgem's own duties should be ensured as Ofgem remains the ultimate decision maker as the Strategic Authority. Ofgem will be supported to make its decision if its licensed code managers have aligned objectives. This would bring consistency and facilitate cross code modifications. We recommend a task and finish by licensed code managers which includes working with and listening to the modification proposers (whether that is Ofgem via the SDS or individual code parties or others). We request a route to appeal or the ability to challenge the code manager's prioritisation. Lessons should be learnt from the re-platforming of the REC
14	Do you agree with our proposal to extend and harmonise the ability of code panels to prioritise the assessment of code modification proposals?	Yes, we support effective prioritisation of code modifications and via effective triage
15	Do you agree with our proposal to adopt a phased approach to transitioning codes to the new governance model?	Yes, we agree with a phased approach to the new arrangements whilst recognising the phases (1, 2 and 3) described probably relate more to implementation rather than development. It might help to clarify that in the Ofgem decision document.
16	Do you identify any strategic or operational considerations that might inform the transition sequence?	Yes. We recommend the development work on the more complex codes such as the ETC under Phase 3 needs to start in parallel with Phase 1 of the aspiration for a go live by 2030.
17	What are your views on our proposed transition sequencing?	We are comfortable with Ofgem's proposed transition sequencing. However, refer to our response to Q15 and Q16 regarding Ofgem clarifying what is meant by phases. It would be welcome if Ofgem could be more definitive on phase period e.g Phase 1 is 2026 – 2027 and covers both development and implementation. This would aid code administrators and industry in planning towards a transition period for raising and
18	Do you have any other comments on how Ofgem should approach the implementation and transition process?	As per our response to Q5 and Q6 we would welcome an approach that would make best endeavours to retain skilled experts (such as ElectraLink and ENA) to be engaged in the transitional and enduring arrangements to ensure the knowledge regarding how network operators function is duly considered.

We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

Question	Response
Do you have any comments about the overall process of this consultation?	no
Do you have any comments about its tone and content?	no
Was it easy to read and understand? Or could it have been better written?	yes
Were its conclusions balanced?	yes
Did it make reasoned recommendations for improvement?	yes
Any further comments?	Yes, more schematics (as per the Ofgem webinar) would have been welcomed embedded in the consultation to improve transparency and clarity of the proposals and preferred options.