

## 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](mailto: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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| <b>Date of submission</b>   | 23/04/2024  |
| <b>Do you want your response treated as confidential?</b>         | No  |
| <b>Do you want part of your response treated as confidential?</b> |   |



| 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?                            | we agree that you 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 your transitional powers in the Energy Act 2023 to deliver energy   |
| 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? | we agree that you 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 your transitional powers in the Energy Act   |
| 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.  | On the balance of evidence presented, we do not agree. This is largely because we are unable to assess the reliability of the inputs and calculations, which are largely opaque and use unexplained assumptions.   |
| 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 mostly agree with the quantitative analysis set out in the draft impact assessment. We note that qualitative scoring supports the argument that consolidation of the UNC with the iGT UNC should be prioritised over some other options. (Table 11: Shortlisted code  |
| 5   | Do you agree with our preferred option to consolidate the CUSC and DCUSA to form a <u>unified electricity commercial code</u> ?  | we see very little crossover or issues or modifications that relate to both the DCUSA and the CUSC and therefore see very little benefit in consolidating these two codes. If these codes are to be consolidated, we would suggest this is carried out in Phase 3.   |
| 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> ?   | we can see some merit in combining these codes into a single electricity technical code however we see the cost saving to industry to be minimal. Having all the technical rules in one place could potentially save Parties some time. However, we foresee  |
| 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 do agree with your preferred option to consolidate the UNC and IGT UNC to create a new unified gas network code. We believe this consolidation should be prioritised into Phase 1.  |
| 8   | Do you agree with our proposals to rationalise the identified code provisions as part of any consolidation exercise?   | Most of the modifications raised under the UNC are duplicated we agree with your proposals to rationalise code provisions as part of any consolidation exercise including:<br>A common contractual framework<br>Contract boilerplate and defined terms   |
| 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)?   | we are unsure if we agree with your proposal to publish the first Strategic Direction Statement (SDS) for all codes next year (before code managers are in place).   |
| 10  | Do you have views on the proposed SDS process?   | The aim and purpose of the early SDS is unclear to us. Without code parties should be given ample opportunity to engage with the SDS process. Much of the industry knowledge and know-how sits within code parties. The lessons of the operation of the Retail Energy Code need to be learnt and not repeated when |
| 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?   | we agree in principle with your 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.   |
| 12  | Do you agree with our preferred option for how a Stakeholder Advisory Forum should be constituted?   | without further information on the exact role, capability, vires and objectives of SAFs, we find it difficult to agree or disagree with your preferred options. We note your parallel joint consultation with DESNZ includes further/differing information on the intention of                                     |

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| 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? | we support a net zero code objective. This can be wider in its remit than an objective focused purely on emissions. It must be relevant and applicable though and may be the same at the high level across all codes with specific detail relevant to the code in |
| 14 | Do you agree with our proposal to extend and harmonise the ability of code panels to prioritise the assessment of code modification proposals?                            | we agree with your proposal to extend and harmonise the ability of code panels to prioritise the assessment of code modification proposals. This would be a near-term benefit for codes where proposals are not subject to assessment or prioritisation, which    |
| 15 | Do you agree with our proposal to adopt a phased approach to transitioning codes to the new governance model?   | we agree with your proposal to adopt a phased approach to transitioning to the new governance model. We agree this will reduce the overall complexity of the approach and ensuring that it does not become overly burdensome to industry stakeholders.            |
| 16 | Do you identify any strategic or operational considerations that might inform the transition sequence?  | we agree with the strategic considerations that you have highlighted in the consultation including the implementation of Market-wide Half Hourly Settlement (MHHS) and the establishment of the Future System Operator (FSO) and                                  |
| 17 | What are your views on our proposed transition sequencing?  | As mentioned in our answer to question 7 we believe that consolidating the UNC with the IGT UNC will bring greater benefits more quickly if carried out in Phase 1. We would therefore propose the following sequence.  |
| 18 | Do you have any other comments on how Ofgem should approach the implementation and transition process?  | Ofgem must be appropriately staffed with the relevant resource in terms of capacity and expertise. We are concerned that the strategic nature and complexity of this work has been underestimated to date (the cost indication in the IA further supports         |

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?  | In feedback to the response template, Microsoft Excel is not designed to convey written prose, and as a software tool is restrictive in the use of formatting and annotation. We recommend that you review |
| Do you have any comments about its tone and content?                      |  |
| Was it easy to read and understand? Or could it have been better written? |  |
| Were its conclusions balanced?  |  |
| Did it make reasoned recommendations for improvement?                     |  |
| Any further comments?   |  |