

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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Date of submission	22/04/2024
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 are in agreement with the 11 listed industry codes that are proposed as “qualifying documents” for the purposes of code reform.
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?	While we are satisfied with the proposals for “qualifying central systems” we are unclear on the consequential impact to these systems arising from the reforms and would ask that Ofgem publish further insight into this at a later date. We also question if the Data integration platform (DIP) has been missed from the proposals.
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.	There should be a reduction in code administration costs if the codes are consolidated, however from previous relevant experience the MRA/SPAA are examples where this was not the case once combined. Administration costs are largely hidden to suppliers because they are pass through via the charging statements, we do not pay code costs directly, so it is difficult to ascertain. Equally, suppliers are not the only parties that incur code costs – the UNC/IGTUNC are Shipper codes so we would welcome costs being extended to cover the other roles in the market. We would welcome clarification on how the charging statements will work under the new governance arrangements; will this be akin to REC and consulted to all parties?
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 in agreement with the proposed hard-to-monetise costs and benefits set out in the impact assessment.
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 are in agreement with the proposal to consolidate CUSC and DCUSA to form a unified electricity commercial code, but it needs to be absolutely clear which arrangements apply to which type of network.
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> ?	Yes, we are in agreement with the proposal to consolidate the Grid Code, STC, SQSS and Distribution Code to form a unified electricity technical code; again, there needs to be clarity on which obligation applies to which network type.
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> ?	Yes, we are in agreement with the proposal to consolidate the UNC and IGT UNC to form a unified gas network code. However, there are several differences between GTs and IGTS that would need to be addressed, for example: Currently, each IGT has an individual network code in addition to the IGT UNC, our assumption is that these are also being replaced to ensure that there is a single common code and not one with offshoots. The IGT UNC currently contains metering provisions which the UNC does not. There are currently RGMA documents that the IGTS must follow which will require a designated industry owner - we would recommend transferring these under REC governance and directing the IGTS following the MEM processes. Invoice management for transportation costs; Xoserve invoices participants on behalf of the Gas Transporters (GTs) whereas the IGTS invoice individually themselves; we would advocate commonality being introduced and it is far more consistent and efficient to have a central service hosted by Xoserve. IGTS have a bespoke process for allocating MPRN ranges, and Nexa AQ setting as well as differences in the New Connections processes; how will these be adopted and moved into a consolidated code? The DSC (Xoserve) contract is not mentioned, whilst it is not a code in of itself it is operated similarly and has its own separate budget and committees. Will the future approach be to have the budget for the consolidated code also include system change costs from Xoserve? Currently these are passed through to industry participants differently to code costs so a change to how this contract is managed would likely be required.
8	Do you agree with our proposals to rationalise the identified code provisions as part of any consolidation exercise?	Yes, we are in agreement with this proposal and believe it is absolutely critical to the success of code reform. We would urge Ofgem not to rely on consolidation as the rationale for rationalisation / simplification and apply the same principles to the non-consolidated codes, in particular the BSC with urgency.
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 are broadly in agreement with this approach and that it will apply primarily to the MCC and BSC in the first instance. We do however query whether it will be possible to maintain momentum on SDS priority change while consolidating codes and / hand over between code managers. SDS priority change will therefore need to be closely monitored in order to ensure the delivery timescales are feasible at the outset, and give due consideration to the code reform plans and that progress is tracked centrally to
10	Do you have views on the proposed SDS process?	We do not have any concerns regarding the SDS process at this point in time.
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?	While we broadly agree with the approach, we do not believe there is sufficient information at this time to fully assess this proposal and reached a fully informed position.
12	Do you agree with our preferred option for how a Stakeholder Advisory Forum should be constituted?	We are in agreement with Ofgem’s preferred option for the constitution of the Stakeholder Advisory Forums. We very much welcome the inclusion of groups representing the consumer voice and would encourage the appointment of more independent advisors to reduce the potential for biased, insular thinking and to bring innovation into the industry modification process.

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?	While we are in agreement with the proposals under points i) and ii) and welcome the publication of Ofgem guidance in this space, the additional assessment criteria must be tangible and accessible in a way that promotes genuine assessment and the ability to achieve the desired outcomes.
14	Do you agree with our proposal to extend and harmonise the ability of code panels to prioritise the assessment of code modification proposals?	<p>We are fully in agreement with the proposal to extend and harmonise the ability of code panels to prioritise the assessment of code modification proposals and view this as critical to the success of code reform. We particularly view it as important to do this now, prior to code consolidation and the appointment of code managers in order to realise the benefits of harmonisation as soon as possible.</p> <p>We believe that to ensure this is executed with clarity and in a timely manner, there must be changes to the code manager licence to obligate participation in the harmonisation activity.</p>
15	Do you agree with our proposal to adopt a phased approach to transitioning codes to the new governance model?	We are in agreement with Ofgem's proposal for a phased implementation approach and welcome the proposal for overlap where it keeps momentum in the process which is critical to realise the full benefits and objectives of code reform.
16	Do you identify any strategic or operational considerations that might inform the transition sequence?	We have not identified any strategic or operational considerations outside of Market Half Hourly Settlement (MHHS) and Review Electricity Market Arrangements (REMA) which have already been identified.
17	What are your views on our proposed transition sequencing?	We are also in agreement with the indicative transition sequence which prioritises BSC and REC. As primarily a retail organisation we see this as an area of significant opportunity followed by the unification of UNC and IGTUNC codes.
18	Do you have any other comments on how Ofgem should approach the implementation and transition process?	We would encourage Ofgem to be ambitious during the implementation and transition process, while we recognise the complexity in this process, we see the benefits of reducing complexity and efficiency as well as the overarching net zero objectives as being absolutely critical to the future energy industry.

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?	
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?	