

18th April 2024

Lisa Charlesworth
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

By email: industrycodes@ofgem.gov.uk

Dear Lisa,

BUUK welcomes the opportunity to respond to the Ofgem Energy Code Reform consultation and share our views on the proposals. BUUK owns and operates two electricity (IDNO) and three gas (IGT) distribution licenses: The Electricity Network Company Limited (ENC), Independent Power Networks Limited (IPNL), GTC Pipelines Limited (GPL), Independent Pipelines Limited (IPL) and Quadrant Pipelines Limited (QPL).

BUUK's views on the Energy Code Reform mechanisms are, on the whole, aligned to those proposed by Ofgem. However, we have included some areas where additional clarification would be appreciated, highlighted below and within our attached response.

- Lack of inclusion of the Fuel Security Code and of the DTSA.
- Consideration to be given to commercial implications to code parties.
- Opportunity to learn from other such consolidation activity. REC, for example.
- Expectation of the existing Code Administrators during the transition period.
- Better understanding of the consultation and appeals process, under the new arrangements.
- Concern with leaving the Electricity Technical Codes consolidation too late.
- More detail as to the specific intention of the Stakeholder Advisory Forum.

I would be happy for you to contact me if you have any questions regarding this non-confidential response.

Yours sincerely



Jenny Rawlinson
Industry Change Manager
Jenny.rawlinson@bu-uk.co.uk

Questions

Q1: 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 purpose of using our transitional powers in the Energy Act 2023 to deliver energy code reform?

Yes, we agree. Although we would appreciate some rationale regarding the lack of inclusion of the Fuel Security Code, as this is referenced within our electricity license. Should this also be included in the Electricity Technical Code consolidations, as it will impact the new NESO?

Q2: 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 purpose of using our transitional powers in the Energy Act 2023 to deliver energy code reform?

Yes, we do agree to all, including the reference to CSS.

Q3: Do you agree with the monetised costs and benefits set out in the accompanying draft assessment (i.e., the quantitative analysis)? Please specify if you think there is any further evidence that we should consider.

Yes, we agree with the principle.

Q4: Do you agree with the hard-to-monetise costs and benefits set out in the draft impact assessment (i.e., the quantitative analysis)? Please specify if you think there is any further evidence that we should consider.

Yes, we recognise the issues with ascertaining these costs and agree with the principles.

Q5: Do you agree with our preferred option to consolidate the CUSC and DCUSA to form a unified electricity commercial Code?

Yes, we agree. However, we question whether the DTSA (DTN) has been considered for inclusion in this code activity and, if not, whether it will remain as a stand-alone arrangement. Whilst it is seen as a commercial arrangement, it could be deemed to sit within the REC.

Q6: Do you agree with our preferred option to consolidate the Grid Code, STC SQSS and Distribution Code to form a unified electricity technical code?

Yes, we agree. But see response to 1, above.

Q7: Do you agree with our preferred option to consolidate the UNC and the IGT UNC to form a new unified gas network code?

Yes. We agree, subject to our comments provided in response to Question 8.

Q8: Do you agree with our proposals to rationalise the identified code provisions as part of any consolidation exercise?

Whilst we agree in principle, we would highlight a need for any rationalisation to consider commercial implications to parties to the codes. We would also highlight that there are opportunities to learn from the recent consolidation of various codes into the REC, in terms of efficiencies and issues raised during that process. Some parts were very structured. However, the closure of industry codes took some time and therefore, that aspect needs to be considered. It would be good to understand where the tidying-up role would sit. In addition, it is our view that the metering CoPs were not transitioned efficiently, and that work is still underway. Therefore, merging all elements for the sake of merging might not be the most appropriate option.

Q9: 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 agree. However, we would appreciate a better understanding of what is expected of the existing Code Administrators in terms of producing the referenced plans.

Q10: Do you have views on the proposed SDS process?

Merely to reinforce the observation which has already been made within the document, that this will need to include a robust consultation process with Industry. We would, therefore, appreciate details on the appeals process under the new arrangements.

Q11: Do you agree with our proposal that a principles-based condition for gas and electricity licensees would support the development and delivery of the code modifications related to the SDS?

Yes, we agree.

Q12: Do you agree with our preferred option for how a Stakeholder Advisory Forum should be constituted?

Yes, we agree, recognising that relevant subject matter experts will need to be involved as and when required. However, the role and requirements of the SAF isn't very clear and it would be good to understand the detail, including what weight and influence the SAF would have in the overall change process.

Q13: 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 would favour introducing a 'net zero' code objective.

Q14: 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 agree. Emphasising the need to have set criteria for the priorities, so as to avoid subjectivity influencing decisions.

Q15: Do you agree with our proposal to adopt a phased approach to transitioning codes to the new governance model?

Yes, However, from the context of existing Code operations, we would appreciate more clarity on how this process would work.

Q16: Do you identify any strategic or operational considerations that might inform the transition sequence?

Nothing at this time, subject to our response to Question 15.

Q17: What are your views on our proposed transition sequencing?

Whilst we can understand the rationale behind the sequencing for the majority of codes transitioning, we do not feel this rationale is robust when considering the delay in addressing the Electricity Technical Codes consolidation. Furthermore, it risks this coming up against the deadline of 2030, with a significant quantity of skilled review still to be undertaken. We would reference the transfer of metering governance and Codes of Practice into the REC as an example of potential impacts.

Q18: Do you have any other comments on how Ofgem should approach the implementation and transition process?

No. Not at this stage.