

## 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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Date of submission	23/04/2024
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?	We agree.
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.
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.	we agree with some of the quantitative analysis undertaken. However, we would question the key assumption that consolidation will lead to a notable overall reduction in industry expenditure on codes by reducing the frequency of consequential we broadly agree with the assessment. For electricity, removing the noted burden of interacting with four different sets of governance is likely to have benefits for wider stakeholders but it is worth noting that parties will still have to comply with the same we do not believe there is enough evidence to support the
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.	proposed consolidation of CUSC and DCUSA into one code at this stage.. The CUSC and DCUSA may be superficially similar in the sense they outline use of system arrangements but are, by their we do not believe there is enough evidence to support the
5	Do you agree with our preferred option to consolidate the CUSC and DCUSA to form a <u>unified electricity commercial code</u> ?	proposed consolidation of the Grid Code, STC, SQSS and Distribution Code into one code at this stage. Please see our response to Question 5 above for more detail. Our views on the
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> ?	
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> ?	Although we are not directly impacted by this consolidation, we believe similar principles to the above two questions apply. where consolidation can be justified, we agree that rationalisation would be of benefit where it is achievable. This could reduce the barrier for entry for all stakeholders, particularly those stakeholders that do not regularly interact with codes. However, it
8	Do you agree with our proposals to rationalise the identified code provisions as part of any consolidation exercise?	
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 agree with this proposal to give industry guidance on Ofgem's direction for codes prior to Code Managers being selected. we support the proposal in principle. Nevertheless, more clarity is required on how this will fit into the wider landscape of policy change. It is not clear to us whether this will be the only route for strategic or policy related code change/reform. If this is the case, Our preference is that Ofgem ensures that roles and responsibilities are as clear as possible – ideally with a clearly drafted, explicit licence condition. There is a risk with any principles based condition that there will ultimately be a lack of clarity on the we believe the most important consideration when setting up the
10	Do you have views on the proposed SDS process?	Stakeholder Advisory Forum is to retain the vast expertise that is currently held by industry actors, particularly in Code Panels of each relevant code. The people currently supporting these codes
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?	
12	Do you agree with our preferred option for how a Stakeholder Advisory Forum should be constituted?	

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 believe this is a good ambition and have no preference which option is taken forward. The key consideration is to ensure the scope of any option selected does not impede modifications which by their nature will have no material impact in this area for
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 this proposal. Nevertheless, arrangements going forward must continue to take account of external deadlines, particularly modifications directed by the Authority.
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 transitioning codes. This reform, particularly consolidation, is likely to require a vast amount of specialist resource to undertake adequately. This resource is already limited in industry and a phased approach will allow
16	Do you identify any strategic or operational considerations that might inform the transition sequence?	Resource availability and potential dependencies across the consolidated codes should be the key drivers in informing the transition sequence.
17	What are your views on our proposed transition sequencing?	we support the phased approach but have no clear preference on transition sequencing. In order for all parties to gain a firmer understanding on this, we would like to see Ofgem and Code Managers (either prospective or incumbent) scope out the work
18	Do you have any other comments on how Ofgem should approach the implementation and transition process?	No further comments.

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?	