

Email to:
industrycodes@ofgem.gov.uk



28 February 2023

Dear Ofgem Industry Codes Team,

Energy Code Governance Reform

Scottish Renewables is the voice of Scotland's renewable energy industry. The sectors we represent deliver investment, jobs, social benefits and reduce the carbon emissions which cause climate change. Our 330 plus members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland's homes and businesses.

Scottish Renewables welcomes the opportunity to provide our view on the proposals outlined in the Energy Code Governance Reform 'Call for Input.'

This letter includes feedback on the design principles, code consolidation, code manager licencing and Stakeholder Advisory Forums.

1. Design Principles

- Scottish Renewables agrees that the current design principles appear appropriate. There may be a benefit to including two further design objectives, to ensure code reform seeks to facilitate co-ordinated and strategic whole systems planning which will enable the development of an effective Future Systems Operator and to design the codes to better facilitate change to aid the industry reaching Net Zero.
- We also support code reform that does not disrupt core programmes of work such as changes to facilitate the Holistic Network Design (HND), TNUoS reform and the development of the Future System Operator which is key to enabling a wider range of technology being connected to the grid and reaching Net Zero.

2. Code Consolidation

- Code reform is a low priority when taken into consideration with the wider context of policy developments such as the overhaul of the grid planning process, connection reform and code change that is integral to reaching Net Zero. Only necessary code reform should be undertaken, and it should not cause disruption to the code change process.
- We do not believe it is appropriate for code reform to take place before REMA is complete. Should a nodal wholesale market be introduced, much of the Grid Code and most of the Balancing and Settlement Code will become obsolete and require completely new content and drafting. We do not think it would be an efficient use of resources to reform codes until we know they will be enduring.
- We do not see the benefit to horizontal code consolidation outside of the retail codes. It would introduce dual fuel codes, which would not reflect stakeholder engagement with the codes and where these fuels are inherently different lead to the development of codes that lack an easy-to-follow structure. We suggest that vertical code consolidation should be explored further as it will have less impact on the industry during a time of significant change.

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Code Manager Licencing

- Scottish Renewables would like to encourage Ofgem prioritise establishing itself as the Strategic Body and to focus on developing the Code Manager licence. We believe this to be an important first step in establishing accountability for ensuring that any code consolidation options prove to be effective.
- A wide range of the powers proposed in the licences already exists in the provisions of the codes. Ofgem should investigate whether these provisions would be better managed in the codes, with any changes required facilitated by the codes change process.
- As a priority, Ofgem should set out a view of the funding arrangements that will result in charges being levied on code parties and industry code incentives to make it clear how it will be managed and how the codes will be held to performance standards.

Stakeholder Advisory Forums

- Scottish Renewables believe that accountability for ensuring the effectiveness of Stakeholder Advisory Forums is necessary and will emerge once the Strategic Body is in place and Code Manager licences are robust.

Scottish Renewables would be keen to engage further with this agenda and would be happy to discuss our response in more detail.

Yours sincerely,

Stephen McKellar

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Scottish Renewables