

Email to:

[industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)

22 April 2024

Dear Lisa Charlesworth,

### **Response to the Energy Code Reform: Implementation consultation**

Scottish Renewables is the voice of Scotland's renewable energy industry. The sectors we represent deliver investment, jobs and social benefits and reduce the carbon emissions which cause climate change. Our 360-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.

RenewableUK members are building our future energy system, powered by clean electricity. We bring them together to deliver that future faster; a future which is better for industry, billpayers, and the environment. We support over 400 member companies to ensure increasing amounts of renewable electricity are deployed across the UK and access markets to export all over the world. Our members are business leaders, technology innovators, and expert thinkers from right across industry.

Scottish Renewables and RenewableUK welcome the opportunity to respond to Ofgem's consultation on the implementation of its energy code reforms as set out in the Energy Act 2023. Having responded to the original Energy Code Governance Reform Call for Input<sup>1</sup> last spring, we are pleased to see a number of our recommendations incorporated into Ofgem's implementation proposals. As iterated in our first response, we are generally supportive of code modification, including consolidation, and this remains true for the outlined implementation approach.

While Scottish Renewables and RenewableUK recognise the merit of code reform to accelerate the UK's decarbonisation, we feel it necessary to redraw attention to maintaining the security and resilience of the energy system amid the proposed changes. Failing to include sufficient opportunity to review proposed code modifications' impact on these aspects could risk jeopardising network operations and British energy security. Greater prioritisation needs

---

<sup>1</sup> [Energy Code Governance Reform 'Call for Input' - Letter to Ofgem \(scottishrenewables.com\)](https://www.scottishrenewables.com)

to be given to licensed security aspects to avoid their dilution in favour of commercial gain by non-licensed actors. Ofgem's strategic direction for the codes should be viewed through the lense of its statutory duties concerning protecting consumers, which encompasses ensuring network security.

The determination of strategic direction for codes is an appropriate and welcome addition to code reform considering the national shift towards more strategic, whole system planning. Upcoming consultation around the direction should look to exploit the experienced knowledge of network operators while upholding commercial impartiality.

Strategic direction will be especially valuable in informing the revised code objectives for the various newly created code consolidations. The success of the strategic direction depends on how well it is integrated into the code objectives governance. To ensure the direction is followed and harmonised within the code, Ofgem should create the conditions to have oversight of code managers setting final objectives, e.g., through a signoff process and close coordination with the managers.

Concerning the proposed consolidation of codes itself, Scottish Renewables and RenewableUK generally agree with the Connection and Use of System Code (CUSC) and Distribution Connection and Use of System Agreement (DCUSA) code grouping but has outstanding concerns with the inclusion of the Security and Quality of Supply Standard (SQSS) and the System Operator Transmission Owner Code (STC) in consolidation.

As aforementioned, code consolidation aims to champion the dynamism of the energy transition, however, certain codes need to remain separate due to their unique remit either surrounding security of the network or natural cross-over in various groups. The two codes covered in the transmission owners' licensing obligations, SQSS and STC, reflect the operation and safety of the network. Permitting commercial parties not bound by the license obligations of these codes to pass comment through the Stakeholder Advisory Forum (SAF) process would be inappropriate at best and at worst, detrimental to the reliability of the network.

Additionally, the STC code covers both technical and commercial groups. It includes real-time operations and system security for the former, and connections and revenue processes for the latter. Attempting to compartmentalise the treatment of this code would result in its fragmentation and an inefficient management process. Thus, the immediate and long-term benefits of SQSS and STC remaining separate are highly likely to outweigh any potential gains from grouping.

Outside of the network resilience-specific codes themselves, any code modification decisions that implicate security of supply should seek to leverage technical expertise in this area. Void

of commercial interest around resilience, experienced transmission owners could add significant value in providing their cultivated insight into decision-making processes.

Ofgem's proposed SAFs currently weigh stakeholder views equally, irrespective of experience on a select subject or any license obligations. Scottish Renewables and RenewableUK encourage Ofgem to consider a more equitable approach that weighs advice in line with code objectives and obligations to security. The risk in treating all stakeholders' views equally is that those without the financial freedom or incentive to sufficiently prioritise network security, unless specified within a code modification, could push for measures that weaken security in favour of other factors.

To avoid a de-prioritisation of network security, Ofgem should consider a reweighting process within the SAFs or a separate technical committee running alongside the SAF that approves code manager decisions when relating to network resilience. Network security should inevitably feature in strategic direction and trickle down into code objectives, but a technical committee would be able to check the details of actions affecting this. In addition to these requests, further clarity should be provided around the roles and responsibilities of SAFs, with an appropriate appeals process remaining in place alongside code review.

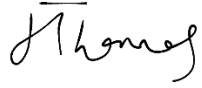
More generally, the consolidation of codes is a resource-intensive exercise not to be underestimated and ensuring efficiency in its undertaking will be vital during the busy reform period. Where possible, work should be prioritised and streamlined to avoid over-burdening of industry and the regulator.

Likewise, lessons should be taken from the Retail Energy Code (REC) process to avoid a fragmented, piecemeal approach hindered by delays. Ofgem should work with experienced industry players to predict anomalies that may arise and how best to address these to avoid a patchwork of code reform. The pace at which changes need to be made is undeniable but retaining the quality of existing processes cannot be lost when rolling out reform.

In summary, Ofgem should examine its code reform process to ensure measures are in place to allow it sufficient oversight in maintaining strategic direction throughout the code governance process. To safeguard the security of the network while achieving timely reform, the regulator should capitalise on industry knowledge and create appropriate opportunities within code design for this to influence decision-making.

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

Yours sincerely,



Holly Thomas

**Grid & Systems Policy Manager  
Scottish Renewables**

Peter McCrory

**Policy Manager – Networks and Charging  
RenewableUK**