Email to:

industrycodes@ofgem.gov.uk

X May 2025

Dear Industry Codes Team,

**Response to Ofgem’s second consultation on the implementation of energy code reform**

*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.*

Scottish Renewables welcomes the continued opportunity to comment on Ofgem’s evolving design for implementing code reform, having been engaged since the first Call for Input in spring 2023. We maintain our support for the motivation behind reform and the need for code governance arrangements to transition into a more dynamic, open forum. To ensure its success amid a plethora of rapid industry change, there is an important balance to be struck between streamlining practises and widening engagement with the code, while preserving space for critical voices to uphold the security of the network amidst the change.

We are supportive of many areas of the proposed solution but want to highlight our maintained concerns in several areas that we think can be effectively resolved. Our primary area of concern is the diluting of Ofgem’s oversight of code management and the resulting increase in risk for conflict of interest with the National Energy System Operator (NESO) as code manager. As designated through the Energy Act, Ofgem has the ability to transfer the powers of setting the strategic direction statements (SDS) to the code manager. Thus, in its new role, NESO could effectively hold the legislative power to set, raise and agree to code modifications with minimal consultation.

Under the new arrangements, code managers will have unprecedented levels of potential influence and thus, the necessary safety measures need to be in place to mitigate against conflicts of interest. There have been prior examples where code managers’ views have not been aligned with industry and/or those of the authority, for example in relation to NESO’s views on [GC0117](https://www.neso.energy/industry-information/codes/gc/modifications/gc0117-improving-transparency-and-consistency-access-arrangements-across-gb-creation-pan-gb-commonality-power-station-requirements) and the Locational Marginal Pricing debate. While NESO has a dominant role to play in designing the energy transition, their role as code manager must be appropriately contained to that of manager, and not authority. Ensuring that working groups and consultation are meaningfully considered and, critically, that Ofgem’s role as regulator holds true must be a priority. Retaining Ofgem’s final decision-making power will be key to underpinning the impartiality of this new process and confidence for parties involved.

In conjunction with concerns around the code manager’s potential wielding of power, there is also the need to ensure that the centralised, single party has the necessary technical expertise to input into all decisions. Moving away from the CUSC Panel to Stakeholder Advisory Forums (SAFs), we would reiterate our previous recommendation that an independent, technical committee should be established in parallel to advise on areas that implicate security of supply and/or system resilience. Ofgem’s intent to remove commercial impartiality from the code governance process would be met by including licence-bound experience, as opposed to purely commercial, into key decision-making. While the framework of the Connection and Use of System Code (CUSC) Panel is being removed, the inclusion of a technical committee retains the formalised technical input for critical modifications implicating network security. Thus, Ofgem’s minded to decision to introduce ‘Option 3: a fixed membership (…) plus a pool of additional members’ should be formalised into SAFs and a separate technical committee as described above.

In addition to firmly identifying roles and responsibilities under the new regime, greater clarity around the purpose of consultation would aid its meaningful contribution to code formation. The current proposal to host one round of consultation is not entirely clear in its mandate. For example, does the code manager have to respond to the consultation responses as per typical consultation processes? Likewise, will there be a minimum level of support required from a consultation to be able to implement a modification? Clear articulation of the purpose of the consultation would be of benefit to the process in ensuring that modifications with clear majority support progress.

In relation to the processing of modifications, a more formal timescale should be introduced to monitor modification progression from proposal to implementation. We have seen some modifications take years to progress, with several dating back to 2017/2018 remaining unresolved, and becoming subsequently redundant or outdated by the time they are considered. Ofgem should take this implementation opportunity to draft clear timeframes for modifications depending on their urgency status and the rate of submissions, even if timeframes are to be given in reasonable ranges. These should be accompanied by a clear timeframe on subsequent Ofgem decision-making to provide some guidelines around a modification’s conclusion, for the interest of investors.

Finally, Ofgem should exercise some caution when widening the engagement with code modifications to avoid any unintended consequences. While it is positive that Ofgem wants to proactively encourage wider participation, it should balance the resource required to guide new parties in the process with its wider workload on resolving modifications and the existing backlog. Furthermore, Ofgem also previously implicitly called for industry restraint with submitting modifications due to the ever-growing number of modifications to process amid large-scale reform. Thus, Ofgem should closely consider its management of the process so as not to overwhelm itself and/or the code managers.

Scottish Renewables 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**