

Email to:

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

23 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 Call for Input in spring 2023. We support 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. Recent events in the Iberian Peninsula serve as a reminder of the importance of preserving electricity reliability as energy systems undergo a fast-paced transition.

We support many areas of the future design that we deem sensible and positive. Such elements include maintaining the ability for code parties to raise modifications, having working groups set as the default, retaining a process for alternative modifications, and having the SAF include voting obligations. However, we continue to be concerned about several areas that we think can be effectively resolved through further consideration.

### **Role of code manager**

Our primary area of concern is the diluting of Ofgem's oversight of code management and the resulting increase in the risk of conflict of interest with the National Energy System Operator (NESO) as code manager. As designated through the Energy Act, Ofgem can 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, agree and potentially even appeal code modifications with minimal consultation through SAF members that are, in any case, appointed by the NESO itself.

Under the new arrangements, code managers will have unprecedented levels of potential influence. Thus, the necessary safety measures must be developed through the whole end-to-end code review process 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, concerning NESO's

views on [GC0117](#) 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. There is minimal detail on Ofgem's role in the reformed code governance process despite frequent, high-level citation. The degree to which Ofgem's role is mandated at each stage is unclear, and we urge that this be explicitly retained to ensure the success of the new process. In conjunction with greater definition, the triage criteria for raising modifications, workgroup assessments and alternatives is highly subjective and would also benefit from greater clarity on how these will be measured and managed. Retaining Ofgem's final decision-making power will be key to underpinning the impartiality of this new process and the confidence of the parties involved.

### **Retaining technical expertise**

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 the security of supply and/or system resilience. Ofgem's intent to remove commercial impartiality from the code governance process would be met through this model by including licence-bound experience instead of purely commercial in key decision-making. Similarly, within the SAFs themselves, there should be vote-weighted recognition of the network owner's subject expertise around decisions implicating the network.

While the framework of the Connection and Use of System Code (CUSC) Panel is being removed, including 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. Safeguarding the future security of the network via the System Operator Transmission Owner Code (STC) and Security and Quality of Supply Standard (SQSS) codes throughout this process is of huge importance. We would thus reiterate our view from last year's consultation that these be treated separately and that 'harmonisation' across the code groups must be somewhat limited. Decisions made in other code areas should not be blanketed onto the technical codes without due consideration and tailored governance arrangements.

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 implement a modification? Clear articulation of the purpose of the consultation would be of benefit to the process in ensuring that modifications with a clear majority support progress.

Finally, we strongly disagree with the limit of two to three years and the maximum term limit for SAF membership, which is counterintuitive to the objective of SAF representing industry. While we agree with encouraging new member participation, Ofgem must recognise the need to retain existing knowledge in the interim period between now and securing new industry voices. Ofgem should thus revisit this recommendation through alternative means that accommodate more flexibility and realism in the immediate term. Likewise, the 16-member cap proposed for the technical and commercial code workgroups appears arbitrary and misaligned with the recent Expression of Interest (EoI) for phase 1 groups. We would similarly ask for further justification for this decision.

### **Processing of modifications**

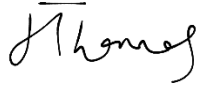
Concerning the processing of modifications, a more formal timescale should be introduced to monitor modification progression from proposal to implementation. We have seen some modifications take years to progress, with several dating back to 2017/2018 remaining unresolved and becoming redundant or outdated 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 for subsequent Ofgem decision-making to provide some guidelines around a modification's conclusion for the interest of investors.

In parallel to identifying the stages of code processing, the triage process for codes should be made more robust to help filter codes before the final code manager decision. Not only would this help code managers manage the number of requests, but it would also provide evidence of support for any final rejection decision made. A pre-modification forum would offer greater balance to Ofgem's widening of market participation to ensure that modifications that reach the code manager are legitimate and considered. Furthermore, the triage criteria should be tailored and different for each code type to reflect relevance against the SDS, security of supply and other government policy. As stated, there needs to be more bespoke governance arrangements for the consolidated technical code to ensure network reliability.

Finally, as mentioned, Ofgem should exercise caution when widening the engagement with code modifications to avoid unintended consequences. While it is positive that Ofgem wants to proactively encourage broader participation, it should balance the resources 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 when submitting modifications due to the ever-growing number of modifications to process amid large-scale reform. We would urge Ofgem instead to work with industry to crystallise what is expected of them, which is somewhat obscured, notably by condensing messaging in chapter 7. Ofgem should closely consider its process management to not 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,

A handwritten signature in black ink, appearing to read 'H Thomas'.

Holly Thomas

**Grid & Systems Policy Manager  
Scottish Renewables**