



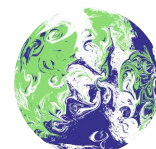
Department for
Business, Energy
& Industrial Strategy

ofgem

Making a positive difference
for energy consumers

Reforming the energy industry codes consultation: summary of responses

December 2020



**TOGETHER
FOR OUR
PLANET**



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Any enquiries regarding this publication should be sent to us at:

codereform@beis.gov.uk

industrycodes@ofgem.gov.uk

Any enquiries regarding this publication should be sent to us at:

BEIS

Energy Systems Governance Team,
Department for Business, Energy & Industrial Strategy,
3rd Floor, Abbey 1,
1 Victoria Street,
London, SW1H 0ET

Ofgem

Industry Code and Licensing Team
Office of Gas and Electricity Markets
10 South Colonnade
Canary Wharf
London, E14 4PU

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Introduction

This document summarises the responses to the joint government and Ofgem consultation on reforming the energy industry codes, which closed on 16 September 2019. It has six main chapters, plus a next steps section. In each chapter, we summarise our key policy proposals, consultation questions, and stakeholders' views on those proposals.

Summary of consultation proposals

We noted that the energy sector is experiencing a period of unprecedented change and that we considered that the rules governing the energy system (contained in the 'codes'¹) need to adapt much more rapidly to enable the transition towards a more flexible energy system with net zero emissions, while minimising costs and protecting consumers. We noted that reforming the code governance framework could better facilitate strategic changes in the sector, unlocking innovation and significant benefits to consumers.

We noted that our desired outcome is an energy code framework that:

- makes it easier for any market participant to identify the rules that apply to them and understand what they mean, so that new and existing industry parties can innovate to the benefit of energy consumers;
- is forward-looking, informed by and in line with the government's ambition and the path to net zero emissions; and ensures that codes develop in a way that benefits existing and future energy consumers;
- is agile and responsive to change while able to reflect the commercial interests of different market participants, to the extent that this benefits competition and consumers; and
- can accommodate a large and growing number of market participants, with effective compliance.

We identified four areas for reform that we consider will improve the existing arrangements:

- **Providing strategic direction:** ensuring the regulatory framework is forward looking and is informed by the government's vision for the energy system. We proposed creating a new function that can take account of that high-level vision and translate it into a strategic direction for codes that promotes the interests of consumers. This was intended to address the current fragmentation and lack of co-ordination between the codes;
- **Empowered and accountable code management:** a mechanism for ensuring that the strategic direction is delivered through appropriate changes to codes and that these changes are progressed in a clear and logical manner across codes. We considered this could be achieved through the creation of an empowered code manager function that has the right expertise, resources and powers to oversee the change process;

¹ Many of the detailed rules that facilitate the gas and electricity markets are set out in 'codes' or rules governed by industry-led processes and overseen by Ofgem.

monitor compliance with code obligations; and decide on appropriate measures in the event of non-compliance;

- **Independent decision-making:** rebalancing decision-making away from industry control, to arrangements that are agile and responsive to change and work in the interests of existing and future customers, where the right incentives drive the design of rules and systems, while continuing to draw on industry input and expertise; and
- **Code simplification and consolidation:** to improve accessibility, simplify and consolidate codes, removing unnecessary content, and ensuring codes are suitably adaptive to a changing industry. This could enable innovation and lower barriers to entry by making codes clearer, more transparent, and accessible. Fewer and simpler codes would also be easier to rapidly change in response to strategic priorities.

We identified two potential models, which we considered could meet our above outcomes:

- **Model 1:** a code manager function and separate ‘strategic body’; or
- **Model 2:** an ‘Integrated Rule Making Body’ (IRMB) (a combined code manager function and strategic body).

Responses to the consultation

We received 66 responses from a range of organisations, including existing code administrators, system delivery bodies, signatories to the codes (such as large and small suppliers, electricity generators, and network companies) and other interested parties (including industry organisations and consumer or community groups) – see Annex A for a list of the non-confidential responses.

Many responses to the detailed options and proposals we presented were nuanced, without clearly supporting or opposing a particular option. For each consultation question, where relevant, we include a summary table to indicate the broad range of support for an option or proposal, using the following categories:

- “Most” or “the majority” is used when referring to more than 51 per cent of respondents (i.e. 34 or more respondents).
- “A large number” is used when referring to 21-50 per cent of respondents (i.e. 14 to 33 respondents)
- “Some” is used when referring to 11-20 per cent of respondents (i.e. 8 to 13 respondents)
- “A few” or a “small number” is used when referring to 0-10 per cent of respondents (i.e. 1 to 7 respondents).

Following each table, we provide further details, such as explaining which option received more support when considering the respondents that provided a firm preference. Where we refer to “the most common argument[s]”, we are referring to the argument that was made by the largest number of respondents. Given the large number of responses to our consultation, this document focuses on the most common points made or points most pertinent to the relevant consultation question, rather than summarising every point made. We are, however

considering all responses and detailed points made as we continue to develop the details of our proposed reforms.

Of those that expressed a firm position, more respondents agreed than disagreed with the problems we identified with the current arrangements and with our four desired outcomes. In terms of our four proposed areas of reform (increase independence of decision-making, providing strategic direction, empowered and accountable code management, and code simplification and consolidation):

- On our proposal to increase independence of decision-making, a large number supported it and a large number opposed it, with more respondents supporting it than opposing it.
- For the other three areas of proposed reform, most respondents supported the proposals, while a few opposed them.

1 Background

1. **Do you agree with our four desired outcomes for the code governance landscape by the mid-2020s? Yes/No/Don't know. Please explain.**
2. **Do you agree with the problems we have identified (in chapter 1 – Background – and in later chapters), and that they present a persuasive case for reform of the current framework for energy codes? Yes/No/Don't know. Please explain.**

Four desired outcomes for code governance	Most respondents agreed with our four desired outcomes for the code governance landscape, a few disagreed, and a large number did not express a firm position or did not respond to this question.
Problems identified	Most respondents agreed with the problems that we had identified, a few disagreed, and a large number did not express a firm position or did not respond to this question.

What we said:

Our desired outcome is an energy code framework that:

- makes it easier for any market participant to identify the rules that apply to them and understand what they mean; making it easier for new and existing industry parties to innovate to the benefit of energy consumers;
- is forward-looking, informed by and in line with the government's ambition and the path to net zero emissions; and ensures that codes develop in a way that benefits existing and future energy consumers;
- is agile and responsive to change that benefits energy consumers, while able to reflect the commercial interests of different market participants, to the extent that this benefits competition and consumers; and
- can accommodate a large and growing number of market participants, with effective compliance.

The existing industry code arrangements have a number of characteristics which mean they do not respond to changes in a timely manner. These are:

- Fragmentation and lack of co-ordination;
- Lack of incentive for change; and
- Complexity.

What you said:

Most respondents agreed with the outcomes that we wish to see with a reformed energy code framework. Some respondents argued that being forward thinking is the only way the industry will be able to tackle climate change and achieve net zero, and that simplifying the codes will

help new market entrants. A code body expressed concerns that the review is too broad and that our focus should be on improving existing code performance. One respondent suggested the energy code review is postponed until the Retail Energy Code (REC) has been fully implemented and the lessons learned from this can be used in any future consolidation exercise.

A large number of respondents agreed with the problems that we identified with the current arrangements. It was argued that the codes are reactive with no mechanism for looking forward. In addition, the lack of co-ordination across the codes and the complexity of the codes are causing barriers to smaller players/new entrants.

Arguments against the outcomes we wish to see and problems that we had identified were:

- **Forward-looking:** A small number of respondents were concerned that the codes may become politicised and this could affect investment;
- **Accommodate a large and growing number of market participants:** A respondent argued that for this to be achieved there needs to be effective technical coordination to ensure the 'codes develop in a way that benefits existing and future energy consumers';
- **Agile and responsive to change:** A few respondents were concerned about the wording of this outcome, specifically the phrase 'being able to reflect the commercial interests of different market participants' as the purpose of the codes is to ultimately benefit consumers;
- **Code simplification:** A small number of respondents argued that the codes are complicated as they govern a complicated process, without creating ambiguity, and the overall codes framework would benefit from a body being able to signpost participants to the relevant code and section;
- **Fragmentation and lack of co-ordination:** A small number of respondents argued that it is not the number of codes that is the problem, it is the willingness of the code bodies to engage with change across codes. They argued that an additional problem is that there is no single party to co-ordinate it all;
- **Lack of incentive for change:** A small number of respondents argued that industry do not have the incentive for change, and that the number of changes that have taken place under the current arrangements is evidence of this. A few respondents argued that the review should take account of the system implementation and review times which are necessary to make sure there are no unintended consequences of changes; and
- **Complexity:** A few code signatories argued that the codes are as complicated as they need to be, and the problem is instead with ad-hoc knowledge retention within the codes.

A small number of respondents suggested additional outcomes from the consultation such as costs analysis, to maintain the orderly functioning of the market, and innovation. Others wanted further detail and clarity on proposed outcomes and details on Ofgem's and BEIS's role in the future arrangements.

A few respondents found the problems we identified too high level and wanted further clarity and evidence. It was also suggested by a small number of respondents that Ofgem could do more to speed up the modification process and use the Significant Code Review (SCR) mechanism to effect change.

3. Do you have additional evidence on the performance of the current framework?

What you said:

A few respondents suggested that the time and the resource that a modification takes is indicative of issues with the performance of the current framework. Some respondents argued that Ofgem was taking too long to make decisions and did not provide enough strategic direction for modifications.

A code signatory commented that they had experienced trouble with cross-code modifications. Another code signatory suggested a quick win to prevent parties from frustrating or delaying proposals would be to restrict the number of alternative proposed code changes which can be raised. Another respondent reported that they and other smaller players feel unable to participate in code processes without assistance.

A few respondents suggested that the review looks at the work conducted by Future Power Systems Architecture (FSPA), with one noting that the FSPA “highlighted that... the current framework will not be able to deliver the transformative, coordinated, agile change that will be needed in the future”. One respondent argued that the current framework does not work for battery storage, noting, for example, that multiple codes apply to battery energy storage.

A small number of respondents suggested that the review looks at the results of the code administrators’ performance survey, and the code administrators own customer service surveys for additional evidence. A few code signatories suggested that all the current governance arrangements should be assessed for their positive and negative attributes, which could then form the basis of any new arrangements.

4. Do you agree with our proposed scope of reform? Yes/No/Don't know. Please explain. If not, which additional codes or systems do you think should be included/excluded?

5. Are there any codes or systems that we should only apply a limited set of reforms to? Yes/No/Don't know. Please explain.

<p>Scope of reform (which codes and systems should be in scope)</p>	<p>A large number agreed with our proposed scope of reform, some disagreed, and a large number did not express a firm position or did not respond to this question.</p>
<p>Whether there are codes or systems we should apply a limited set of reforms to</p>	<p>A large number considered we should take a standard approach to all codes and systems, a few considered we should not (examples provided below), and a large number did not express a firm position or did not respond to this question.</p>

What we said:

We proposed that the following codes and systems should be within scope of our reforms:

- National Grid Electricity System Operator (NGESO) codes (CUSC, GC, STC) and the non-NGESO codes (BSC, MRA, DCUSA, DC, SEC, UNC, SPAA, iGT UNC). This would also, in future, include the REC²; and
- Smart metering (delivered by data and communications company - DCC), gas (delivered by Xoserve) and electricity (delivered by ELEXON) central systems delivery functions, and the Data Transfer Service (DTS) (delivered by Electralink).

We also questioned whether, given the range of reforms we are proposing, a broad range of reforms should apply to some codes or systems and a limited set of reforms should apply to others.

What you said:

Of those that expressed a firm position, more respondents agreed than disagreed with the codes and systems we proposed as in scope. Only a small number of respondents considered fewer codes and systems should be in scope, with more respondents suggesting the scope should be increased. A few respondents suggested all codes, multi-lateral contracts, guidance documents, schedules etc. should be in scope.

Respondents suggested numerous additional codes that should be within scope, including the smart metering installation code of practice (SMICoP), meter operator code of practice agreement (MOCOPA), all meter installer code of practice (AMICoP), alternative-HAN arrangements, electricity market reform (EMR) package and associated rules, including the capacity market rules, Code Administrator Code of Practice (CACoP), EU network codes, licence related documents (such as the C16 statements and gas charging methodologies), and engineering and technical standards, including P2/7 and the Security and Quality of Supply Standards (SQSS). One respondent also argued that the central switching programme should be included in scope. One respondent suggested the arrangements should be established with a remit to extending to heat and hydrogen networks and potentially the carbon capture, usage and storage (CCUS) industry.

Of those that expressed a firm position, more respondents than not considered we should not apply a limited set of reforms to some codes and systems (i.e. a standard approach should be adopted). To support this position, respondents argued that standardisation is a key benefit of the proposed reforms, and that due to the dynamic and integrated nature of the energy industry, then standardisation is appropriate. Arguments supporting a case-by-case approach included that our proposed reforms could be costly, complex and resource intensive to deliver, and hence the costs and benefits should be assessed for each code and system. A few respondents suggested specific codes where limited reforms may be appropriate, including the UNC (with one respondent noting that the examples of issues that we provided in the consultation largely lie in electricity) and the REC.

One respondent noted that it would be pre-emptive to provide a view before the nature and scope of reforms are known.

² Connection and use of system code (CUSC); grid code (GC); system operator – transmission owner code (STC), balancing and settlement code (BSC), meter registration agreement (MRA); distribution connection and use of system agreement (DCUSA); distribution code (DC); smart energy code (SEC); uniform network code (UNC); supply point administration agreement (SPAA); independent gas transporter uniform network code (iGT UNC); retail energy code (REC).

Summary of responses to the consultation reforming the energy industry codes

Respondents made a number of other points, with the key themes being comments around potential quick wins, suggestions on how to future proof the reforms, and questions of clarity on the scope.

2 Vision & Options

6. Do you agree that the four areas of reform are required? Please provide reasons for your position and evidence where possible.

Providing strategic direction	Most respondents supported this area of reform, while a few were against it. A large number did not express a firm position or did not respond to this question.
Empowered and accountable code management	Most respondents supported this area of reform, while a few were against it. A large number did not express a firm position or did not respond to this question.
Independent decision-making	A large number of respondents supported this area of reform, while a large number were against it. A large number did not express a firm position or did not respond to this question.
Code simplification and consolidation	Most respondents were in favour of this area of reform, while a few were against it. A large number did not express a firm position or did not respond to this question.

What we said:

We identified four areas in which reform of code governance and processes is needed to better facilitate our desired outcomes:

1. Providing strategic direction;
2. Empowered and accountable code management;
3. Independent decision-making; and
4. Code simplification and consolidation.

What you said:

Most respondents supported the first, second and fourth above areas of reform, while a few were against each of them. More respondents supported than opposed independent decision-making as an area of reform.

Providing strategic direction

Among respondents that were in favour of the first area of reform it was argued that this would enable better long-term planning and would encourage longer term investment. A few respondents suggested that setting a clear strategic direction would encourage industry to strike a balance between maintaining network resilience and working towards net-zero

ambitions, while another respondent suggested that this would increase efficiency in the change process.

The most common argument among respondents that were opposed to this area of reform was that Ofgem already has the ability to set an overarching strategic direction through its significant code review powers, and so respondents did not feel it was necessary for another body to take on this responsibility. A few respondents argued that a separate strategic body would add another layer of bureaucracy and that industry should continue to be involved in deciding what changes to codes are required.

Empowered and accountable code management

Respondents that supported this area of reform suggested that it would ensure alignment with an overarching strategic vision and would remove any potential bias in code management. It was also suggested that the current processes can be slow due to a lack of cross-code expertise, and that an empowered and accountable code manager could be more responsive to change throughout the industry. Among respondents that were opposed to this area of reform, the main argument was that industry should continue to be involved in the development and modification of codes. It was argued that prioritising code changes should not come at the expense of industry input. Another respondent suggested that code managers are not directly exposed to the implementation costs of code changes and so would risk imposing costs on consumers without industry input. It was also suggested that the code manager should be accountable to industry and that potential conflicts of interest would need to be managed.

Independent decision-making

Among respondents that supported this area of reform it was argued the current arrangements did not incentivise the reforms needed and that having an independent decision-making body would speed up the change process. It was also argued that the current process and outcomes favour a small number of industry stakeholders and that there therefore needs to be a clear distinction between parties proposing code modifications and the party making decisions on those modifications.

Among respondents that were opposed to this area of reform, the main argument was that industry involvement in the decision-making process should continue due to the level of knowledge and expertise that industry possesses. A few respondents suggested that industry code panels should continue to be involved in decision-making as this ensures industry “buy in” to the governance process and the decisions made.

Code simplification and consolidation

Among respondents that supported this area of reform, the main arguments were that it would improve the accessibility of the codes and make it easier for market participants to understand and comply with their obligations. A few respondents also suggested that code simplification would lead to fewer changes being made as the simplified codes would be able to accommodate different business models and adapt to a changing market.

There were concerns among respondents that were opposed to this area of reform that this could have significant commercial impacts. They argued that the codes are legally binding multiparty contracts and so would require significant industry resource to simplify and consolidate. It was also argued that the removal of technical or commercial content from codes could lead to more fragmentation as subsidiary documents would be required to house this

content. A few respondents also advised caution against unintended consequences from the simplification of commercial and technical rules.

Respondents raised numerous other points, with the key themes including:

- A clear route of appeal would need to be put in place to allow industry to challenge decisions made by the code manager;
- Many of the issues identified could be resolved by Ofgem becoming more engaged with industry; and
- Full consolidation of the codes will be a lengthy process and will incur significant costs. These costs must be weighed against the potential benefit of such changes.

7. Do you agree with the two broad models outlined? Please provide reasons for your position and evidence where possible.

8. Which model do you believe will best deliver on our desired outcomes?

Two broad models	A large number agreed with the two broad models, some disagreed, and a large number did not express a firm position or did not respond to this question.
Model to best deliver on our desired outcomes	A large number preferred model 1, some preferred model 2, and a large number did not express a firm position or did not respond to this question.

What we said:

We explained that to achieve our desired outcomes, we had identified two broad governance models. These are summarised in Figure 1. We sought views on whether stakeholders agreed with these models and which they believed would best deliver on our desired outcomes.

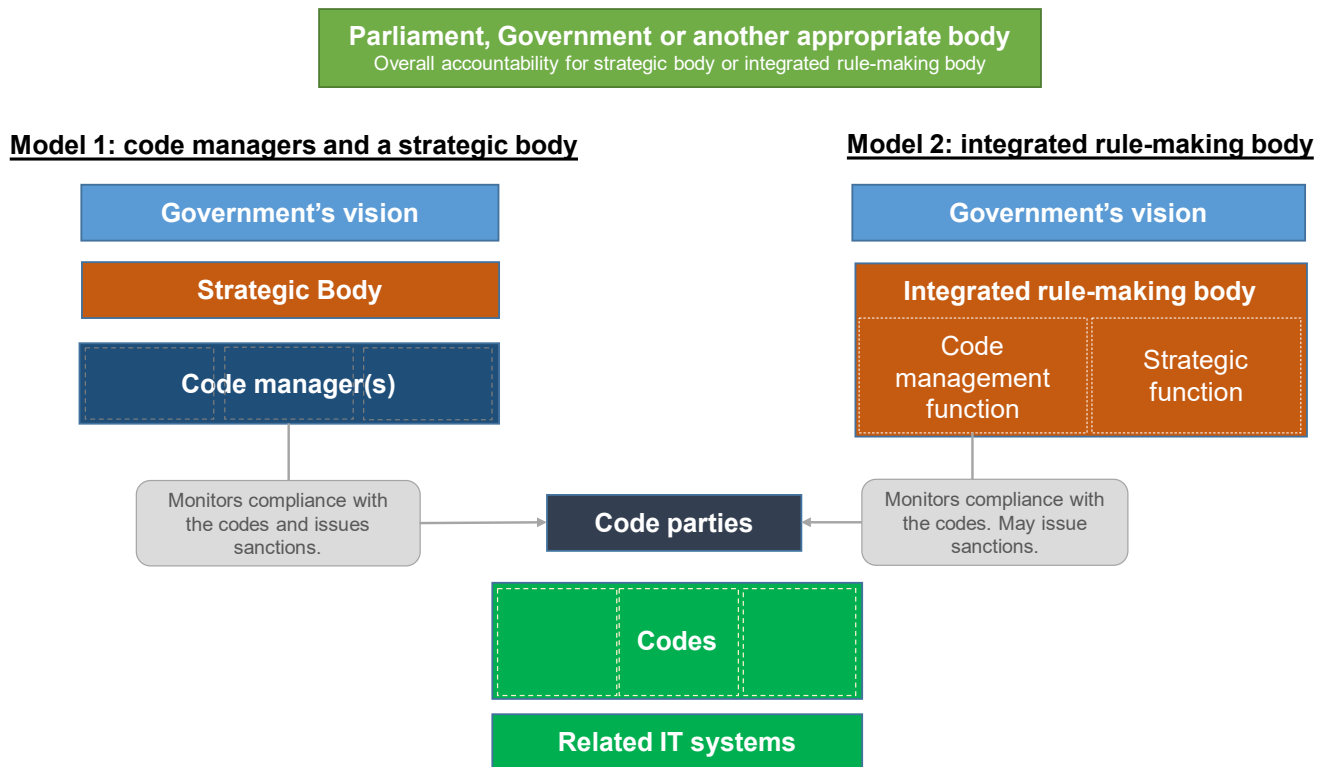


Figure 1: Governance models - Model 1: code manager function and a strategic body and Model 2: integrated rule-making body (IRMB).

What you said:

More respondents agreed than disagreed with the two broad models. More respondents preferred model 1 over model 2, while some respondents noted that their preference depended on other factors, including wanting to see more details on the models.

The most common arguments in support of model 1 related to the clear separation of the strategic body and code managers, allowing them to focus on their core roles, with less confusion over boundaries and with the strategic body being able to provide oversight of the code managers and ensure accountability of delivery of code changes. A few respondents also suggested model 1 would require the least change compared to the current framework, and so could be delivered more quickly and cheaply. Respondents made various arguments suggesting model 1 would offer greater transparency both of how code change is being driven and around costs of delivering code change. Respondents also argued the strategic body had greater potential to evolve into a wider strategic role. The most common arguments against model 1 included that it adds an extra layer of bureaucracy, that the strategic body might be out of touch with codes, and that it could lead to conflicts between the strategic body and code managers and prevent a more collaborative approach.

The most common arguments in support of model 2 were that it would provide a more coordinated, collaborative and cooperative approach to delivering code changes. One respondent argued that model 2 would reduce admin overheads. The most common arguments against model 2 were that the IRMB's remit would be too wide, meaning it would be unwieldy and lack agility, and that it would provide less transparency and fewer checks and balances, which would naturally arise if the strategic body were clearly separate from the code managers. Respondents also made arguments relating to conflicts either between the IRMB and the industry or between the strategic body and code management functions. One

respondent argued the IRMB would have the potential to evolve into a body with a wider remit for strategic oversight, although a few respondents argued it may be purely focused on codes and not consider the wider system and that it could lack incentives to innovate or reduce costs.

Other key themes raised by respondents include:

- How to design the new framework for codes; and
- Potential quick wins in terms of strengthening the existing framework or alternative models to those we proposed (such as having a single code manager but no strategic body).

9. Do you agree with the changes to the role of code signatories we are proposing?

Proposed changes to the role of code signatories	A large number of respondents agreed, while a large number disagreed, with the proposed changes to the role of code signatories. A large number did not express a firm position or did not respond to this question.
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What we said:

We set out how roles and responsibilities may change with our proposals. We also noted that engagement with industry participants (such as code signatories) would remain vital to both models, for example providing expertise to help identify and develop code modifications. However, we are also proposing to increase the independence of decision-making and therefore ensure that the new bodies are incentivised to deliver in the interests of consumers.

What you said:

More respondents disagreed with the proposed changes than agreed with them. The most common concerns with the changes were with our proposals to rebalance decision making away from code signatories, followed by code managers not being accountable to code signatories.

A few respondents argued there is a benefit of re-balancing power away from the code signatories as change has become slow and can be dominated by the larger players. A few respondents argued that although industry involvement was still important, future stakeholders may not wish to partake in industry governance and suggested that thinking must move away from 'code signatories' to sector stakeholders due to the growing number of sector stakeholders who will be involved in the operation of the system e.g. electric vehicle producers.

A few respondents argued that the codes work better when they are industry-led, and that by limiting industry involvement it may result in poorly designed and over-simplified proposals.

Other general comments were:

- Ofgem needs to have a clearly defined role in the new arrangements;
- It was unclear what the rationale was for moving power away from industry; and

- Industry/code parties still need to have a role in the code modification process.

3 Providing strategic direction

10. Do you agree there is a missing strategic function for codes development in the energy sector and that introducing a strategic function with the responsibilities outlined in chapter 3 is the best way to address the lack of strategic direction? Yes/No/Don't know. Please explain.

Who is best placed to fulfil the strategic function and why?

Missing strategic function for codes development	Most respondents agreed that a strategic function is missing, and some respondents disagreed. A few responded but did not express a firm position. A large number did not respond to the question.
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Ofgem	A large number of respondents supported Ofgem undertaking the role of strategic body
ESO	One respondent supported ESO undertaking the role of strategic body
New Body	Some respondents supported a new body undertaking the role of strategic body
Other	A few respondents supported another option, such as code managers to undertake the role
No response	A large number did not provide a view or indicate a preference.

What we said:

We outlined our proposal to address the current issue of a lack of direction and alignment between the development and modifications of codes and government's energy policy. We proposed the creation of a strategic function for energy codes, which could either sit separate or combined with a code manager function. We outlined three options of who could fulfil the role: Ofgem, ESO or a new body.

What you said:

Most respondents agreed that a strategic function is currently missing. Some respondents stated that a strategic function role is not missing based on Ofgem's current role and a large number of respondents did not clearly state a view. Some respondents supported a strategic function that takes a whole system view and provides direction to enable efficient and co-ordinated outcomes. A large number noted in their view, a need for a strategic function to consult with industry. Some specifically noted engaging with code managers, market participants and stakeholders to get input to decision-making, with a few mentioning the

creation of a representative strategic board to outline and make decisions on strategic direction. A few respondents expressed concerns over the impact of competition in the market with merging energy policy with regulations. Concerns were also raised by a few that a strategic function could add another level of unnecessary bureaucracy.

Most who provided a preference of who could be suitable to take on the role of a strategic function stated Ofgem as the preferred option, with the understanding that Ofgem would be required to take on additional responsibilities. Some respondents preferred a new independent body, and one preferred the National Grid Electricity System Operator (NGESO). Some respondents did not state a preference.

The majority of the views were based on Ofgem already having some of the relevant powers, duties and accountabilities. A few respondents felt that Ofgem are already undertaking the role at the moment under their remit. A few respondents felt that a new body may create positions inconsistent with government vision.

In terms of NGESO taking on the role, a few respondents noted that in its current form it may have a conflict of interest and would not be appropriate to undertake the role. A few respondents noted that it may have insufficient impartiality and industry knowledge to adequately manage areas outside of electricity transmission, which would potentially present a difficult transition. Other areas of concern by a few respondents include inappropriateness of NGESO being the strategic function due to commercial interests, reviews of poor performance as a code administrator, the potential lack of independence of the NGESO as a Strategic Function, poor track record of implementing complex change and that the NGESO is not funded or resourced to expand its current role. There were also concerns that as a Strategic Function, the NGESO would have too much control over industry, which was felt to be inappropriate.

Other themes that were raised by respondents include:

- A few mentioned that impartiality is important and that a new body could avoid the risk of competing priorities that may arise if Ofgem was to become a strategic body;
- Some respondents noted that government takes a short-term view, which can make business planning difficult due to the uncertainty that it could bring;
- Some mentioned that a strategic function would require appropriate skills and capabilities that currently are not offered by Ofgem or the Electricity System Operator; and
- A few respondents suggested to consider adequate funding and auditing by code owners to ensure compliance.

11. Do you agree with the objectives and responsibilities envisaged for the strategic function, and are there any additional objectives or responsibilities the strategic function should have?

<p>Objectives and responsibilities for a strategic function</p>	<p>A large number of respondents agreed with the objectives and responsibilities for the strategic function and some respondents disagreed. A small number responded but</p>
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	did not provide a firm position. A small number did not respond to the question.
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What we said:

Our proposal outlined three key areas of responsibility for a strategic function:

- Setting the strategic direction for codes, steering changes to the codes to deliver a smarter, more sustainable energy system that best protects the interests of consumers;
- Ensuring codes and code governance remain agile and adapt as the sector transforms, including proactively identifying changes required to ensure a low cost, robust, effective energy system; and
- Working with the code manager function to unlock innovation.

What you said:

Of the respondents that presented their view, most agreed with the objectives and responsibilities that we outlined in our proposal. Some disagreed with the responsibilities noting that the role is currently carried out by Ofgem or could be by code managers. Some respondents were mixed or did not express a firm preference, expressing that more detail is needed. There was broad consensus by a large number of respondents that the objectives and responsibilities were suitable to meet the missing strategic direction issue. A large number of respondents noted that the responsibilities outlined were high level and more detail is needed. Some respondents mentioned that the government's legislation and action towards net zero should be included as an objective. Some respondents noted specifically that a holistic market-wide perspective on codes and IT systems was welcome to the industry. Some of the respondents thought that some of the responsibilities could be undertaken by code managers rather than a strategic function.

Other themes that were raised:

- The performance of the system and changes could be reviewed against the strategic direction regularly. Some respondents noted that the strategic function could outline the direction between every 1 to 3 years in order to allow the market to implement changes;
- A few respondents mentioned that an additional responsibility could be to postpone or overrule proposals if needed to ensure that changes are coordinated with existing or planned legislation and licence obligations. Additional responsibilities noted by a small number of respondents was to include operational integrity, system security and safety, future technologies and business models;
- A small number of respondents included the view that the strategic function should ensure that it is sufficiently resourced and skilled to achieve the objectives and its role effectively;
- Some respondents identified that liaising with other bodies within the energy system and the coordination between the bodies should be a larger remit of a strategic function;
- A few respondents noted that the strategic function would need to be aware of the impact of the plan it outlines on investor confidence and markets; and

- A small number of views related to the strategic function taking into consideration the impact on current non-licensees and the remit of when action should be taken if problems arise on the boundary of multiple bodies' remits.

12. How may this new function potentially impact the roles and responsibilities of other parts of the framework? Do you foresee any unintended consequences?

What we said:

Our proposal outlined that a strategic function could be responsible for taking account of government energy policy direction and wider market development, make recommendations to Ofgem/BEIS, and oversee the code manager function including appointing managers and accountability for their performance, to take a holistic-market view and to oversee the framework for transitioning innovative proposals into business as usual.

What you said:

Most respondents provided views, and a large number of respondents did not respond to the question. The themes that were identified from the responses on the impact of the formation of a new strategic function include:

- **Engagement between a strategic function and industry and market participants:** a few respondents noted that a new function could provide better communication between government and regulators, however may take away from industry and other market participants' responsibilities. A few respondents identified that a possible consequence may be the disengagement of industry, particularly suppliers, from the codes. A small number of respondents shared their view that suitable and ongoing engagement and consultation is needed for transparency of the process;
- **Resources, skills and expertise:** it was noted by some of the respondents that there is a risk of reducing and/or losing technical expertise if more decisions are made by a strategic function. It was also argued that there is a wealth of technical expertise in industry, panels and other groups that any reform should be careful to not lose;
- **Funding:** a few respondents noted that some functions such as code managers are owned and operated by their members and new funding arrangements will need to be determined and intellectual property may be impacted. A few respondents noted that the changes could bring additional costs and risk of introducing further fragmentation. Additionally, a new strategic function needs adequate and proper funding to meet objectives;
- **Existing roles and responsibilities:** a few respondents noted that a new strategic function may carry out the activities that are currently fulfilled by code panels and committees. A few respondents shared the view that day-to-day proposals which do not focus on large policy choices may be side-lined;
- **Changes to government:** some respondents have noted that there is a risk of changing government priorities, without considering the practicalities and costs related to changes on businesses and consumers; and
- **Implementation of changes:** the timing of the changes was noted by a few respondents who have expressed their views that rapid change could overwhelm small suppliers, who could then become disengaged from the process.

13. What are your views on how the strategic direction should be developed and implemented (including the option of establishing a strategy board to aid engagement)?

What we said:

We set out that a strategic function would publish a plan on a regular basis, taking into account government's vision for the energy system and a plan for developing the codes framework. We outlined options that engagement to the development of the plan could be done through formal engagement such as strategic board or informal engagement. We also proposed that the strategic body would be responsible for consulting and engagement with industry and stakeholders.

What you said:

Most respondents provided views, and a large number of respondents did not respond to the question. Of the respondents that provided a view, a summary of their response and key themes are outlined below.

- **Strategic board:** some respondents were in favour of creating a formal strategic board to provide a steer to the process. Some respondents noted that a strategic board would give government a role in governance. However, a few also commented that it is important that a Board is accessible and responsive to the issues of industry and stakeholders. Most respondents viewed sufficient representation including of smaller and innovative market participants as key to a strategic board. A few respondents noted that a strategic board should be independent of government to avoid conflicting interests and have the right balance of skills and experience;
- **Stakeholder engagement:** a large number of respondents stated that consultation and ongoing engagement with industry and stakeholders was key to implementing a strategy. A few respondents preferred informal engagement rather than a strategic board as this could be seen as controlling industry, and a more collaborative approach with stakeholders like REC would be preferred; and
- **Publications and timescales:** some respondents were in favour of formal government publications with measures to avoid ambiguity. A few respondents mentioned that a strategic function could provide short-term and long-term plans using the expertise internally and working collaboratively or consulting with industry, code managers and stakeholders through e.g. workshops. A few respondents suggested that timescales for plans could be for 2-3 years and to include long-term plans of 10-20 years also. A few respondents thought that high-level plans such as Ofgem's Annual Strategy could be translated into working level with each code.

- 14. Do you think that the scope of the strategic function should be limited to taking account of the government’s vision for the energy sector and translating it into a plan for the industry codes framework, or are there other areas it should address (for example, impact on vulnerable consumers)? Yes/No/Don’t know. Please explain.**

What we said:

We outlined in the consultation that a strategic function would be responsible for taking account of government’s vision and working with industry and stakeholders to develop a framework and plan for energy industry codes, in alignment with government vision.

What you said:

Most respondents provided views, and a large number of respondents did not respond to the question. Of the responses to the scope of the strategic function, some respondents preferred the scope to be limited to government vision and some preferred taking on a wider remit. A few respondents thought the scope was too large. A large number did not express a firm position. Themes that were expressed are summarised:

- **Scope of the strategic function:** some of the respondents preferred the role of a strategic function to be broader and consider recommendations wider than government vision to meet net zero targets. A few respondents noted that the strategic function could focus on a whole-system approach, which includes taking into consideration present and future consumers and future energy markets such as heat and transport electrification. A few respondents viewed that the scope of the strategic function was too large and the risk of taking on more responsibility could lead to unclear direction to industry. Additionally, a few respondents were unclear of the accountability of a strategic function and therefore believe the scope should be limited;
- **Stakeholder engagement:** some respondents expect a strategic function to take into consideration and be able to receive the views of industry and stakeholders such as the Committee on Climate Change.
- **Reforms outside of codes:** a few respondents noted that the energy codes themselves are currently limited and could take a whole-system approach such as consumer interests and data sharing. A few respondents also noted that implementation could occur outside of codes, such as delivering government vision may require licence and statutory changes, which should be considered by a strategic function to meet the desired objectives; and
- **Government considerations:** A few respondents raised the point that government can change and so would not expect a strategic function to prevent changes to codes which have not been specified by government vision. Some of the respondents have shared the view that conflicts with other government policies should be considered and beneficial action should be taken to develop an efficient system that benefits consumers. A few respondents have noted that vulnerable consumers could fall under the strategic function scope.

4 Empowered and accountable code management & independent decision-making

15. Do you agree that in addition to the current responsibilities that code administrators have, that the code manager function should also have the following responsibilities?
- a. identifying, proposing and developing changes (analysis, legal drafting etc.), including understanding the impacts;
 - b. making decisions on some changes, or making recommendations to the strategic body; and
 - c. prioritising which changes are progressed.

Yes/No/Don't know. Please explain.

A) identifying, proposing and developing changes (analysis, legal drafting etc.), including understanding the impacts	A large number of respondents agreed that code managers should have these additional responsibilities. Some disagreed, and a large number did not express a firm position or did not respond to this question.
B) making decisions on some changes, or making recommendations to the strategic body	A large number of respondents agreed that code managers should have these additional responsibilities. Some disagreed, but most did not express a firm position or did not respond to this question.
C) prioritising which changes are progressed.	A large number of respondents agreed that code managers should have these additional responsibilities. A few disagreed, and a large number of respondents did not express a firm position or did not respond to this question.

What we said:

An important feature of our proposals is the enhanced responsibilities of code managers. In addition to the current tasks of code administrators we proposed that code managers or the IRMB could also be responsible for:

- Identifying, proposing and developing changes (analysis, legal drafting etc.), including understanding the impacts;
- Making decisions on some changes, or making recommendations to the strategic body; and

- Prioritising which changes are progressed.

If a new code management function were to have these responsibilities, this would entail fewer responsibilities for the industry in respect of making changes to the codes.

What you said:

A) identifying, proposing and developing changes (analysis, legal drafting etc.), including understanding the impacts

From the large number of respondents who agreed with this additional responsibility, there was the argument that the codes should be streamlined as much as possible and this could standardise the role of the code managers. A few trade associations argued that the current approach has led to fragmentation. A few respondents argued against the code manager having these responsibilities due to concerns over potential conflicts of interest as the code manager is expected to act impartially and as a critical friend. Some respondents added to this by arguing that code managers should only be able to raise housekeeping modifications, as they do not have to bear the cost of the consequences of changes.

A code signatory did not see the justification in code managers having this responsibility, adding that there have been almost no examples where code administrators have not been able to find a code signatory to raise a change proposal. A small number of code signatories argued that industry were the technical experts, and that there was a clear benefit to an industry-led process. Some respondents who partially agreed with this additional responsibility argued that stakeholder/industry input was still required to ensure that the impacts of any changes were accurate.

B) making decisions on some changes, or making recommendations to the strategic body

One code body saw a clear benefit in re-balancing decision-making away from industry control, with a few respondents noting that this responsibility could create an efficient path to process changes which aligned with the strategic direction. There were concerns among a few respondents about code managers making decisions on changes, and whether the code manager would have the right checks and balances in place. A few respondents argued that changes should only happen with the agreement of all code signatories. A small number of respondents wanted to see a more clearly developed rationale for giving code managers these powers and that independent decision-making needs to be defined further, with industry retaining involvement in change decisions.

C) Prioritising which changes are progressed

From those respondents who agreed with giving code managers this responsibility a few respondents were happy for the code manager to deliver this through an effective triage process, while a few were happy for the code manager to have these powers, but for overarching prioritisation to sit with the strategic body. A few respondents were concerned that if code managers had this responsibility they would favour their own proposals and frustrate industry proposals, with one respondent adding that the code manager would not have a broad enough view of the industry to make these decisions. Some respondents argued that prioritisation must be against clear criteria to avoid conflicts of interest and that there must be a clear route for appeal. They added that the code manager should not pick winners nor second guess the needs of the market.

Other points raised by respondents were:

- There needs to be additional right of legal challenge and appeal by industry to protect against poor and/or unreasonable decision-making;
- The codes are commercial contracts between participants to which the code manager is not party to;
- Code managers would require the right resources to deliver additional responsibilities;
- The review should build upon existing industry models;
- The review should determine what best practice looks like across existing code administrators and ensure consistent delivery of this;
- It is possible to eliminate potential conflict of interest through selection of an independent party or multi-sector party panel to fulfil this role; and
- A few respondents would like further detail/clarity on our thinking with regards to empowered code managers i.e. roles, funding arrangements.

16. What is the best way to ensure coherent end-to-end changes to the codes and related systems? For example, is it through having end-to-end code and system managers?

<p>Agree with end-to-end code managers.</p>	<p>A large number of respondents agreed with end-to-end code managers, and some disagreed, but most did not express a firm position or did not respond to this question.</p>
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What we said:

We sought views on the best way to achieve coherent and efficient end-to-end (i.e. both codes and systems) change. We noted there are strong arguments for requiring the code manager function (or the IRMB under model 2) to be responsible for the end-to-end delivery of code and system change. Further, we said that the process of consolidation may present an opportunity to consider these changes from both a codes and systems perspective.

What you said:

A few respondents agreed that having end-to end-code managers would remove duplication of tasks and improve consistency. A few respondents suggested that the review should consider using the same model that ELEXON has with the BSC – i.e. where the same body is responsible for delivering both the code and system changes. A code signatory added that end-to-end code managers would have helped avoid the problems experienced with project Nexus.³ A few trade associations highlighted that ELEXON and the ESO make their own system changes and signpost the time and cost needed for change to code parties.

³ [Project Nexus](#) was a project to replace the UK Link system that was established in 1996 to operate the Supply Point Administration and other gas administration functions in Britain. In 2016, Ofgem took on a sponsorship role for Project Nexus.

A small number of respondents raised concerns about conflicts of interest, with the end-to-end code manager favouring changes depending on commercial benefit to them. A few respondents argued that although end-to-end code management would be ideal, it is not easily achievable due to the complexity of managing the whole end-to-end process. A small number argued that there may be unintended consequences of having end-to-end code managers and more effort should be used to get consistency and coordination through the CACoP.

A few respondents wanted further detail on how the future codes would look as there are merits for and against having end-to-end code managers. A small number of respondents wished to see the separation of the code and system management function, but for these functions to work closely together. A few respondents stated the importance of clear communication between these functions in ensuring effective end-to-end code management.

Other points raised by respondents:

- Code managers will need to have sufficient resources in place to deliver end-to-end management; and
- The review should compare an integrated vs separate (BSC vs UNC) approach for code management.

17. Should the approach differ on a case-by-case basis (i.e. depending on the code or system in question)? Yes/No/Don't know. Please explain.

Agree the approach should differ on a case by case basis	Some respondents agreed that the approach should differ on a case by case basis, a large number disagreed with this, but most respondents did not express a firm position or did not respond to this question.
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What we said:

We said that change in the energy industry often requires changes to both the industry codes and related IT systems. The major concern around code management and system delivery is ensuring that where changes to systems are required (for example as a result of the strategic direction), that these are delivered in a timely and efficient way. We asked if the approach should be flexible and differ on a case-by-case basis.

What you said:

A large number of respondents did not agree that the approach to managing codes and systems should differ on a case-by-case basis. Some respondents argued that consistency and transparency would help simplify the process. A few respondents argued that if the new approach differed on a case by case basis then this would be not much different to the present systems.

It was, however, argued by a few respondents that while we should strive for as much consistency as possible there needs to remain the option for flexibility when it is necessary, either due to specific system or code requirements. A few respondents wanted more details on how code consolidation will work before commenting on flexibility of the approach. A few

respondents suggested the strategic body should retain the right to adjudicate code modifications on a case by case basis.

- 18. Do you agree that the code manager function should be accountable to the strategic body and that this should be via a licence or contract? Yes/No/Don't know. Please explain.⁴**
- 19 Are there more effective ways that a code manager function's accountability to the strategic body could be enshrined other than in a licence or contract? Please explain.**

Accountable to the strategic body	Respondents were split with a large number agreeing and a large number disagreeing that the code manager should be accountable to the strategic body. A large number did not express a firm position or did not respond to this question.
Licence or contract	Of those who agreed that the code manager should be accountable to the strategic body, respondents were split on whether this should be through a licence or contract, with a small number supporting both options.

What we said:

We proposed the code manager function would be accountable to the strategic body. This relationship could be governed by either a contract or a licence. We noted that each of these approaches has advantages and potential drawbacks, and we welcomed other suggested approaches to governing the relationship.

What you said:

Accountable to the strategic body

A large number of respondents agreed that the code manager should be accountable to the strategic body, with some of these arguing that this made particular sense if model 1 was chosen. Of those who disagreed, a large number of respondents argued that the code manager should be accountable to the code signatories. It was argued by a code signatory that with a clear policy steer from Ofgem/BEIS, industry would be able to deliver the same outcomes without the need for a mechanism through empowered code management. A few trade associations argued that it would be better for the strategic body to have direct oversight via a legislative mandate.

Licence

A few respondents who preferred the strategic body to be accountable via licence argued that this would be easy to understand, and we would be able to build upon the existing licensing framework. However, a small number argued that a licence regime is not timely, or proportionate, and would be costly to set up.

⁴ Please note questions 18-26 only apply in respect of Model 1 (code managers and a strategic body).

Contract

A few code signatories argued that a contract would be beneficial as it would clearly set out the inputs, rules, and expectations, and contain clauses, with sanctions for non-compliance. A small number argued against using a contract, as it might not provide the necessary accountability to the strategic body and would increase the costs of central services. A code body also raised concerns about what would happen during a Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) situation for contracted parties.⁵

There were not many suggestions of alternatives to licences or contracts in response to question 19. A code signatory suggested legislation as a possible alternative but suggested that this would not provide the flexibility to manage change over the coming years.

A large number of respondents either did not have a view on this question or re-iterated their answer to question 18. A few respondents re-iterated that the code manager should be accountable to the code signatories. A few respondents made suggestions on how the code manager could be incentivised to deliver results. These suggestions included:

- The code manager needs to have a clear set of objectives, key performance indicators and deliverables;
- There could be an element of payment by results introduced for the code manager; and
- There needs to be the introduction of a mechanism to remove underperforming code managers.

20. Do you agree that we should not consider further a model whereby code managers are accountable to industry? Yes/No/Don't know. Please explain.⁶

Consideration of a further model where code managers are accountable to industry.	Some respondents agreed we should not consider further a model where code managers were accountable to industry, a large number however disagreed with this. Most did not express a firm position or did not respond to this question.
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What we said:

We proposed the code manager function would be accountable to the strategic body. We want to move towards a model where code change is more strategic, proactive and driven by government priorities, and a central element of our proposed reforms is increased independence of decision-making. We noted that complete accountability to industry, as is the case for many of the current code administrators, would be very challenging to reconcile with such independence.

⁵ [Transfer of Undertakings \(Protection of Employment\) Regulations 2006](#) (TUPE) is a piece of Employment Law used when a business is bought or sold. It's designed to protect the workforce from losing their jobs, or employment rights, in the transfer and means that the new business owner inherits the workforce with the business.

⁶ Please note questions 18-26 only apply in respect of Model 1 (code managers and a strategic body).

What you said:

A large number of respondents raised their concerns about the code manager not being accountable to industry. Arguments for the code managers being accountable to industry included:

- The codes belong to the signatories as the industry fund the code managers and are therefore a fundamental stakeholder;
- Open governance should be maintained if industry is obliged to implement the strategic direction. Transparency in this process must be preserved;
- Code management should maintain accountability to network licensees where the reliability, security, safety and service provision of the networks may be impacted upon; and
- Key to IRMB, strategic function, and code managers being accepted by the industry is their accountability to industry who have the expertise to engage with issues.

Respondents who supported our proposal to not consider further a model, where code managers are accountable to industry, raised the following points:

- There were concerns that accountability to industry would be counter-intuitive towards more strategic change driven by government priorities;
- There were concerns over conflict of interest if the code manager is accountable to industry; and
- A small number highlighted that under the current code management framework there is the risk that one dominant view may prevail which is not consistent with the strategic direction.

Some respondents wished to see the code manager accountable to a broad range of stakeholders, which would include the strategic body and industry with a small number of code bodies arguing that accountability is key to avoiding legal challenge.

21. Do you have views on whether the code manager function should be appointed following a competitive tender process or other competition? Yes/No/Don't know. Please explain.⁷

22. Do you think the code manager function should be established by the strategic body creating a body or bodies? Yes/No/Don't know. Please explain. If the code managers were established in this way, would we need to consider any alternative approaches to funding or accountability? Yes/No/Don't know. Please explain.

<p>Appointed via a competitive tender.</p>	<p>Most respondents agreed that the code manager function should be appointed via a competitive tender. A few disagreed with this and a large number did not</p>
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⁷ Please note questions 18-26 only apply in respect of Model 1 (code managers and a strategic body).

	express a firm position or did not respond to this question.
Code manager established by the strategic body.	A large number of respondents agreed that the code manager should be established by the strategic body, however a large number disagreed with this approach. Most did not express a firm position or did not respond to this question.

What we said:

Given the potential scope of consolidation and benefits of competition, we believe this would deliver better outcomes for consumers in the long run. Our initial preferred model for establishing the code manager function would be to tender for the role(s), although we are also considering whether a new body could be created, and further policy development is needed on these options.

What you said:

From the responses to question 21, most respondents agreed that the code manager should be appointed via a competitive tender or other transparent competition process. One respondent argued that this drives value and innovation. Some respondents that supported appointing the code manager via a competitive tender (question 21) also supported the code manager being established by the strategic body (question 22).

From those who agreed with a competitive tender approach, some argued that this should not be based only on cost and should take into account other factors such as the previous experience and performance of the bidder. A few respondents who disagreed that the code manager should be appointed via a competition process argued that this would be expensive to run, will lead to siloed working, and will entrench the traditional structure of the codes. A small number of respondents were concerned that given the complexity of the role there may not be enough bidders for the role.

A small number of respondents who agreed that the strategic body should establish the code manager function argued that if the code manager were to be accountable to the strategic body, then the latter should be responsible for establishing it. A small number of code signatories who disagreed argued that the code management and strategic direction functions should remain separate. A few respondents wanted more detail on the strategic body and function of the code manager. On alternative approaches to funding or accountability, a small number of code signatories wanted more detail on how costs could be recovered.

23. In terms of establishing/choosing the code manager function, do you agree that we should not consider further: a. requiring an existing licensee to become the code manager; and/or b. requiring a licensee (or group of licensees) to create the code manager?⁸

⁸ Please note questions 18-26 only apply in respect of Model 1 (code managers and a strategic body).

Require an existing licensee to become the code manager	A large number agreed we should not consider this option further, a few disagreed, and most did not express a firm position or did not respond to this question.
Require a licensee (or group of licensees) to create the code manager function	A large number agreed we should not consider this option further, some disagreed, and most did not express a firm position or did not respond to this question.

What we said:

We noted that our initial preferred model for establishing the code manager function would be to tender for the role, although we also considered whether a new body could be created. In addition to these options, we had also considered whether to:

- require an existing licensee to become the code manager function; or
- require a licensee (or group of licensees) to create the code manager function, with the newly created company being licensed or entering into contracts as appropriate.

We noted that we did not intend to consider these options further, but that we remained open to how any reforms could be implemented, for example in a transition phase.

What you said:

More respondents supported than opposed our proposals to not consider further requiring an existing licensee to become a code manager or a group of licensees to create a code manager. One respondent argued that establishing or choosing the code manager should be a decision for the strategic function, and that we should not exclude any options yet.

The most common argument to support our proposed position was that the existing pool of code administrators provide a range of suitably experienced and skilled organisations to bid for a code manager role if a competition were to be progressed. Other arguments in support included that it would prevent conflicts of interest, distorted judgement and bias. Arguments were made against our proposed position, including that there should be no impediment if there is no conflict of interest, with suggestions that there is no reason why a price controlled licensee could not establish the code manager, and we should just choose the party most capable of being a code manager, even if it is an existing licensee. A code signatory argued that the model used under the Balancing and Settlement Code (BSC) (where the code administrator was established by a licensee) works well, so it was not clear why a similar approach could not be taken under our proposed reforms. The ESO and DCC argued that they should be eligible to be a code manager, although one party argued that the ESO should not be a code manager for gas codes.

Respondents noted the expertise of the current code administrators (particularly on their own code arrangements), with questions over how a single body could replicate that expertise. A respondent suggested that multiple companies would need to be tendered, entrenching the traditional structure of codes in the new system. Another respondent said they saw benefit in a group of licensees providing input into tendering for code managers, given the experience licensees have.

24. What would be the most effective way to ensure the code manager function offers value for money (for example, through price controls or budget scrutiny)? More broadly, what is the right incentive framework to place on the code manager function? Please explain.⁹

Price controls	A few supported this option, although with caveats
Budget scrutiny	A large number supported this option, although a number of these only supported it in specific circumstances.
Unclear	Most did not express a firm position or did not respond to this question.

What we said:

We noted that we want code managers to deliver effective change and value for consumers, and that this means we need an appropriate incentive framework. We welcomed views on how this could best be achieved. We suggested cost efficiency could be incentivised by one or more of the following:

- **competition:** appoint the code manager following a competitive tender process;
- **price controls:** restrict the revenues of the code manager function through a price control; and/or
- **budget scrutiny:** require the code manager to set budgets on a regular basis; with these being justified, scrutinised and ultimately approved or rejected by, for example, the strategic body.

What you said:

More respondents preferred budget scrutiny than price controls. Of those that supported price controls, they also saw merit in budget scrutiny, for example suggesting it could also offer value for money. Similarly, a few respondents only supported budget scrutiny in specific circumstances, e.g. on the basis that they considered code parties should fund the code managers. A few respondents suggested their preference would depend on other decisions taken. One party suggested if a tender was run, price controls or budget scrutiny would be unnecessary.

The most common argument against price controls was that they are resource intensive and better suited to complex asset-based monopolies, with a suggestion that budget scrutiny would be more proportionate. It was, however, argued that if you have a single code manager appointed by the strategic body it may require a price control due to monopoly characteristics. It was also argued that a licensed price control would incentivise outperformance and create a level playing field. The most common argument supporting budget scrutiny was that it works better with respondents' preference of code managers being accountable to industry. It was, however, suggested that if budget scrutiny is carried out by Ofgem or a strategic body (i.e. not by the industry) then there will be less understanding of the underlying needs and the potential for political intervention.

⁹ Please note questions 18-26 only apply in respect of Model 1 (code managers and a strategic body)

A large number of respondents made other suggestions regarding incentives and how to deliver value for money, with the key themes including suggestions on:

- What would make budget scrutiny effective/ineffective;
- The sorts of incentives that could be used (including key performance indicators (KPIs) with an incentive to deliver, benchmarking (where there are multiple code managers), and setting performance standards);
- The features needed of any incentive framework (such as simplicity, transparency and clear roles for the code manager);
- The outputs that should be required/incentivised, including delivery of the strategic direction, inclusive consultation and stakeholder engagement, benefits delivered to consumers, and the number of code changes implemented with an approved timescale. Views were also shared on outputs that should not be incentivised. There were also suggestions on the importance of outputs and that the focus should not just be on costs;
- The potential benefits and issues with tendering (see our summary of responses to questions 21 and 22 for details);
- Examples of precedent or evidence we could learn lessons from in terms of delivery of value for money and good performance (including the existing code administrators funding models, contract features etc.); and
- Whether the code managers should be for or not for profit.

25. Are there any factors that: a. would stop parties (including code administrators) from becoming a code manager b. should prevent parties from becoming a code manager (e.g. do you agree that licensees should not be able to exercise control of the code managers)?¹⁰

Licensees should not be able to exercise control of code managers	A large number agreed that licensees should not be able to become code managers or that they should not be able to exercise control of code managers.
Licensees should be able to exercise control of code managers	A few considered that licensees should be able to exercise control (or shouldn't be prevented from bidding to become a code manager).
Unclear	Most did not express a firm position or did not respond to this question.

What we said:

We stated that our preferred approach of appointing code managers is tendering. We noted that some industry parties (such as the current code administrators) could bring a wealth of experience and expertise to the code manager role, but many are affiliated with licensed parties. We suggested that if we were to tender for the code manager role, to ensure independence of the code manager, we could include a criterion that means that a licensed

¹⁰ Please note questions 18-26 only apply in respect of Model 1 (code managers and a strategic body)

party or group of licensed parties would not be permitted to exercise control of the code manager. We invited views on our suggested approach and on any other steps that could be taken to mitigate any perceived conflicts of interest.

Based on the responses we received, it appears that many respondents considered that the question about licensees being able to control the code manager was about whether code managers should be accountable to the industry. However, this question was aimed at considering whether licensees or subsidiaries of licensees (in particular where the parent company can exercise control of the subsidiary) should be allowed to bid and ultimately become a code manager.

What you said:

More respondents considered that licensees should not be able to be, or able to exercise control of, code managers (compared to those that considered licensees should). The most common arguments supporting licensees not being able to exercise control were around the potential for conflicts of interest, bias and having vested interests, with a suggestion that the code manager must be seen to be both impartial and transparent.

Of those respondents who considered licensees should be able to exercise control of the code manager, it was sometimes caveated, such as only supporting it where the licensee is a monopoly or where it could demonstrate it is unbiased. A large number of respondents argued that the code manager should have no conflicts of interest, bias, vested interests etc. A few respondents argued that current code administrators and delivery bodies should be able to bid, with a concern expressed by one code body that if we were to require “no affiliation” with existing licensees, this could rule-out some existing code administrators. A few respondents suggested that currently some code administrators may not have the skills, depth and breadth of knowledge, resource, funding or desire to become a code manager.

Arguments supporting licensees being able to exercise control of code managers included that anyone that can fulfil the requirements (including being unbiased) should be eligible, and a suggestion that network licensees have the requisite experience and aligned obligations (e.g. around security of supply) to fulfil the role.

Other key themes raised by respondents included:

- Suggestions relating to possible factors that would or should stop a party such as a code administrator becoming a code manager. For example, that they may need different funding, governance or other arrangements to support a transition to the role. One respondent suggested there may be a need for code or licence changes;
- Suggestions made around what would make an effective code manager, such as the need for clear roles and responsibilities, transparent decision-making processes, appropriate knowledge and expertise, and a good track record (including a suggestion that stakeholder satisfaction scores of code administrators should be taken into account when making a decision);
- Suggestions relating to further work that might be required to identify what counts as ‘control’; and
- Code bodies elaborating on the current arrangements of code administrators and the extent to which they demonstrate independence.

26. How should the code manager function be funded (for example through licence fees or by parties to the code(s))?¹¹

Licence fees	A few supported this option
Parties to the code	Some supported this option
Unclear	Most did not express a firm position or did not respond to this question

What we said:

We provided two options for ensuring the code manager function is funded:

- Licence fees (e.g. establish a mechanism similar to Ofgem’s funding, whereby the strategic body would charge a licence fee to some or all licensees, with a portion of the fee provided to the code manager); or
- Parties to the code (i.e. the industry) fund the code manager function.

What you said:

More respondents preferred the option of code managers being funded by code parties than preferred licence fees. A few noted that their preference would depend on other factors such as the number of code managers appointed or procured and to whom they would be accountable. A few respondents stated a preference that did not clearly align to one of the two options we presented – e.g. preferring that funding should be through licence fees paid by code parties. A few respondents suggested additional options for funding, such as government funding or taxation.

The most common argument in support of parties to the code funding the code manager was that as (in respondents’ views) the code manager should be accountable to code parties, then code parties should fund the code manager. Other arguments that may support this option included that this approach to funding might be more independent of government funding cycles, and that it is ‘fair’ that the industry helps fund these activities. Arguments in support of the option of funding the code manager function through licence fees included that it is less likely to lead to issues of managing bad debt, and it would be easier to implement if established under model 2 with Ofgem as the IRMB (noting Ofgem can already collect licence fees).

Other themes raised by respondents included:

- Suggestions made by code signatories and a trade association around the importance of costs being shared fairly, with various parties stressing it should cover all market participants, including non-code parties that drive code manager costs;
- Suggestions to consider or adopt existing funding arrangements;
- Thoughts on code management costs and resourcing (e.g. should be value for money, but also needs to be adequately resourced);

¹¹ Please note questions 18-26 only apply in respect of Model 1 (code managers and a strategic body).

- The need to explore the practicalities of code parties funding the code manager; and
- Suggestions on how to design the charges, including considering levying fixed charges per meter point, ensuring the mechanism is clear and transparent and including provision for innovation funding.

5 Code simplification and consolidation

27. Are there any quick wins that could be realised in terms of code consolidation and simplification?

What we said:

While we recognised that any attempts to simplify, harmonise or consolidate the codes will be a significant undertaking and that the project will take many years from start to finish, there may be some quick wins which may be realised sooner should the transition allow.

What you said:

Most respondents provided views, while a large number of respondents did not respond to this question. A large number were in favour of identifying and pursuing quick wins in terms of code consolidation and simplification. A few respondents expressed concerns about pursuing quick wins, arguing that the complexity of the consolidation and simplification process, as well as the risk of unintended consequences, will make quick wins difficult to implement.

Respondents identified a number of potential quick wins, which covered various topics. Below we have set out some of the most common quick wins identified.

Consolidation

- A few respondents suggested merging the Uniform Network Code (UNC) and independent gas transporter Uniform Network Code (igtUNC) as a quick win. Furthermore, it was suggested by a few respondents that another quick win would be to merge the Balancing Settlement Agreement (BSA) and Connection and Use of System Code (CUSC). On the other hand, a few respondents suggested that these are particularly complicated codes, and that it would be highly resource-intensive to radically simplify and amalgamate into other codes. A few respondents suggested that the difficulty in merging these two codes would outweigh any potential benefits;
- One respondent suggested introducing an option to raise code modification proposals which spanned multiple codes, removing the requirement to raise multiple modification proposals in various codes. Furthermore, another respondent suggested establishing a forum for discussing cross-code changes; and
- One respondent pointed out that codes which share a code administrator could be consolidated quickly.

Simplification

- A few respondents suggested introducing guidance documents which covered obligations on market participants could be a quick win;
- A few respondents highlighted code alignment and the removal of superfluous or duplicated text from the codes as a possible quick win; and
- One respondent suggested that some of the code text could instead be moved into bilateral legal agreements between specific parties.

Other quick wins

- Some respondents suggested that digitalising the codes could be pursued;
- One respondent suggested establishing a process for learning from best practice across code administrators;
- Some respondents suggested that code harmonisation and adopting a common approach to governing change would ensure consistency between codes;
- A few respondents suggested introducing a new objective to each code requiring change proposers to demonstrate what benefit the proposed change would bring for consumers; and
- A few respondents suggested that increased Ofgem participation in code change working groups could be a quick win and would ensure that change proposals were better developed and less likely to be sent back or rejected by the Authority.

28. How many codes would best deliver on the outcomes we are seeking under these reforms?

30. Which of our consolidation options would best deliver the outcomes we are seeking to achieve? Please provide evidence for your examples.

<p>How many codes would best deliver on the outcomes?</p>	<p>A few respondents were in favour of a unified single code. Some respondents suggested consolidation of codes into 3-6 overarching codes. Some respondents suggested that the number of codes was not as important as their accessibility and workability. Most did not express a firm position or did not respond to this question.</p>
<p>Which consolidation option would best deliver the outcomes?</p>	<p>A few supported Option A (consolidated into one – unified single code) while a few were against it. A few supported Option B (consolidated by industry activity type – dual fuel, retail, wholesale and networks) and a large number preferred Option C (partially consolidated by industry activity type, partially consolidated by fuel). A few respondents suggested that either option B or C would work, while some did not express a firm position or did not respond to this question.</p>

What we said:

We invited views on how many codes would best deliver on the outcomes we are seeking under these reforms. We proposed three options for consolidation:

- **Option A:** all codes to be consolidated into one – Unified Single Code (USC);

- **Option B:** all codes to be consolidated by industry activity type – dual fuel, retail, wholesale and networks; and
- **Option C:** all codes to be partially consolidated by industry activity type, and partially consolidated by fuel.

What you said:

There was no clear consensus among respondents with regards to how many codes would best deliver on the desired outcomes. A few respondents were in favour of having a unified single code (Option A). Some respondents suggested the alternative of consolidating all codes in 3 to 6 overarching codes. On the other hand, some respondents suggested that the number of codes was not as important as their accessibility and workability. One respondent suggested that further analysis needs to be done to determine how best to approach code consolidation.

In terms of consolidation options, a large number of respondents preferred Option C. A few were in support of Option B, while a few suggested that either Option B or C would work as either would keep technical expertise in the right places. Lastly, while a few respondents favoured Option A (a unified single code), some were opposed to it. Some respondents did not express a specific preference on this question.

Option A: consolidated into one – unified single code

A few respondents argued that a single document would make it easier for industry parties to engage with the code as there would be just one source of information. A few respondents argued that there would be numerous other benefits from having a USC, such as effective cross-fuel changes, simplified code governance, better communication between different code areas and a more effectively managed central IT system.

A small number of respondents that were opposed to this option argued that the energy industry is too complex to group all codes into one. A few respondents also argued that a unified single code would take too long to implement and would be more difficult to change. A code signatory suggested that a single code manager would struggle to gather all the relevant expertise to allow it to effectively oversee a USC. Furthermore, concerns were raised that, under a USC, code parties would become involved in areas of the code which had no relevance to them.

Option B: consolidated by industry activity type – dual fuel, retail, wholesale and networks

One respondent argued that this option would allow expertise to continue to be utilised in relevant areas. A few respondents in favour of this option argued that this would allow industry parties to easily identify which codes related to them and would ensure that locating specific areas of relevant codes would not be overly complicated. One respondent suggested that this would encourage innovation as new or innovative market participants would have clear points of contact for different codes.

A few that were not in favour of this option argued that some areas of the gas and electricity markets differ significantly, meaning that there would be little benefit in implementing a code which covered both. One respondent argued that this option could increase complexity and burden on market participants, while another suggested that it could place a requirement on panel members to make decisions on code changes that may be outside of their area of knowledge.

Option C: partially consolidated by industry type, partially consolidated by fuel

A few respondents in favour of this option argued that there would be little benefit in merging gas and electricity codes due to the differences between the markets for the two fuels. A small number of respondents also suggested that merging the governance of the two fuels would require a significant increase in the requisite expertise at both code management and industry engagement level. One respondent suggested that option C would strike the best balance between achieving the desired outcomes and ensuring the ongoing functionality of the codes framework. Another respondent in favour of this option suggested that separate codes for gas and electricity would allow for the sharing of best practice between the codes. A few respondents suggested that a dual fuel code could be utilised at a retail level.

A few respondents that were against this option argued that it could maintain a complex upstream code landscape if gas and electricity codes were kept apart at a wholesale and networks level.

Other themes raised by respondents included:

- More detailed analysis of each option should be conducted prior to a decision being made;
- The code framework needs to be futureproofed in case other issues, such as heat networks and hydrogen, grow in importance;
- Code consolidation should be a follow-on exercise from rationalisation, harmonisation and simplification. More concise and less complex codes will be easier to consolidate;
- In gas, consolidation of the Uniform Network Code (UNC) and Independent Gas Transporter Uniform Network Code (igtUNC) would be efficient;
- A structured and phased approach to code consolidation should be pursued; and
- When consolidating codes, it is important to distinguish between text which is redundant, and text which is seldom used but which still has a role in certain circumstances.

29. Which option (one code manager versus multiple) would best deliver on the outcomes we are seeking under these reforms?

<p>Option A: one code manager across all codes</p>	<p>Some respondents supported this option, while a few were against it. Most did not express a firm position or did not respond to this question.</p>
<p>Option B: a different code manager per code</p>	<p>A large number of respondents supported this option, while a few were against it. Most did not express a firm position or did not respond to this question.</p>

What we said:

This question only applies to model 1 (code managers and a strategic body). By design, model 2 (integrated rule-making body) envisages a single body. We proposed two options for the number of code managers that could be in place:

- **Option A:** one code manager across all codes; or
- **Option B:** a different code manager per code.

What you said:

Option A: one code manager across all codes

A few of the respondents that preferred this option argued that a single code manager would be easier to engage with as it would represent a single point of contact for all codes. A few also suggested that this option would ensure a consistent approach across all codes.

A few respondents that were opposed to this option suggested that merging all code managers into one code manager could lead to issues with the appointment process, as fewer parties would have the resources to compete for the code manager function. Furthermore, it was argued by one respondent that it would be difficult to assess performance if there was only one code manager. Finally, a few respondents suggested that it would be difficult for a single code manager to acquire all the specific knowledge and expertise to allow it to oversee all codes.

Option B: a different code manager per code

It was argued by a large number of respondents that multiple code managers would allow for benchmarking performance and sharing best practice. A few also suggested that different code managers per code could each foster expertise in their specific sectors, which would help ensure effective prioritisation. Another argument presented by a few respondents in support of this option was that it would enable regular competitive procurement processes for the code manager function.

A few respondents that were opposed to this option suggested that having different code managers would mean that there would still be issues with fragmentation and inconsistency of approach. A small number of respondents argued that multiple code managers would create issues with coordinating change and could lead to the overarching strategic direction being interpreted differently by different code managers.

Other themes raised by respondents included:

- The appropriate number of code managers will depend on the extent to which codes can be consolidated;
- Different code managers could be put in place for different areas of the energy sector, with an overarching code manager function established to coordinate these functions; and
- Risks of inconsistent approaches in the event of there being multiple code managers could be mitigated by a robust cost recovery and incentive framework.

31. Do you agree that the codes should be digitalised? Yes/No/Don't know. Please explain.

Digitalisation of codes	Most respondents were in favour of digitalising the codes. A few respondents did not express a firm position, and a large number did not respond to this question.
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What we said:

Digitalisation would mean building the supporting network of a code in such a way that users can do 'smart search' and a golden thread will link all relevant sections of code documentation. This could bring significant benefits to the code framework. We also consider that it may be simpler for users if these codes were accessed via a single web portal, rather than many separate websites.

What you said:

Most respondents were in favour of digitalising the codes. No respondents were opposed to digitalising the codes. A large number of respondents argued that it would make the codes more accessible, and easier to navigate and reference. Other arguments in favour of digitalisation included that it would help to make the change process more efficient and would ensure visibility of areas that impact each other. Furthermore, a few respondents suggested that the use of 'golden threads' (linking all relevant sections of code documentation) would avoid housekeeping mistakes and inconsistencies in the codes.

A few respondents were also in favour of all codes being accessed via a single online portal, suggesting that this would make engagement with the codes easier for users.

Other themes raised by respondents include:

- Version control of digitalised codes must be carefully managed;
- Code managers should provide mentoring for smaller parties to help them navigate the codes;
- It is important to weigh up the costs and benefits of digitalisation before proceeding with it;

- Digitalisation in itself is not the solution and is not a substitute for a solid understanding of the codes;
- To maximise the benefits of digitalisation, code managers need to develop a good understanding of how code parties consume code content; and
- Consideration must be given to addressing potential liability issues if a digitalised code produced a misleading answer regarding the obligations of a particular party or parties, resulting in a code breach which impacted on other parties or customers.

6 Monitoring and compliance

32. What role should industry have in monitoring code compliance or making decisions on measures needed to address any identified non-compliance?

<p>Should industry have a role in monitoring code compliance?</p>	<p>A large number of respondents were supportive of industry having a role in monitoring code compliance, and some were against this. A large number did not express a firm position or did not respond to this question.</p>
<p>Should industry have a role in making decisions on measures needed to address any identified non-compliance?</p>	<p>A few were supportive of industry having a role and some were against this. Most did not express a firm position or did not respond to this question.</p>

What we said:

The requirement for licensed code signatories to comply with or become a party to codes are set out in relevant licence conditions. A breach of a code obligation may amount to breach of a licence condition and Ofgem may take enforcement action in these circumstances. In the codes themselves failure of a code party to comply with an obligation may result in action being taken by the relevant panel, or in some instances other code parties.

We proposed:

- **Model 1:** the code manager would be responsible for compliance monitoring and identifying what action should be taken should a non-compliance occur; or
- **Model 2:** the code management function of the IRMB would be responsible for monitoring compliance. Deciding on what action should be taken in the event of a non-compliance would be for the IRMB but we also requested views if a different organisation would be better placed to decide this.

What you said:

A large number of respondents were in favour of industry having a role in monitoring compliance with codes, with some respondents opposed to this. Among those that were in favour, it was suggested by a small number of respondents that this would be beneficial due to the knowledge and expertise industry parties have, with a few respondents highlighting the sharing of best practice to avoid non-compliance as a benefit of industry involvement. A few respondents suggested that industry's role in monitoring compliance should be in the form of Performance Assurance Boards or Performance Assurance Committees, which could monitor compliance and offer support and advice to non-compliant parties. One respondent in favour of industry having a role suggested that industry could apply incentives to help resolve non-compliance, but that substantial non-compliance could be escalated to Ofgem. Some respondents agreed that Ofgem should be the party responsible for addressing more material cases of non-compliance in relation to the codes, and that industry parties should be able to refer cases of non-compliance to Ofgem.

Among respondents that are against industry involvement, one respondent argued that it can lead to slow progress in terms of performance assurance and a few respondents argued that self-policing can lead to conflicts of interest and anticompetitive practices. One respondent suggested that there is no evidence to suggest that industry involvement in monitoring compliance leads to discriminatory behaviour. A few respondents argued that the code manager should have the ultimate responsibility for monitoring code compliance because it would have oversight and expertise in the code.

Other themes raised by respondents included:

- Penalties for non-compliance should be proportionate and reasonable;
- The provision of accurate data is key to monitoring compliance. A central compliance monitoring body could invest in automated data-mining to improve the effective identification of instances of non-compliance; and
- The role of self-monitoring needs to be further explored.

33. Which of the two models we propose would better facilitate effective monitoring and compliance arrangements? Please explain.

Model 1: Code manager function and a separate strategic body	Some respondents supported this option, while one was against this. Most did not express a firm position or did not respond to this question.
Model 2: Integrated rule-making body (IRMB)	A few supported this option while a few were against this. Most did not express a firm position or did not respond to this question.

What we said:

We proposed that:

- Under **model 1**, the code manager would undertake compliance monitoring;
- Under **model 2**, the code management function of the IRMB would undertake compliance monitoring.

What you said:

Some respondents felt that model 1 would better facilitate effective monitoring and compliance arrangements, while a few were in favour of model 2. A few suggested that either model could work as long as the performance assurance framework was properly thought out.

Model 1: Code manager function and a separate strategic body

A few respondents in favour of model 1 argued that this model would allow for multiple code managers to be in place, thus allowing for comparisons between code managers to ensure a consistent approach and that best practice was established. Other arguments in favour of model 1 included that separate code managers would have high levels of expertise in specific

codes and would therefore be better placed to monitor compliance. It was also argued that model 1 would allow for a clear distinction between the setting of strategic priorities and their practical implementation, which would allow code parties to comply with a code without confusing compliance and vision.

One respondent argued that model 1 could lead to inefficiencies unless there was a clear split of responsibilities between the body responsible for monitoring compliance and the body responsible for taking enforcement action.

Model 2: Integrated rule-making body (IRMB)

A few respondents in favour of model 2 argued that monitoring and enforcement responsibilities within the same organisation would be a more efficient approach, while a different respondent argued model 2 would allow a more unified regime which would be more efficient.

One respondent in opposition to model 2 argued that there should be a clear distinction between the body responsible for setting strategic direction and the code manager to ensure better accountability and transparency of performance. It was also argued by one respondent that having the IRMB responsible for monitoring compliance may be misaligned with its main aim of providing strategic oversight and direction.

Other points raised by respondents included:

- In either model there needs to be a clear and efficient route of appeals;
- Focus should be on helping non-compliant parties to identify the causes of non-compliance;
- Compliance action should be pre-defined so that code parties are aware of the consequences of their actions;
- The provision of independent data is key for effective compliance monitoring and enforcement action;
- Determining which option is preferable will depend on how the two models are proposed to be set up and will require clarity of the roles and responsibilities of each relevant body; and
- The responsibility for taking action against non-compliance should remain with Ofgem and should not be devolved to a code manager.

34. With Model 2 – integrated rule-making body – should the IRMB have responsibility for imposing measures (where a party is non-compliant with the code) or should this be for another organisation? Please explain.

Please note this question only applies in respect of Model 2 (integrated rule-making body).

The IRMB should have responsibility for imposing measures	Some respondents supported this option while some were against this. Most did not
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	express a firm position or did not respond to this question.
Another organisation should have responsibility for imposing measures	Some respondents supported this option. Most did not express a firm position or did not respond to this question.
Ofgem should continue to be responsible for taking action in the event of a non-compliance	Some respondents were in favour of Ofgem continuing in this role

What we said:

Under model 2, the IRMB would be responsible for identifying what compliance action should be taken in the event of a non-compliance with the code. However, given the IRMB’s other roles, we welcomed views on whether a different organisation should decide what measures should be put in place in the event of a non-compliance being identified.

What you said:

Integrated Rule-Making Body

One respondent commented that there is some benefit in the IRMB being responsible for imposing measures where a party is non-compliant, as there will be synergies with its wider proposed role of monitoring compliance.

A few respondents that were against the IRMB having these responsibilities argued that the strategic function should be solely concerned with setting strategic direction. It was also argued that if the IRMB took on these responsibilities, there was a risk that it could be responsible for both taking enforcement action and also hearing subsequent appeals. Furthermore, one respondent argued that the IRMB could choose to prioritise enforcement work in areas which were aligned with the strategic direction.

Another organisation

Some respondents argued that Ofgem already has enforcement powers and that this should continue to be the case. In reference to a separate organisation taking on these responsibilities, one respondent highlighted that would bring additional costs.

Other points raised by respondents included:

- The role of self-monitoring should be explored further;
- The approach to monitoring compliance should be consistent across all codes; and
- If parties continue to be obligated to comply with the relevant codes through licence conditions, and if this obligation continues to be enforced by Ofgem, then there is uncertainty about the scope of compliance work that would be carried out by either a code manager or IRMB.

Next steps

BEIS and Ofgem will continue to work through the issues set out in last year's consultation, following up specific points with stakeholders and expanding our evidence base. We intend to use the evidence summarised in this document to inform policy proposals for reforming the industry codes governance and modification framework, refining our proposals and further developing the detailed design of the new regime. This will include consideration of which model could most effectively deliver the intended outcomes. We will also consider the lessons learned through the Covid-19 situation and use it to inform the development of the reforms.

We then intend to consult further next year and publish a Government Response to the consultations. We are also aware that reforms to code governance interact with wider questions of system governance, including the current split of responsibilities across Ofgem, the system operator and government. Government are currently undertaking thinking in this area and will consult on organisational functions, including system operation and energy code governance next year.

The reforms set out in last year's consultation propose significant change to the existing regulatory framework for gas and electricity markets. To achieve the aims set out in last year's consultation we expect that implementation of reforms will take a number of years, and that the delivery of some elements may need to be staged.

Annex

Annex A: List of the non-confidential responses

ABB Ltd

Association for Decentralised Energy

Balancing & Settlement Code Panel

Bristol Energy

BUUK Infrastructure

Cadent Gas Limited

Centrica plc

Citizens Advice

Community Energy England & Community Energy Wales (Joint Response)

Data Communications Company

Drax Group

E.ON

EDF Energy

Electralink

Electricity North West

Elexon

Energy Intensive User Group

Energy Networks Association

Energy Systems Catapult

Energy UK

ENGIE

Equinor

ESP Utilities Group

Future System Power Architecture Programme

Gemserv Ltd

Good Energy

IMServ Europe Ltd

Innogy Renewables UK Ltd

Institution of Engineering and Technology

Institution of Mechanical Engineers

Interconnector UK

Joint Office of Gas Transporters

Low Carbon Contracts Company & Electricity Settlements Company (Joint Response)

Moyle Interconnector Limited

National Grid ESO

National Grid plc

National Trading Standards & the Association of Chief Trading Standards Officers (Joint Response)

Northern Powergrid

Npower Ltd

Oil & Gas UK

Ørsted UK

Regent Gas Limited

Renewable Energy Association

RenewableUK

RWE Supply & Trading

Scottish and Southern Electricity Networks

Scottish Power Limited

Scottish Renewables

SGN

Shell UK

Smart Energy Code Panel

SmartestEnergy

Solar Trade Association

SP Energy Networks

SSE plc

UK Energy Research Centre

UK Power Networks

Uniper Energy

University of Exeter Energy Policy Group

University of Sussex – Sussex Energy Group

Vattenfall

Wales and West Utilities Limited

Welsh Government

Western Power Distribution

XOServe

This consultation is available from: <https://www.gov.uk/government/consultations/reforming-the-energy-industry-codes>

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