

Email to:

industrycodes@ofgem.gov.uk

28 March 2025

Dear Industry Codes Team,

Response to Ofgem’s consultation on the preliminary Strategic Direction Statement and governance arrangements for industry codes

Scottish Renewables is the voice of Scotland’s renewable energy industry. The sectors we represent deliver investment, jobs and social benefits and reduce the carbon emissions which cause climate change. Our 360-plus members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland’s homes and businesses.

While the industry progresses through various fundamental reforms, we appreciate Ofgem’s ongoing efforts to appropriately review and structure energy codes to facilitate the suite of expected changes going forward. We thus welcome the opportunity to respond at a high level to Ofgem’s consultation on the preliminary Strategic Direction Statement (SDS) and governance arrangements for industry codes. We broadly support the proposals outlined in this consultation, which have positively evolved through the consideration of industry feedback; however, there are some outstanding areas that require further clarification.

Scottish Renewables recognises the preliminary nature of this consultation but would benefit from greater detail within these proposals. For example, the implementation timescale and resource requirements for the suggested changes are unclear at present, the latter of which could escalate for industry if applying retrospectively to all modifications. We support the code change programmes but would like to see the new assessment criteria more greatly reflecting the progress towards net-zero, impact on domestic and non-domestic consumers, ensuring security of supply and ensuring safe and reliable operation of networks. We would also urge Ofgem, in line with its duty to protect future consumers and net-zero, to adapt its position from a ‘low-cost’ to ‘cost-effective’ transition to pursue sustainable and resilient energy security that is balanced with consumer value.

Furthermore, we would request further clarification around elements of Ofgem’s proposed standard licence condition for licensees. At present, there is some concern around the introduction of this condition and thus, there should be clear definitions and timescales that are replicated in the licence of code managers. Code managers will need to adhere in a timely and harmonised manner to information requests to avoid placing disproportionate burdens on licensees. Finally, any new initiative should seek to avoid duplication of information sharing that already exists within codes and consider the appropriate mechanism to introduce such requirements.

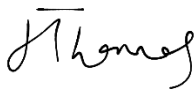
Regarding the new set of roles and responsibilities required for this approach, we would like to see more precise definitions for those of all code administrators, licensee parties and participants, including NESO

and Ofgem itself. While code managers will have clear direction under the SDS, non-licensed code parties require more information, particularly the Transmission Owners (TOs), whose technical and commercial expertise must be adequately considered as an experienced stakeholder. As Scottish Renewables has previously advocated, engagement and treatment of TOs should naturally vary from the wider pool of stakeholders due to their knowledge on the economics, safety and resilience of the network, cultivated through their historic involvement in code management.

In line with the industry's direction of strategic decision-making, we support that the SDS focuses on the immediate term with the consideration of a longer-term five-year outlook. However, Ofgem will need to play a key role in aiding code administrators and panels with the task of inserting longer-term priorities into current processes. Part of this will be in the appropriate reviewing and updating of the strategic direction, especially considering the independent nature of code managers and NESO, and their relationship with Ofgem and DESNZ. We think that simplifying the overarching direction through aligning to one statement would ensure it can be transparently assessed, informed by overriding objectives including notably that of protecting energy security.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H Thomas', with a horizontal line above the 'H'.

Holly Thomas

**Grid & Systems Policy Manager
Scottish Renewables**