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Citizens Advice response to the BEIS and Ofgem joint consultation on the Design and Delivery of the Energy Code Reform.

We support the four objectives outlined in the 2019 consultation that this consultation seeks to support: providing strategic direction, empowered and accountable code management, independent decision-making and code simplification and consolidation. This has been described by BEIS and Ofgem as enabling “a more unified, flexible, and dynamic approach” that would “set a clear direction for code reform and a code management function to implement it”. We agree and believe there is an urgent need for these reforms and the proposed legislation to manage the energy system transition to net zero.

Overall Citizens Advice supports Option 1 with Ofgem as the strategic body. Ofgem is an established body and has the clear experience as the energy regulator to build on its role and provide the necessary strategic direction to code managers in order to deliver net zero efficiently. We also agree that generally the proposed code manager role which has independent decision-making at its centre would better deliver code changes, consistent with the strategic direction of Ofgem.

However, we think the proposal will benefit from a formal coordinated industry view from stakeholders to Ofgem on code managers’ key decisions via the proposed Stakeholder Advisory Forum (SAF). This will support Ofgem’s decision making and improve the accountability of the code manager process. We provide further detail in [Question 5](#). We would also encourage consideration of a less prescriptive approach to developing code managers that harnesses the positive progress in recent years through the work of industry and code bodies. We suggest in response to [Question 4](#) that a pragmatic toolkit approach may be appropriate. This would provide Ofgem with the powers proposed in this consultation without requiring Ofgem to use

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them. This discretion could enable Ofgem to apply code reform on a code-by-code basis where it is justified.

We agree that reducing the number of codes could deliver significant benefits by making them easier to engage with and facilitate coordinated change. We are therefore disappointed that the code simplification and consolidation options indicated in the 2019 consultation have not been advanced further at this stage. We believe that Option 1, with Ofgem as the strategic body, would deliver code consolidation faster than Option 2. However, we recommend that the process for reviewing options is accelerated ahead of the legislative process in order to deliver benefits without any further delay. As seen in the development of the REC, we do not believe that it is necessary or desirable for such changes to be reliant or disrupted by any other elements of code reform.

We are concerned that the impact assessment does not make a compelling case that these changes are in the best interests of consumers. The analysis shows a clear negative cost benefit and may not be adequately robust enough. However, we agree that the non-monetised benefits could potentially outweigh the costs, through:

- faster code changes which benefit the whole energy system and consumers;
- less time and resources spent on inherently unacceptable and commercially driven code change processes and;
- the entrance of new and innovative market participants.

The approach to the impact assessment should be reviewed to see if costs and benefits can be quantified more robustly to provide more confidence that the proposals are in the interests of consumers.

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Question 1. To what extent do you agree with our proposals on the licensing of a code manager for in-scope engineering standards, and why?

We agree that engineering standards are key to delivering the intent of strategic direction and code change. Without aligned engineering standards, the intentions of system and code change cannot be reliably anticipated.

Question 2. What are your initial views on how central system delivery bodies should be regulated (including their relationship or integration with code managers and the extent to which licensing may be appropriate), bearing in mind this may be the subject of future consultation?

We agree central system delivery bodies should be within the scope of these reforms. We also agree code managers will need to cooperate with delivery bodies to deliver the strategic direction. How this is achieved needs to be considered on a case-by-case basis as the various delivery bodies differ significantly.

Question 3. To what extent do you agree with the detailed roles and responsibilities of the strategic function, as set out above, and why?

We support the roles and responsibilities set out for the strategic function. We agree there is an urgent need for code reform which sees greater strategic direction and more independent decision-making in order to significantly improve the efficiency of the code system. This will be essential for implementing the necessary changes that enable the energy system transition to net zero.

We support the proposals to legislate in the way proposed as this would enable the strategic body, assumed to be Ofgem, to make further reforms where they are justified. We agree that pragmatically setting legislation at this stage, to enable a flexible and agile approach in the future, can deliver clear benefits both to consumers and for net zero.

We believe that Ofgem is well placed to independently interpret strategic and policy directions from the UK Government, in addition to Ofgem's other strategic priorities, and ensure that directions to code managers support changes to codes which best deliver net zero at lowest cost to consumers.

Code bodies currently each have differing code objectives and have not benefited from a 'strategic direction' that has become increasingly necessary. The absence of strategic direction has hampered the ability to align numerous significant code reforms in an efficient manner and

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ensure that code change direction from Ofgem is not encumbered or modified in such a way that does not deliver the benefits intended by Ofgem.

For example, in the last year we have seen code changes in the CUSC (CMP317/CMP327 and CMP368/369) which seek to implement aspects of Ofgem's Targeted Charging Review (TCR). When the TCR is implemented it is intended to save consumers £300m per year, and an anticipated £4-5bn to 2040. The changes concern compliance with EU regulation 838/2010 (the Limiting Regulation). The process of CMP317/327 resulted in an original proposal from NGENSO and 83 alternatives based around 7 different variables. In the decision letter¹ Ofgem stated that "we do not consider that any of the proposals incorporate the correct interpretation of the Connection Exclusion", and confirmed that in approving the original proposal this would at least avoid the imminent risk of a breach of the Limiting Regulation. It took 17 months from when the code was proposed for Ofgem's decision to be made, yet it viewed none of the 84 proposals as containing the correct interpretation. This particular change also resulted in an appeal to the CMA which was rejected.

Subsequent modifications (CMP368/369) have also been required to give effect to Ofgem's determination on CMP317/327. Despite this modification, again, being a question of legal compliance, the process has resulted in 19 alternative proposals around 5 variables. Both of these examples, where Ofgem must ultimately rule on legal compliance, indicate the inefficiency in the system without strategic direction, including where the changes are prompted by an SCR. It also demonstrates the effect that the energy industry's commercial interest has on current processes, even where variables and alternative modifications may have no reasonable expectation of being deemed legally compliant by Ofgem.

Greater intervention by Ofgem in the performance of code bodies is clearly needed as there is some consistent underperformance². We believe that it should be a priority of Ofgem to take steps to improve code governance through standardisation, simplification and consolidation which could deliver significant gains towards code reform. We are disappointed that this consultation does not progress any of the options presented in the previous 2019 consultation. We recommend that the process for reviewing options is accelerated ahead of the legislative process in order to deliver benefits without any further delay.

We note the proposal to legislate to require the strategic function to consult with specified stakeholders, including the Secretary of State, before publishing their strategic direction. We recommend that this is strengthened to ensure that, as the statutory consumer advocate in the energy industry, Citizens Advice is specified as a stakeholder, and/or that a specific advisory role

¹ Ofgem, [decision letter on CMP317/327](#), December 2020

² Ofgem, [Code Administrators' Performance Survey Findings - 2019](#)

should be played. This would ensure that consumer interests are explored both in the creation of the strategic direction, as well as in assessing the effective delivery of the directions.

Question 4. To what extent do you agree with the roles and responsibilities of the code manager function as set out above, and why?

Citizens Advice agrees that independent decision-making is a fundamental foundation of the code reforms and necessary to deliver net zero at lowest cost to consumers. As the CMA found, current arrangements allow industry participants to delay or water down proposed changes to the codes that are against their private interests despite being in the interest of consumers and the market as a whole³. We describe such examples in response to [Question 3](#).

We also believe that independent decision making is compatible with processes to engage with industry to ensure that the expertise and wide ranging experiences of industry are not lost.

We agree that code changes should be code-manager led. This would remove the current requirement for code changes to be proposed by code parties even where direction, for example through an SCR, comes from Ofgem. This is not only more efficient but it also ensures that code modifications, from their outset, are aligned to the intent of the change without undue influence or interpretation of commercial interests.

We also welcome the democratisation of the process by allowing any interested person to propose code changes. This is a welcome principle to increase access beyond code parties. We believe that empowered code managers can build in the necessary protections into their processes, for example through critical-friend processes and in code objectives, to prevent any unforeseen consequences of this change.

We also welcome the intended empowerment of code managers, subject to future consultation, to refuse to accept changes where they:

- are incomplete or unclear;
- are not materially different from another live change;
- concern matters outside the scope of the code or;
- have no reasonable prospect of being approved.

We believe this would resolve such issues where, currently, a code administrator may not have the powers to reject change proposals. We would also encourage code managers to use their new powers and the opportunity presented by code reform to improve the consistency of critical

³ As described in the [Consultation impact assessment](#)

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friend processes. This should ensure that change modifications which enter the process meet high standards and, where they do not, code managers have the power to specify changes where these would be beneficial to efficient governance or would align more clearly with strategic direction.

However, where a change is material and Ofgem would retain decision making powers, effective engagement with and from Ofgem would support code managers' to assess whether code changes have no reasonable prospect of approval by Ofgem, and to make decisions on whether to accept the changes into the process. It cannot be relied upon that the strategic direction would be exhaustive enough to give such direction to a code manager on either material or non-material changes.

We welcome the acknowledgement that it is important to consider existing approaches and that the consultation has drawn on the Retail Energy Code (REC), which has considered existing approaches in developing its proposals. We agree that there is some best practice already in place among some code administrators, such as the work of Elexon and Ofgem in developing cross code groups to implement market-wide half hourly settlement (MHHS) and by the ESO and stakeholders in ensuring code changes do not delay or block changes necessary to coordinate offshore wind. There are also good models, such as under the REC, which has been in operation for less than a month.

The next few years are a critical time for the energy sector's net zero transition. Given these pressures and the negative impact assessment, we do not think the case has been made for a common approach to implementing code managers in order to realise the benefits of the overall code reform. For example in the REC, we would question whether the code manager reforms would bring significant additional benefits, especially with the administration and costs associated with new licenses and the need to re-run any tendering processes.

An alternative would be to take a pragmatic toolkit approach which utilises the powers proposed for the strategic body but without requiring it to use them in seeking to efficiently deliver the strategic direction. Greater regulatory discretion in delivering the goals of code reform could include the ability for Ofgem to apply licenses to code managers if and when necessary. The case for change could then be made on a code-by-code basis where it is clearly justified, where it would deliver the priority goal of strategically coordinated code changes, and where Ofgem is satisfied that there is adequate accountability. This could minimise upheaval and capitalise on opportunities to do it efficiently where code bodies are already taking steps to meet code manager objectives.

For example, the Smart Energy Code has established a Strategic Working Group to consider how smart metering activities will be consistent with future consumers' needs in reaching net zero.

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The Smart Energy Code has also seen MP149 raised to allow the administrator to raise modifications. In the Balancing and Settlement Code (BCS) a number of impact assessments have been undertaken to consider the implications of concepts such as meter splitting and virtual lead parties' opportunity to provide flexibility to the wholesale market. These examples clearly support the format of code operation intended through this consultation and which are already supporting BEIS and Ofgem in setting strategic direction.

The proposed reform also relies heavily on code manager performance yet little detail has been provided on how performance will be achieved and assured. We set out in response to [Question 5](#) how the involvement of all stakeholders could give visibility to any concerns and provide further thoughts in response to [Question 9](#).

Question 5. To what extent do you agree with the proposed roles and responsibilities of stakeholders as set out above, including the role of the stakeholder advisory forum, and why?

We are concerned that the proposals in their current form do not ensure that the role of industry and its expertise is fully utilised. We believe there is intrinsic value in those impacted by decisions being able to provide informed, representative stakeholder views and evidence on how they will be impacted by system and code changes. Seeking industry views should also be valued for its potential efficiency in gaining input and insights.

We are also concerned that the proposals do not specify how the interests of consumers would be represented and protected in the decision-making process, especially for non-material change decisions made by code managers. While we assume it would be necessary for Ofgem to license code managers to ensure consumer interests are ultimately protected there is no detail on how consumer interests would be meaningfully built into decision-making processes.

We think the proposed Stakeholder Advisory Forum's (SAFs) or equivalent groups should have a more formal status in the code change process. These forums should be separate to any other wider stakeholder engagement processes such as in code change working groups which might be held by code managers. To enable clear visibility of stakeholder support or concern with code change direction or code manager performance. We recommend:

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1. SAFs or equivalent groups should be composed of members who reflect the wide ranging views of industry, consumers and others:
 - a. The forum should reserve a seat for the statutory consumer advocate and a limited number of interested parties, for example academics.
 - b. The forum should contain a number of nominated or elected seats to represent the diversity of industry constituencies. This could include, but is not limited to, representatives of small or new parties, large incumbent parties, those involved in the domestic market, those involved in the industrial and commercial market, generators and energy users. A balanced quoracy will ensure that no part of the sector is under- or over-represented.
2. SAFs or equivalent groups should formally submit a view alongside code change proposals for both material and non-material changes to provide supplementary evidence and information for decision makers.
3. Decision-makers (whether Ofgem or code managers) should be obliged to take account of the views submitted by SAFs or equivalent groups.

The proposed reform relies heavily on code manager performance yet little detail has been provided on how performance will be achieved and assured. In particular we consider this to be important in ensuring that the behaviour and efficiency of code managers, and their delivery of code changes, are in the best interest of the whole energy market and energy consumers.

As noted above, enabling clearer visibility of any concerns from industry and other stakeholders about code changes and code manager performance would go some way in addressing this issue and would align clearly with the ambition set out in the consultation that, “wherever possible, future arrangements should also include mechanisms that encourage, or require, stakeholders to resolve disagreements early in the process to facilitate their speedy resolution”.

Question 6. In relation to option 1, where Ofgem would be the strategic body, to what extent do you agree with our proposals on how decisions by the code manager would be overseen by the strategic body with, as a minimum, existing appeal routes retained and moved to the strategic body?

We welcome the proposal to legislate to give the strategic body powers to overrule decisions made by code managers, to hear appeals, and monitor and take enforcement action in relation to the code manager’s delivery of their delivery plans. However, we think that further performance assurance provisions, such as those suggested in response to [Question 5](#), would avoid any risk of overreliance on the appeals processes, especially if not all industry parties may be willing to undertake such a process.

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We also think further work is needed on the appeals mechanism. We agree that, as a minimum, decisions made by code managers in the future, which currently have an appeal route to Ofgem, should be appealable to the strategic body. While it is proposed that the strategic body can overrule decisions, this backstop option will require an associated framework across all codes to ensure that industry parties have the necessary routes to raise concerns. The consultation states that it, “seems likely to be important that differences remain in any future arrangements to help ensure that the change process is efficient. For example, some of the decisions that could move from panels to the code manager are not always appealable by stakeholders to Ofgem in the existing framework”. We are not convinced that the backstop power, alone, is adequate protection for those codes and those decisions where there may continue to be no appeal route. We would recommend that appeal routes and rights for code manager decisions are made as consistent as possible. In particular we recommend that in addition to appeal rights on the implementation of change modifications, there is also an appeal route for decisions about materiality and priority of code change modifications.

We have observed in the Connection and Use of System Code (CUSC) recently that some change modifications initially deemed as lower priority consequently remain low priority for long periods of time and up to multiple years. As new change modifications come forward, this effectively prevents these low priority changes from being progressed. This is a known issue and resources have been cited as part of the cause. However, this issue could be further exacerbated in periods where there are large volumes of change in the future. There may be a need to provide some form of appeal route which could form part of a performance assurance framework.

Where code managers are responsible for decisions about the materiality of a code modification, there may be a similar need to ensure that disagreement and alternative views can be formally represented to the strategic body by individual parties or by Stakeholder Advisory Forum's (SAFs). We have experience from code panels under the current arrangements where the materiality of code change modifications is marginal. While improvements to the criteria for materiality decisions may address this to some extent, there is likely to continue to be differing views and a process to address this would be beneficial.

In addition to potentially more appeal routes, we would also recommend balancing this with a threshold for appeals to ensure that the processes are not overused or used in such a way as to attempt to frustrate processes.

Question 7. In relation to option 2, where the FSO would take on the role of the IRMB, to what extent do you agree with our proposals on how relevant decisions by the code manager function would be appealable to Ofgem, with a potential prior review route via an internal body?

Option 2 does not provide a viable option.

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Question 8. Do you have any views on the two proposed options for appealing decisions made by Ofgem on material code changes in option 1 (with Ofgem as the strategic body) and option 2 (with the FSO as the IRMB)?

We recommend that the appeals process for material decisions made by Ofgem as the strategic body should allow Competitions and Market Authority (CMA) appeals to be made. For code changes, particularly related to charging, which can be worth many hundreds of millions of pounds and typically draw significant commercial interest from industry, it is essential that economic and technical reviews are possible.

We agree that further work to develop appropriate criteria for raising such an appeal to the CMA, and relevant timescales for them, is necessary and agree with the suggestions posed in the consultation that appeals can be raised only:

- when the strategic body approves a code change that the code manager recommends should not be implemented as it does not meet any code objectives;
- that the strategic body has used its powers to directly change the code in a material way;
- where the appellant has given advance notice and taken alternative opportunities to resolve the matter.

Question 9. Do you have any thoughts on other potential appeal routes?

As noted in response to [Question 5](#), the consultation considers that, “wherever possible, future arrangements should also include mechanisms that encourage, or require, stakeholders to resolve disagreements early in the process to facilitate their speedy resolution”.

We are not convinced that the proposals adequately set out such mechanisms or processes. In [Question 5](#) we propose that the SAFs should provide a formal opinion to Ofgem to give visibility of any concerns about a code change. However, to resolve disagreements earlier in the process would most likely require appeal routes or other mechanisms for other code manager decisions, including on prioritisation and materiality of code changes as we describe in [Question 6](#).

Question 10. To what extent do you agree with the proposed operating model and accountability structure for Ofgem as the strategic body, and why?

We agree that separating the strategic body's legislative framework from Ofgem's legislative framework is a useful way of ensuring accountability for the specific roles and responsibilities established for the strategic body. We agree that the existing objectives, powers and duties of Ofgem, under Option 1, avoid any unnecessary creation of additional institutions.

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We also agree that giving the strategic body the flexibility in legislation to deliver its obligations and make further reforms is beneficial, avoiding further legislative requirements and the delays that would come with this.

Question 11. To what extent do you agree with the monitoring and evaluation approach for Ofgem’s performance as the strategic body, and why?

Citizens Advice agrees that the monitoring and evaluation approach through annual reporting and forward work planning is appropriate to ensure the performance of the strategic body.

The approach suggests that “Ofgem would also seek regular stakeholder feedback on the performance of code managers”. As we state in response to [Question 5](#) and [Question 9](#), this could be further improved by establishing other routes for stakeholders to highlight concerns about the performance of code managers.

Question 12. To what extent do you agree with the ways we propose that the strategic body select code managers, and why?

The consultation acknowledges that tendering processes should not be based on cost alone and that previous performance and experience should be taken into account. We welcome this as the performance of code managers with greater powers and influence will materially affect the outcomes of code reform.

We note that detailed decisions about tendering processes will not be taken until further consultation has been conducted. However, Citizens Advice strongly recommend that tendering processes should not effectively rule out any particular business models, such as not-for-profit organisations. Not-for-profit organisations already play a role in the current codes system and may be well placed to provide code manager roles. However, the costs of tendering and maintaining balance sheet reserves to deal with penalties could act as a barrier. Processes should enable as wide a range of business models to perform these roles as possible.

We also recommend that in addition to the need to protect against any risk of conflicts of interest, the tendering process should also include procurement conditions on representing consumer interests and the requirement to demonstrate how this would be assured. As an example, we note that Gemserv has an in-house consumer advocate. We believe it would be necessary to demonstrate this type of capacity in order to provide assurance to Ofgem.

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Question 13. To what extent do you agree with our proposed approach to code manager funding, and why?

We agree that it is appropriate to fund code managers through charges levied on code parties in accordance with a charging methodology. This approach should be more flexible, allowing for budgets increasing and decreasing. However, it should be noted that as this would need to be set out in codes, the charging methodology could also be subject to code changes proposed by industry and other parties, which may be commercially motivated. We recommend that clear objectives for charging modifications are established and consideration should be given to whether code manager funding requires a specific objective.

We agree that it would not be an appropriate revenue stream to permit code managers to charge parties to propose code changes due to the barrier this creates to smaller parties and other interested persons.

Question 14. To what extent do you agree with our proposal that the strategic body should be accountable for code manager budgets, and why?

We agree that code managers should be accountable to the strategic body when setting its budgets. We would support the strategic body reserving the right to, but not necessarily required to, approve budgets. In addition, we recommend there are processes to enable stakeholders, especially those who directly fund them (code parties) and those who indirectly fund them (consumers), to scrutinise whether the budgets and proposed changes to activity are in the interests of the market and consumers.

We recommend that appeal routes are likely to be necessary to ensure that any disagreements that cannot be resolved between parties and code managers seek decisions from the strategic body. In this circumstance it would be necessary for the strategic body to have powers to direct changes to budgets or employ powers to approve or reject budgets.

Question 15. To what extent do you support the proposed operating model and accountability structure for option 2, where the FSO takes on the role of the IRMB, and why?

Option 2 is not viable.

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Question 16. Overall, which of the two options do you think would be best placed to reform code governance, and why?

We believe that Option 1 with Ofgem performing the role of the strategic body is the only viable option. The strategic direction role of the strategic body will be fundamental in realising the benefits of this code reform.

Option 1 will deliver implementation of this strategic body faster, with less scale up of capacity and knowledge, and would allow code consolidation to be advanced earlier compared to Option 2.

Ofgem is an established body and has the clear experience as the energy regulator to build on this role and provide the necessary strategic direction to code managers in order to deliver net zero efficiently. We also agree that generally the proposed code manager role under Option 1, which has independent decision-making at its centre, would better deliver code changes consistent with the strategic direction of Ofgem.

We do not think that the FSO should perform the strategic function as outlined in Option 2. We believe there would be too high a risk of conflict of interest with the FSO being responsible for setting strategic direction and implementing it. We also believe that the delay in first delivering an FSO before it could then implement urgently needed code reforms also makes this an unviable option.

We are concerned that the impact assessment does not make a compelling case that either option is in the best interests of consumers. The analysis shows a clear negative cost benefit and may not be adequately robust enough. However, we agree that the non-monetised benefits could potentially outweigh the costs, through:

- faster code changes which benefit the whole energy system and consumers;
- Less time and resources spent on inherently unacceptable and commercially driven code change processes and;
- The entrance of new and innovative market participants.

To better evidence the benefit of Option 1 in delivering code reform faster, the approach to the impact assessment should be reviewed to see if costs and benefits can be quantified more robustly to provide more confidence that proposals are in the interests of consumers.

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Question 17. To what extent do you agree with our estimated costs for the new code manager function set out in the impact assessment, and why?

We are not best placed to comment in detail on the estimated costs for the new code manager function. However, we note from the impact assessment analysis that the additional costs for code managers at £35million per year does not reflect the range of outcomes of code consolidation and any expected efficiencies that might be expected. If codes were consolidated into a single unified code for example, cost efficiencies would be expected. To some extent, efficiencies may also be expected under more modest consolidation.

Question 18. To what extent do you agree that the case studies included in the impact assessment are indicative of the major barriers facing code changes under the current system, and why? Can you provide further examples of when current code governance has resulted in either optimal or sub-optimal outcomes?

Citizens Advice agrees that case study 2 regarding UNC0621, UNC0678 and subsequent code changes is indicative of the barriers facing code changes and the sub-optimal outcomes under the current system.

As a member of the code panel we have observed a number of follow-on change modifications related to UNC0678 including UNC0751 and UNC0753 which are currently awaiting a decision from Ofgem in October 2021 but have not been recommended for implementation by the UNC panel. The central issue of existing contracts in UNC0678 is also now under review by National Grid Gas Transmission signalling that further changes in charging methodology are likely.

In the last year we have seen code changes in the CUSC (CMP317/CMP327 and CMP368/369) which seek to implement aspects of Ofgem's Targeted Charging Review (TCR). When the TCR is implemented it is intended to save consumers £300m per year, and an anticipated £4-5bn to 2040. The changes concern compliance with EU regulation 838/2010 (the Limiting Regulation). The process of CMP317/327 resulted in an original proposal from NGENSO and 83 alternatives based around 7 different variables. In the decision letter⁴ Ofgem stated that "we do not consider that any of the proposals incorporate the correct interpretation of the Connection Exclusion", and confirmed that in approving the original proposal this would at least avoid the imminent risk of a breach of the Limiting Regulation. It took 17 months from when the code was proposed for Ofgem's decision to be made, yet it viewed none of the 84 proposals as containing the correct interpretation. This particular change also resulted in an appeal to the CMA which was rejected.

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Question 19. To what extent do you agree with the scale and type of benefits to industry estimated in the impact assessment? Are there further cost savings to industry that should be included?

We believe there is a risk that the monetised benefits to industry may be overestimated. The impact assessment analysis assumes industry would save £1.5m per year in reduced costs from participating in workgroups and £0.3m per year in reduced effort in contributing to code consultations. As the code reform aims to widen industry participation, it is possible that the costs saved by one participant may, to some extent, be incurred by other participants now engaging for the first time. While this is a positive outcome, it would impact the monetised benefits.

There is also the possibility that industry with less formal roles on existing code panels may feel the need to spend more time and effort on consultations and in the stakeholder groups to try and seek an equivalent level of input which may also come at a greater cost.

However, as indicated in the executive summary, we believe the non-monetised benefits which are difficult to assess could potentially outweigh the costs through:

- faster code changes which benefit the whole energy system and consumers;
- Less time and resources spent on inherently unacceptable and commercially driven code change processes and;
- The entrance of new and innovative market participants

The consultation offers some examples of this and in response to [Question 3](#) we describe code changes required to implement Ofgem's Targeted Charging Review (TCR) which overall is intended to save consumers £300m per year, and an anticipated £4-5bn to 2040. The benefits of implementing such changes without delay and in alignment to TCR at this magnitude clearly outweigh the additional costs of around £35m per year.

Patron HRH The Princess Royal Chief Executive Dame Clare Moriarty

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We recommend that the impact assessment should be reviewed to see if costs and benefits can be quantified more robustly to provide more confidence that proposals are in the interests of consumers.

Question 20. Are there any other wider industry developments we should consider in relation to the implementation timeline? How do you think these could impact on code reform?

No answer.

Question 21. Are there any implementation issues, risks or transition considerations we should take into account? How could these impact code reform?

No answer.

Question 22. We invite respondents' views on whether our proposals may have any potential impact on people who share a protected characteristic (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation), in different ways from people who do not share them. Please provide any evidence that may be useful to assist with our analysis of policy impacts.

No answer

Question 23. Do you have any other comments that might aid the consultation process as a whole?

No answer

Please do get in contact if you have any queries or further questions relating to this response.

Yours sincerely,

Sam Hughes

Senior Policy Researcher

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