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| SQSS Modification Proposal Form | | |
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| <h1>GSR033: Code Maintenance</h1> <p>Overview: This modification aims to amend the SQSS Governance Framework and bring it into the formal SQSS in line with licence changes set out by Ofgem and putting obligations on NESO.</p> | | <h2>Modification process & timetable</h2> <ol style="list-style-type: none"> Proposal Form 31 December 2024 Code Administrator Consultation 30 January 2025 - 20 February 2025 Draft Final Modification Report 27 February 2025 Final Modification Report 07 March 2025 Implementation 31 March 2025 |
| <p>Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.</p> | | |
| <p>This modification is expected to have a: Low impact Generators, Transmission Owners, Offshore Transmission Owners, Distribution Network Operators, National Energy System Operator, the Authority</p> | | |
| <p>Proposer's recommendation of governance route</p> | <p>Standard Governance modification to proceed to Code Administrator Consultation</p> | |
| <p>Who can I talk to about the change?</p> | <p>Proposer: Stuart McLarnon Stuart.mclarnon@nationalenergyso.com 07596 579914</p> | <p>Code Administrator Contact: Tammy Meek tametha.meek@nationalenergyso.com 07938 737807</p> |

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What is the issue?

On 08 October 2024 Ofgem consulted on changes to conditions A1 and E7 of the Electricity System Operator Licence and standard conditions D3 and E16 of the Electricity Transmission Licence, proposing changes place duties on the National Energy System Operator to maintain the National Electricity Transmission System Security and Quality of Supply Standard (SQSS).

On 11 December 2024 Ofgem issued their decision to modify conditions A1 and E7 of the electricity system operator licence (**Annex 3**), and to modify standard conditions A1, D1, D3 and E16 of the electricity transmission licence, to place obligations on the National Energy System Operator to maintain the National Electricity Transmission System Security and Quality of Supply Code (SQSS), and to make relevant consequential changes.

This would formalise the existing SQSS and SQSS Governance framework and set out roles for NESO, the Authority and the SQSS Panel. The Current Governance Framework is a voluntary document which sits in isolation from the SQSS and therefore review is required before bringing it into the SQSS to enable NESO to fulfil its obligations under the new licence arrangements. The licence modification will come into effect on 07 February 2025.

Why change?

The changes issued by Ofgem will enable the SQSS to be designated by the Secretary of State as a 'qualifying document' for the purposes of Schedule 12 of the Energy Act 2023. This would allow Ofgem to use its transitional powers under the act with respect to the SQSS to help implement energy code reform.

It is intended that the Governance Framework will become part of the SQSS and therefore review is required to ensure that the current voluntary document is sufficient to allow NESO to for fill its obligations under the new licence, in particular the modification process.

What is the proposer's solution?

It is intended that this modification will provide sufficient change to the Governance Framework to meet the new licence obligations (**Annex 4**). Key changes are:

- The Governance Framework will be bought into the SQSS (Appendix J) meaning that it will be a formalised part of the SQSS and any change will therefore be subject to the Governance set out within.
- Ofgem will have a formal power to approve SQSS modifications, with NESO responsible for modifying the code.
- Provisions in the Governance Framework relating to the licence change request process for SQSS code modifications is removed.
- This modification is not intended to change the Panel composition or make changes to the current SQSS modification process.

Additional changes to the SQSS

A further update will be made to the SQSS to correct an error identified with the legal text implemented when Establishing ISOP in industry codes on 01 October 2024.

Public Legal Text

Please see **Annex 1** for full legal text.

Annex 2 details the comparison of legal text against existing documentation:

- NETS SQSS Industry Governance Framework – shows changes to the existing Governance Framework on Tracked Changes (the new Appendix J within Annex 1 is shown as all new text)
- Establishing ISOP in industry codes – shows the amendments introduced on 01 October 2024 as accepted changes within the document, with additional amendments shown in tracked changes, to show the corrections required to correct draft v2.8 of the SQSS

Annex 1 has all the above legal text changes incorporated into it, but also shows the amendments introduced on 01 October 2024 in tracked changes, as this is still in draft.

What is the impact of this change?

| Proposer's assessment against SQSS Objectives | |
|---|--|
| Relevant Objective | Identified impact |
| (i) facilitate the planning, development and maintenance of an efficient, coordinated and economical system of electricity transmission, and the operation of that system in an efficient, economic and coordinated manner; | Positive Ensures stakeholders can easily access SQSS Governance Rules, due to them being incorporated within the SQSS. |
| (ii) ensure an appropriate level of security and quality of supply and safe operation of the National Electricity Transmission System; | Neutral |
| (iii) facilitate effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity; and | Neutral |
| (iv) facilitate electricity Transmission Licensees to comply with any relevant obligations under EU law | Neutral |

When will this change take place?

Implementation date

31 March 2025

Date decision required by

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24 March 2025

Implementation approach

Implementation to take place as per Ofgem Licence obligations.

Proposer's justification for governance route

Governance route: Standard Governance modification to proceed to Code Administrator Consultation

It is proposed to go straight to Code Administrator Consultation as these changes are being made to ensure NESO's obligations under Licence changes are met as directed by Ofgem. As such, there is not a requirement for a solution to be developed. It is also proposed that this change occur under a condensed timeline (to be agreed by the Panel) to allow the changes to come into effect by 31 March 2025.

Interactions

☐ Grid Code ☐ BSC ☐ STC ☐ CUSC
☐ European Network ☐ Other modifications ☐ Other Codes

No interactions with other codes have been identified.

Acronyms, key terms and reference material

| Acronym / key term | Meaning |
|--------------------|--|
| BSC | Balancing and Settlement Code |
| CUSC | Connection and Use of System Code |
| ISOP | Independent System Operator and Planner |
| NESO | National Energy System Operator |
| STC | System Operator Transmission Owner Code |
| SQSS | Security and Quality of Supply Standards |

| Annexes | |
|---------|--|
| Annex 1 | Legal Text |
| Annex 2 | Legal Text Comparison Documents |
| Annex 3 | Ofgem decision on proposed modifications to conditions A1 and E7 |
| Annex 4 | Modification of conditions A1 and E7 |

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| Annex 5 | Changes to SQSS Governance Framework against Licence changes |
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Reference material

- [Licence modifications for SQSS code maintenance: decision | Ofgem](#)