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SQSS Draft Final Modification Report		
<h1>GSR033: Code Maintenance</h1> <p><b>Overview:</b> The 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 the obligation on NESO</p>	<b>Modification process &amp; timetable</b>	
	1	<b>Proposal Form</b> 31 December 2024
	2	<b>Code Administration Consultation</b> 30 January 2025- 20 February 2025
	3	<b>Draft Modification Report</b> 06 March 2025
	4	<b>Final Modification Report</b> 10 March 2025
5	<b>Implementation</b> 31 March 2025	
<p><b>Have 20 minutes?</b> Read the full <a href="#">Draft Final Modification Report</a></p> <p><b>Have 60 minutes?</b> Read the full Draft Final Modification Report and Annexes.</p>		
<p><b>Status summary:</b> The Draft Final Modification Report has been prepared for the Recommendation votes at Panel.</p>		
<p><b>Panel recommendation:</b> The Panel will meet on 06 March 2025 to carry out their recommendation vote.</p>		
<p><b>This modification is expected to have a: Low impact</b> on Generators, Transmission Owners, Offshore Transmission Owners, Distribution Network Operators, National Energy System Operator, The Authority</p>		
<b>Governance route</b>	Standard Governance modification to proceed to Code Administrator Consultation	
<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Stuart McLarnon <a href="mailto:Stuart.mclarnon@nationalenergyso.com">Stuart.mclarnon@nationalenergyso.com</a>  07596 579914	<b>Code Administrator Chair:</b> Teri Puddefoot  <a href="mailto:Terri.puddefoot@nationalenergyso.com">Terri.puddefoot@nationalenergyso.com</a>  07858 368991

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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 4**), 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 a 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, particularly the modification process.



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## What is the solution?

### Proposers 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.

### Legal text proposed pre-Code Administrator Consultation

- Please see **Annex 2** for full legal text.
- **Annex 3** 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 2** 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.

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## Legal text

Following Code Administrator Consultation, some further changes were suggested. Please see **Annex II** for final legal text changes.

- A number of typographical issues have been resolved
- Clarify obligations and roles imposed by the license

It was noted that there are a number of typographical and formatting issues withing the SQSS and these will be dealt with by a future housekeeping modification.

## What is the impact of this change?

### Proposer's assessment against the Applicable Objectives

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;	<b>Positive</b>  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;	<b>Neutral</b>
(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	<b>Neutral</b>
(iv) facilitate electricity Transmission Licensees to comply with any relevant obligations under EU law	<b>Neutral</b>

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## Code Administrator Consultation Summary

The Code Administrator Consultation (**Annex 08**) was issued on the 30 January 2025 and closed on 20 February 2025 and received 2 responses. A summary of the responses can be found in the table below (and **Annex 10**), and the full responses can be found in **Annex 09**.

Code Administrator Consultation summary	
Question	
Do you believe that the GSR033 Original Proposal better facilitates the SQSS Applicable Objectives?	Both respondents believe that GSR033 better facilitates the SQSS objective (i)
Do you support the proposed implementation approach?	One respondent agreed with the implementation approach, and one did not, but noted that they believe that all issues within the SQSS should be resolved as part of this modification.
Do you have any other comments?	<p>One respondent noted:</p> <ul style="list-style-type: none"> <li>There is confusion regarding the current (baseline) version of the NETS SQSS in force</li> <li>GSR033 should ideally only introduce changes associated with implementing the directed governance framework, but it seems several issues with the baseline text and pre-existing issues have been identified, including the new definition of 'Licensee'</li> <li>There is a need to clarify which licensees have an obligation to maintain the NETS SQSS</li> <li>The respondent supports the transition of the NETS SQSS to a more open and transparent governance framework but</li> </ul>

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	highlights several areas that need clarification.
<b>Legal text issues raised in the consultation</b>	
<ul style="list-style-type: none"> <li>There were a number of formatting and typographical issues highlighted</li> <li>Clarity required over definition 'Licencee'.</li> </ul>	
<b>EBR issues raised in the consultation</b>	
No issues raised.	

## Panel Recommendation vote

The Panel will meet on the 06 March 2025 to carry out their Recommendation Vote.

They will assess whether a change should be made to the SQSS by assessing the proposed change against the Applicable Objectives.

**Vote 1:** Does the Original proposal facilitate the Applicable Objectives better than the Baseline?

Panel Member: **Simon Lord / Garth Graham (1 Vote)**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original					
Voting Statement					

Panel Member: **Alan Creighton**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)

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Original					Y
Voting Statement					

Panel Member: **Claire Newton / Anthony Johnson / Bieshoy Awad / Xiaoyao Zhou (1 Vote)**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original					
Voting Statement					

Panel Member: **Lee Fu/Mark Perry**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original					
Voting Statement					

Panel Member: **Martin Brown / Mike Lee (1 Vote)**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original					



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Voting Statement

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Panel Member: **Roddy Wilson / Bless Kuri (1 Vote)**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original					
Voting Statement					

Panel Member: **Cornel Brozio**

	Better facilitates AO (i)?	Better facilitates AO (ii)?	Better facilitates AO (iii)?	Better facilitates AO (iv)?	Overall (Y/N)
Original					
Voting Statement					



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## Vote 2 – Which option best meets the Applicable Objectives?

Panel Member	Best Option	Which objectives does this option better facilitate? (If baseline not applicable).
Alan Creighton		
Claire Newton / Anthony Johnson / Bieshoy Awad / Xiaoyao Zhou		
Lee Fu / Mark Perry		
Martin Brown / Mike Lee		
Roddy Wilson / Bless Kuri		
Cornel Brozio		

## Panel Conclusion

Panel will meet on 06 March 2025 to carry out their recommendation vote.

## Panel comments on Legal text

Ahead of the vote taking place, the Panel will consider the legal text amendments proposed as part of the Code Administrator Consultation.



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## When will this change take place?

Implementation date

31 March 2025

Date decision required by

24 March 2025

Implementation approach

Implementation to take place as per Ofgem Licence obligations.

## Interactions

- |  |  |   |                                |
|--|--|---|--------------------------------|
| <input type="checkbox"/> Grid Code                 | <input type="checkbox"/> BSC                                 | <input type="checkbox"/> STC                    | <input type="checkbox"/> SQSS  |
| <input type="checkbox"/> European<br>Network Codes | <input type="checkbox"/> EBR Article 18<br>T&Cs <sup>1</sup> | <input type="checkbox"/> Other<br>modifications | <input type="checkbox"/> Other |

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
EBR	Electricity Balancing Regulation
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards

<sup>1</sup> If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the Electricity Balancing Regulation (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

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T&Cs	Terms and Conditions
NESO	National Energy System Operator
ISOP	Independent System Operator and Planner
NESO	National Energy System Operator

## Reference material

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

## Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Legal Text
Annex 3	Legal Text Comparison
Annex 4	Ofgem decision on proposed modifications to conditions A1 and E7
Annex 5	Modification of conditions A1 and E7
Annex 6	Changes to SQSS Governance Framework against Licence changes
Annex 7	Additional legal text comments to be addressed in separate modification
Annex 8	Code Administrator Consultation
Annex 9	Code Administrator Consultation responses
Annex 10	Code Administrator Consultation Response Summary
Annex 11	Updated Legal Text