

SQSS Final Modification Report

GSR033: Code Maintenance

Overview: 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

Modification process & timetable

1	Proposal Form 31 December 2024
2	Code Administrator Consultation 30 January 2025 – 20 February 2025
3	Draft Modification Report 06 March 2025
4	Final Modification Report 10 March 2025
5	Implementation 31 March 2025

Have 20 minutes? Read the full [Final Modification Report](#)

Have 60 minutes? Read the full Final Modification Report and Annexes.

Status summary: This report has been submitted to the Authority for them to decide whether this change should happen.

Panel recommendation: The Panel has recommended unanimously that the Proposer's solution is implemented.

This modification is expected to have a: Low impact on Generators, Transmission Owners, Offshore Transmission Owners, Distribution Network Operators, National Energy System Operator, The Authority

Governance route	Standard Governance modification to proceed to Code Administration Consultation	
Who can I talk to about the change?	<p>Proposer: Stuart McLarnon Stuart.mclarnon@nationalenergyso.com 07596 579914</p>	<p>Code Administrator Chair: Teri Puddefoot Terri.puddefoot@nationalenergyso.com 07858 368991</p>

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Executive summary

What is the issue?

This modification aims to formalise the existing SQSS and SQSS Governance framework and sets out the 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.

What is the solution and when will it come into effect?

Proposer’s solution: 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

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.

Implementation date: 31 March 2025

What is the impact if this change is made?

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 a review is required to ensure that the current voluntary document is sufficient to allow NESO to fulfil its obligations under the new licence, particularly the modification process.

Panel recommendation: The Panel has recommended unanimously that the Proposer’s solution is implemented.

Interactions

No interactions with other codes have been identified.

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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 04**), 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?

Proposer's Solution

- It is intended that this modification will provide sufficient change to the Governance Framework to meet the new licence obligations (**Annex 04**). The 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

As directed by Ofgem, a further update will be made to the SQSS to correct some errors associated with boilerplate text, specifically clauses 1.24 and 1.24, implemented when Establishing ISOP in industry codes on 01 October 2024.

Legal text proposed as part of 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

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- 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.

Legal Text

Following Code Administrator Consultation, some further changes were suggested (**Annex 11**).

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

Please see **Annex 12** for final legal text changes for this modification.

It was noted that there are a number of typographical, formatting and other issues within the SQSS, and these will be dealt with by a future modification (**Annex 07**).

What is the impact of this change?

Proposer's assessment against SQSS Objectives	
Relevant Objective	Identified impact
a) 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.
b) Ensure an appropriate level of security and quality of supply and safe operation of the National Electricity Transmission System;	Neutral
c) Facilitate effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating	Neutral

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such competition in the distribution of electricity; and	
d) Facilitate Licensees to comply with any relevant obligations under Assimilated Law.	Neutral

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?	One respondent noted: <ul style="list-style-type: none"> ○ There is confusion regarding the current (baseline) version of the NETS SQSS in force ○ 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'

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	<ul style="list-style-type: none"> ○ There is a need to clarify which licensees have an obligation to maintain the NETS SQSS ○ The respondent supports the transition of the NETS SQSS to a more open and transparent governance framework but highlights several areas that need clarification.
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Legal text issues raised in the consultation

- There were a number of formatting and typographical issues highlighted
- Clarity required over definition 'Licencee'.

It was noted that there are a number of typographical, formatting and other issues within the SQSS, and these will be dealt with by a future modification (**Annex 07**).

Panel Recommendation Vote

The Panel met on the 06 March 2025 to carry out their recommendation vote. They assessed whether a change should be made to the SQSS by assessing the proposed change against the Applicable Objectives.

Panel comments on Legal text

Ahead of the vote taking place, the Panel considered the legal text amendments proposed as part of the Code Administrator Consultation and agreed that they were typographical. The changes made can be found in **Annex 11**.

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

Panel Member: **Alan Creighton**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes
Voting Statement					
<p>This modification supports the transition of the NETS SQSS to a more open and transparent governance framework and this will bring it into line with other industry code governance arrangements, hence has a positive impact on the applicable objective (a).</p> <p>Whilst developing this modification numerous issues emerged that are arguably out of scope of the governance focussed modification, and the plan is for these issues to be addressed via a separate SQSS modification.</p> <p>In my view, it would be less confusing for stakeholders, had all the know issues been addressed in this modification, particularly those relating to the roles of the Licensees, rather than deferring them to a subsequent modification. However, if there is insufficient time to achieve this, then the proposed approach is reasonable.</p>					

Panel Member: **Anthony Johnson**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes
Voting Statement					
Fully support the original proposal.					

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Panel Member: **Cornel Brozio**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes
Voting Statement					
SPEN supports the proposal as it improves visibility of the SQSS governance framework.					

Panel Member: **Garth Graham**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes
Voting Statement					
As per the Proposal					

Panel Member: **Le Fu**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes
Voting Statement					
Support the proposal and thanks for the work on it in a short timescale.					

Panel Member: **Mike Lee**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes
Voting Statement					
We support the proposed changes					

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Panel Member: **Roddy Wilson**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Yes

Voting Statement

The proposal ensures stakeholders can easily access SQSS Governance Rules, due to them being incorporated within the SQSS and also places the SQSS governance in a similar position to other similar codes.

Vote 2 – Which option best meets the Applicable Objectives?

Panel Member	Best Option	Which objectives does this option better facilitate?
Alan Creighton	Original	(a)
Anthony Johnson	Original	(a)
Cornel Brozio	Original	(a)
Garth Graham	Original	(a)
Le Fu	Original	(a)
Mike Lee	Original	(a)
Roddy Wilson	Original	(a)

Panel conclusion

The Panel has recommended unanimously that the Proposer's solution is implemented.

When will this change take place?

Implementation date

31 March 2025

Date decision required by

25 March 2025

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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 Network Codes | <input type="checkbox"/> EBR Article 18 T&Cs ¹ | <input type="checkbox"/> Other 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
T&Cs	Terms and Conditions
NESO	National Energy System Operator
ISOP	Independent System Operator and Planner
NESO	National Energy System Operator
NETS	National Electricity Transmission Systems

Reference material

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

Annexes

Annex	Information
Annex 01	Proposal form

¹ 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 European Electricity Balancing Guideline (EBGL – 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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Annex 02	GSR033 Legal Text consulted on during the Code Administrator Consultation
Annex 03	Legal Text Comparison
Annex 04	Ofgem decision on proposed modifications to conditions A1 and E7
Annex 05	Modification of conditions A1 and E7
Annex 06	Changes to SQSS Governance Framework against Licence changes
Annex 07	Additional legal text comments to be addressed in separate modification
Annex 08	Code Administrator Consultation
Annex 09	Code Administrator Consultation responses
Annex 10	Code Administrator Consultation Response Summary
Annex 11	Legal Text showing changes made post Code Administrator Consultation
Annex 12	GSR033 Final Legal Text