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## SQSS GSR033: Code Maintenance Authority Decision

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**Decision:** The Authority<sup>1</sup> directs<sup>2</sup> that the proposed modification to the Security and Quality Supply Standard (SQSS) be made

**Target audience:** The National Energy System Operator (NESO), the SQSS Review Panel, SQSS users and other interested parties

**Date of publication:** 21 March 2025

**Implementation date:** 31 March 2025

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### Background

The Security and Quality of Supply Standard (SQSS) sets out the criteria and methodology for planning and operating the National Electricity Transmission System (NETS). The SQSS Panel is responsible for keeping the SQSS under review and submitting any proposed changes to us for a decision.

On 8 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 to place duties on the National Energy System Operator (NESO) to maintain the SQSS.

On 11 December 2024, we issued our decision to modify conditions A1 and E7 of the Electricity System Operator (ESO) Licence, and to modify standard conditions A1, D1, D3 and E16 of the Electricity Transmission Licence,<sup>3</sup> to place obligations on the NESO to maintain the SQSS, and to make relevant consequential changes. This would formalise the existing SQSS and SQSS Governance Framework and set out roles for the NESO, the Authority and the SQSS Panel. The licence modification came into effect on 7 February 2025.

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<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> [Decision on proposed modifications to conditions A1 and E7 of the electricity system operator licence and on modifications to standard conditions A1, D1, D3 and E16 of the electricity transmission licence](#)

The SQSS Governance Framework will become part of the SQSS legal text and therefore review is required to ensure that the current voluntary document is sufficient to allow the NESO to fulfil its obligations under the new licence, particularly the modification process. We note that paragraph E7.18 of the ESO License as drafted will require NESO to progress any modifications to the SQSS necessary to comply with the new licence condition by 31 March 2025.<sup>4</sup>

These changes are intended to enable the designation of the SQSS as a 'qualifying document' by the Secretary of State, for the purposes of Schedule 12 of the Energy Act 2023 ('the Act'). Once designated, Ofgem will be able to use its transitional powers under the Act with respect to the SQSS to help implement energy code reform.

### **The Modification Proposal**

This modification aims to provide sufficient changes to the SQSS Governance Framework to meet the new licence obligations, as set out in our Statutory Consultation decision document.<sup>5</sup>

GSR033: Code Maintenance ('the Proposal') was raised by the NESO on 31 December 2024. The Proposal seeks to implement the following changes to the SQSS:

- The SQSS Governance Framework will be brought into the SQSS (Appendix J of the SQSS) meaning that it will be a formalised part of the SQSS, and any change will therefore be subject to the governance set out within
- The Authority will have formal powers to approve SQSS modifications, with the NESO responsible for maintaining the SQSS
- Provisions in the SQSS Governance Framework relating to the Electricity Transmission Licence change request process for SQSS Code modifications will be removed
- A further update to the SQSS will be made to correct errors associated with boilerplate text, specifically clauses 1.24 and 1.25, implemented when establishing the Independent System Operator (ISOP) in industry Codes on 1 October 2024

This modification will not change the Panel composition or make changes to the current SQSS modification process.

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<sup>4</sup> [Decision on proposed modifications to conditions A1 and E7 of the electricity system operator licence and on modifications to standard conditions A1, D1, D3 and E16 of the electricity transmission licence](#)

<sup>5</sup> [SQSS code maintenance: Decision on modifications to the electricity system operator licence](#)

The Proposer assessed that the Proposal would have a positive impact on SQSS Objective (a) and a neutral impact on the other SQSS Objectives.

### **Code Administrator Consultation**

A Code Administrator Consultation ran from 30 January 2025 to 20 February 2025, receiving two responses in support of the Proposal. 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. The respondent who did not support the implementation approach noted that they support the transition of the SQSS to a more open and transparent governance framework but highlighted several areas that need clarification. The NESO noted that the modification should ideally only introduce changes associated with implementing the directed SQSS Governance Framework, but a respondent identified several issues with the baseline text and pre-existing issues, including confusion regarding the current version of the SQSS in force and the new definition of 'Licensee'.

The respondent suggested that ideally all issues within the SQSS legal text should be resolved as part of this modification. However, the pre-existing issues highlighted by the respondent relate to the SQSS in general and have no direct impact on this modification. Given the reduced timescales for delivering this modification, the NESO has proposed that pre-existing issues will be addressed in a subsequent modification.

### **SQSS Panel recommendation**

The SQSS Panel considered the Proposal and consultation responses at the Panel meeting on 6 March 2025 and made their recommendation. The SQSS Panel voted unanimously in favour of the Proposal. The Panel considered that it better facilitates SQSS Objective (a)<sup>6</sup> and has a neutral impact on the other SQSS Objectives.

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<sup>6</sup> SQSS Objective (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.

## Decision notice

This letter sets out the Authority's decision to approve the proposed changes to the SQSS and the reasons for that decision. We have concluded that:

- implementation of the Proposal will better facilitate the achievement of SQSS Objective (a)<sup>7</sup>
- approving the Proposal is consistent with our principal objective and statutory duties<sup>8</sup>

## Reasons for our decision

We consider the Proposal better facilitates SQSS Objective (a) and has a neutral impact on the other SQSS Objectives.<sup>9</sup>

***(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;***

We consider the Proposal to better facilitate this SQSS Objective because it will ensure mandatory compliance of relevant parties to the SQSS Governance Framework through their incorporation within the SQSS.

## Further remarks

The Proposal will also enable the designation of the SQSS by the Secretary of State as a 'qualifying document' for the purposes of implementing energy code reform. This designation will enable us to use certain time-limited transitional powers to directly modify the SQSS and relevant licences and contracts. We consider that these changes, once in place, will similarly better facilitate this Objective, such as the whole-system perspective that we expect to foster

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<sup>7</sup> The NETS SQSS Industry Governance Framework: [SQSS Code Documents | National Energy System Operator](#)

<sup>8</sup> The Authority's statutory duties are detailed mainly in the Electricity Act 1989 as amended: [Electricity Act 1989](#)

<sup>9</sup> For the avoidance of doubt, we have made our assessment for this Proposal with reference to the Applicable Code Objectives that came into effect on 1 October 2024. As noted in our letter to the SQSS Panel dated 6 March 2025, and having not received representations to the contrary, we consider that the modifications to the Applicable Code Objectives (which came into effect on 1 October 2024 upon the establishment of NESO) would not have materially impacted any assessment of SQSS Objectives and subsequent analysis and voting undertaken by the SQSS Panel.

through the creation of the new consolidated electricity technical code, of which the SQSS is expected to form one part.<sup>10</sup>

## **Implementation**

In this letter we have set out our decision to approve the changes to the SQSS proposed in the Proposal. The NESO intends to publish a draft version of the SQSS on its website with a cover note explaining the changes within it. An updated version of the SQSS will incorporate these changes by 31 March 2025.

## **Decision notice**

In accordance with Standard Condition E7 of the Electricity System Operator Licence, the Authority hereby directs that Proposal GSR033: Code Maintenance be made.

**Gurpal Singh**

**Head of Engineering and Profession Lead**

Signed for and on behalf of the Authority

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<sup>10</sup> The consolidated technical code is expected to consist of the Grid Code, Distribution Code, System Operator Transmission Owner Code (STC) and SQSS, with further detailed consideration required to determine how the STC can best be included within the governance of the new technical code. Further context on this decision can be found here: [Energy code reform: implementation consultation | Ofgem](#).