

ESO Thought Piece

# Reforming Energy Code Content

The case to rationalise and simplify codes

Sarah York  
Future Markets

**nationalgrid**ESO



# Context

**Energy Codes Review is acknowledgment that reform of both codes and governance arrangements is required.**

**Existing code system is criticised for being:**

- Complex & fragmented;
- Inaccessible;
- Difficult for new/smaller parties to understand and engage with;
- Slow to implement change

ESO advocates rationalisation and simplification of code content and processes to make it easy for any market participant to understand which rules apply to them and to understand what those rules mean in practice.

It is our view that consolidation of codes on its own is not enough to deliver a streamlined code system and a more efficient change process.

It would be a substantial task to fully simplify, harmonise and rationalise our codes.

Our RIIO-2 ambition recognises such a project would take several years.

A phased programme of change would see the bulk of the code transformation process undertaken over a 2-3 year period, working with stakeholders.

# Our approach

**Rationalisation:** the streamlining of undue detailed prescription and removal of irrelevant, out of date information to reduce the size of individual codes.

**Simplification:** the translation of code requirements and code processes from undue legal and technical language into plain English and from complex to simple codified processes, or removal of some codified processes.

## Move to plain English

- Simpler and more concise language; and
- Write for accessibility and ease of understanding

Make it easy for any market participant, but especially those without specialist knowledge, to understand the rules.

## 'Strip away' legacy layers

- Overlaying/bolting new rules and processes on to historic arrangements has increased information complexity and density;
- Review and take out content that is no longer up-to-date, relevant and applicable;

More efficient access to information and reduce admin. burden i.e. resource/time

## Inclusive and diverse participation

- More accessible and intelligible codes allows greater involvement of non-traditional market participants;
- Smarter approach to codes could also help i.e. digitalise codes

## Establish basic principles

- Encourage consistency of approach across codes;
- Could be achieved via CACoP

E.g. content written for readability and understanding; proper regard for clarity of meaning; focus on concise, fit for purpose content.

# CUSC case study: Section 6.31- 6.34

## 6.31 Short Term Transmission Capacity

## 6.32 Limited Duration Transmission Capacity

## 6.34 Temporary TEC Exchanges

First draft: notable shift towards greater use of plain language and was much shorter.

Scope to be more ambitious with the desired output.

Second iteration: express intention to convert all legal terminology in to plain English and remove information outside of code.

### The output

- Concise and simple usable content
- Plain language and less formal tone
- Easy to understand explanation of each TEC product
- Concise, logical guide to who can apply and when
- Process changes e.g. harmonised application timescales.
- Hyperlinks to application forms associated with each product

### Outcome

- Reduced by 13 pages
- 99 fewer clauses
- Text cut down by 3,846 words

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#### Current legal text for all

#### 3 sections

- 115 clauses
- 5,050 words
- 15 pages

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#### Simplified text for all

#### 3 sections

- 16 clauses
  - 1,204 words
  - 2 pages
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#### [Extract of simplified text](#)

## Moving forward

We see rationalisation and simplification of code content as an opportunity to begin reformative change here and now, within the bounds of existing arrangements.

No immediate plans to raise a change based on this case study because there is already a lot of code change activity and it would detract from more important modifications.

We want to engage stakeholders:

- to gauge whether our proposed approach is considered beneficial
- to determine how it could be taken forward in a co-ordinated way
- identify potential targeted modification to reform content within our codes

We invite your feedback and suggestions about how this approach can be applied to our codes.

- Do you consider this to be a sensible and workable approach?
- Are there any potential areas to target as 'quick wins'?
- Do you see any challenges to applying this approach more widely?