



Regulatory update for community and local energy stakeholders

October 2023



Introduction

We produce this document, once a quarter, in response to stakeholder feedback to help highlight relevant regulatory changes that have the potential to impact community and local energy stakeholders.

This is not an exhaustive list but aims to be a useful summary and prompt for further reading.



Structure of this document

The following pages list what we see as the most relevant proposed regulatory changes that are currently either being developed or consulted on, covering where applicable:

- [Office of Gas and Electricity Markets \(Ofgem\)](#)
- [Department for Energy Security and Net Zero \(DESNZ\) - GOV.UK \(www.gov.uk\)](#)
- Certain Industry Codes:
 - [Balancing and Settlement Code \(BSC\)](#)
 - [Distribution Connection and Use of System Agreement \(DCUSA\)](#)
 - [Retail Energy Code \(REC\)](#)
 - [Smart Energy Code \(SEC\)](#)

The list of changes is not exhaustive.



Updates this quarter

New regulation / policy added:

- Energy Security Bill
- New Community Energy Fund
- Ofgem Chairperson - Subject to confirmation by Parliament
- Frameworks for future system and network regulation (FSNR)
- Call for Input on Engaging domestic consumers in energy flexibility
- Future System Operator development – policy consultation and update

Archived because consultation or development has come to an end (see last quarter's update for details):

- [Review of electricity market arrangements - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- [Consultation on frameworks for future systems and network regulation: enabling an energy system for the future | Ofgem](#)
- [Call for Input: The Future of Distributed Flexibility | Ofgem](#)
- [Consultation: Future of local energy institutions and governance | Ofgem](#)
- [Open letter on future reform to the electricity connections process | Ofgem](#)

Updates added this quarter are highlighted in purple.



Updates this quarter cont'd

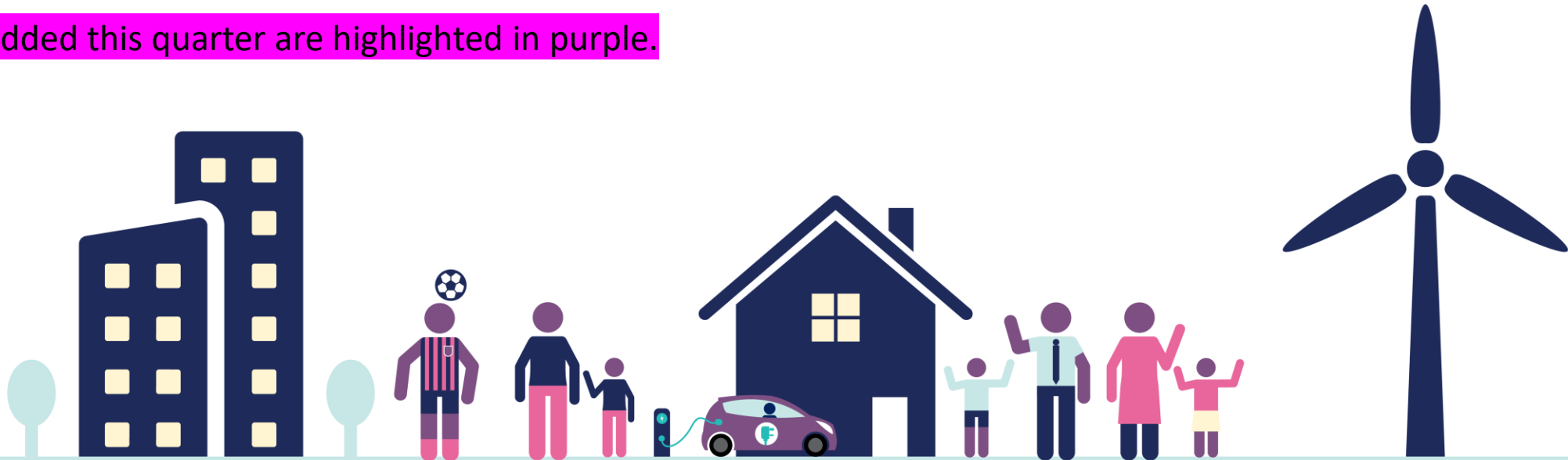
New industry change proposals added:

- DCUSA Change Proposal (DCP) 419 'Pre-notifications of Planned Supply De-energisations
- DCUSA Change Proposal (DCP) 420 'Include Car Charging Stations in The Definition For Non-Final Demand'
- REC R0133 'Consequential Cross-Code Change for BSC P441 - Complex Site Classes Creation
- SEC MP241 'Interoperability Checker Update'

Archived because consultation or development has come to an end (see last quarter's update for details):

- DCP 390 [Provision of Isolations for Safe Working on Customers' Electrical Installations – DCUSA](#)
- DCP 394 [Allow any REC Accredited Meter Operator to De-Energise any Metering Point - DCUSA](#)

Updates added this quarter are highlighted in purple.



Ofgem

Title	Why it matters	Link to website
Preferred candidate – Ofgem Chairperson Subject to confirmation by Parliament, Government will name Mark McAllister as the next Ofgem Chair	Ofgem Chair Martin Cave is due to finish his five-year term this autumn. A new Chair is a critically important appointment to undertake as the chair has a key impact on Ofgem’s strategic direction	Ofgem welcomes announcement of preferred candidate to be new chair Ofgem
Frameworks for future system and network regulation (FSNR) Update - All responses to Ofgem have now been published and Ofgem’s decision is due late October	Regulation of the energy networks needs to ensure a transformation of the energy system in the coming decades. The consultation considered whether, and by how much, the regulatory regime needs to adapt to deliver these outcomes	Consultation on frameworks for future systems and network regulation: enabling an energy system for the future Ofgem
Call for Input on Engaging domestic consumers in energy flexibility	Flexibility is expected to play a key role in the energy sector’s transition to net zero. Domestic Demand Side Response (DSR) is an emerging form of flexibility which will be key in enabling demand to better correspond with supply	Engaging domestic consumers in energy flexibility Ofgem
Future System Operator development – policy consultation and update	Ofgem and DESNZ have published a range of consultations as they follow up on the 2022 decision to create an independent Future System Operator. The FSO will be a key actor in the energy system and will its development including therefore community energy. The latest publication provides an update on progress, consults on two new elements, and provides further information on the steps towards ‘Day one’ of the FSO	Future System Operator Second Policy Consultation and Project Update Ofgem



Department for Energy Security and Net Zero (DESNZ)

Title	Why it matters	Link to website
Energy Security Bill	To provide a cleaner, more affordable, and more secure energy system	Energy Security Bill: factsheets - GOV.UK (www.gov.uk)
New Community Energy Fund	Central government making funding available for community energy projects from Autumn	Communities at the heart of new fund to boost local growth and energy security - GOV.UK (www.gov.uk)



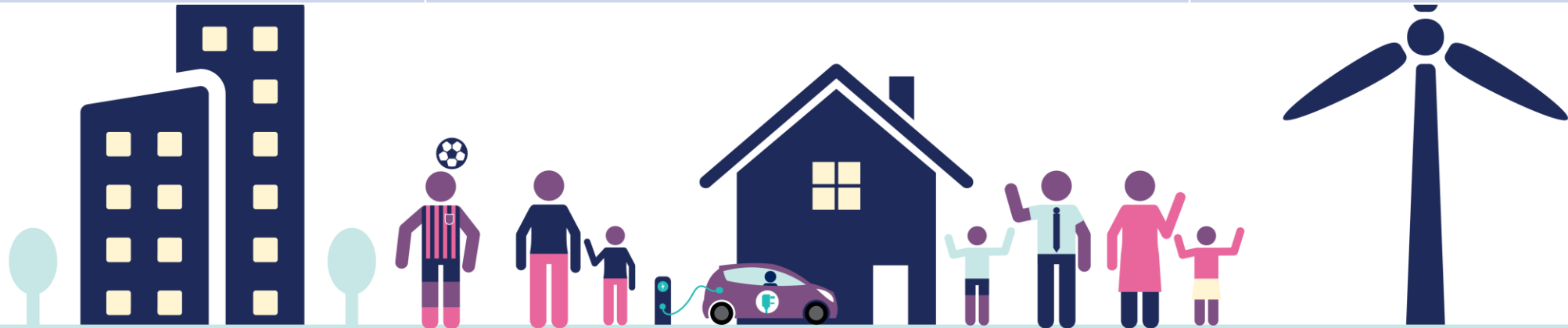
Industry Code Change Proposals/Modifications

Title	Purpose of the change	Link to website
BSC Modification P441 'Creation of Complex Site Classes'	To introduce specific classes of Complex Sites to support the development of local energy schemes	P441 'Creation of Complex Site Classes' - Elexon BSC
REC R0133 'Consequential Cross-Code Change for BSC P441 - Complex Site Classes Creation'	The introduction of new Complex Site classes is needed into the REC to make the solutions under P441 and DCP 424 work. Meter Equipment Managers will need to understand what their new obligations are in respect of metering requirements, as well as impacts on any of the metering processes associated with a Complex Site.	Consequential Cross-Code Change for BSC P441 - Complex Site Classes Creation - REC Portal
DCUSA Change Proposal (DCP) 411 'Charging De-energised Sites'	To remove the different treatment of DUoS with respect to de-energised sites	Charging De-energised sites - DCUSA
DCUSA Change Proposal (DCP) 412 'Discounts from TCR Charges for 'Peak' final demand customers'	To create a discount against the residual charge for 'peak' customers, removing the disproportionate impact of allocating residual charges on the basis of the Agreed Supply Capacity.	Discounts from TCR charges for 'peak' final demand customers - DCUSA
DCUSA Change Proposal (DCP) 419 'Pre-notifications of Planned Supply De-energisations'	To ensure that all DCUSA Parties, that de-energise metering equipment as part of any planned work, provide the Distributor with advance notification of the supply interruption	Pre-Notifications of Planned Supply De-Energisations – DCUSA



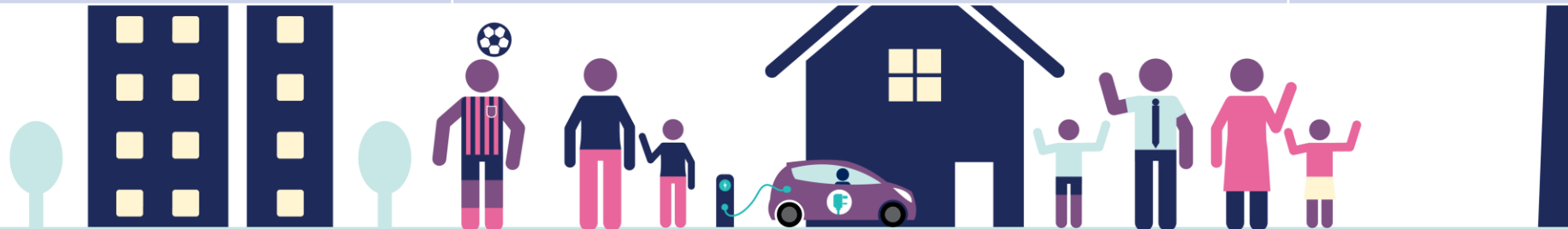
Industry Code Change Proposals/Modifications

Title	Purpose of the change	Link to website
DCUSA Change Proposal (DCP) 420 'Include Car Charging Stations in The Definition For Non-Final Demand'	To expand the definition of Non-Final Demand to include Non-Domestic sites which are solely for the use of charging vehicles where electricity is sold with a commercial transaction to a private user.	Include Car Charging Stations In The Definition For Non-Final Demand – DCUSA
SEC DP206 'Allowing Generation Licence Holders to Apply Export MPANs'	To allow Electricity Generation Licence holders to register an Export MPAN.	DP206 'Allowing Generation Licence Holders to Apply Export MPANs'
SEC MP241 'Interoperability Checker Update'	To improve the customer experience of the Interoperability Checker Service tool to check whether their Smart Meter should be operating in Smart Mode	SEC MP241 'Interoperability Checker Update'



Authority-led Significant Code Review(s)

Title	Purpose	Link to website
Market-wide Half-Hourly Settlement (MHHS)	A key enabler of the move to a smarter, more flexible energy system and has a fundamental role in delivering the smart systems and flexibility plan.	Electricity settlement reform Ofgem
Energy Code Reform	To ensure that the energy codes can respond to the significantly changing sector, enabling change to be delivered more efficiently and effectively in the interests of consumers, and to support the transition to net zero.	Energy Code Reform Ofgem
Network Charging Reforms	Ofgem is variously taking forward network charging reforms. Some of the most recent that have completed being the Targeted Charging Review (residual cost recovery reform) and Access reform (shallower connection charges for distribution). Reform of Transmission charges seems to be progressing again and reform of distribution charging appears to be back on Ofgem's agenda to consider progressing. Watch this space.	Distribution Use of System Charges: Significant Code Review Launch Ofgem Home - Charging Futures





Feedback

Tell us what you think about this update.
Any suggestions for improvements or questions just let us know!



Get in touch

If you are developing a community or local energy project
please get in touch to discuss your plans



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