

Energy industry codes contain the contractual rules and governance agreements that underpin the operation of the energy industry in GB. They are detailed multi-lateral agreements that define the terms under which participants can access networks and operate in the market, both technically and commercially. They were first established by the Secretary of State and any material amendments to them are approved by Ofgem.

Participants are required to become party to, or comply with the industry codes in accordance with the conditions of their specific licence(s) granted to them by Ofgem. Please see the last page for a high level overview of which licence requires parties to comply with which industry code or codes.

Only a handful of the industry codes were created at privatisation, which has since increased with twelve outlined in this document. The idea behind the industry codes is that industry would initiate any modifications to the codes, because it was understood that industry has the expertise and is best placed to identify where change is deemed relevant.

Alongside the evolving energy market, industry codes are constantly changing with Code Administrators appointed to facilitate the modification process. Code Administrators must comply with the Code Administration Code of Practice (CACoP).

## Code Administration Code of Practice (CACoP)

### Code Administrator: Ofgem [More information on the code](#)

As part of Ofgem's Code Governance Review, a Code of Practice was developed by Ofgem and the Code Administrators (with input from stakeholders) to facilitate convergence and transparency in the process for modifying a code which would help protect the interests of small market participants and consumers through the adoption of a set of principles that code administrators are committed to following.

There are thirteen principles;

1. Code administrators should be a critical friend,
2. Documentation published should be in clear English,
3. Information should be promptly and publically available,
4. The CACoP should be reviewed periodically,
5. Code administrators should supply process which enable users to access a 'pre-modification' process to discuss and develop modifications,
6. Proposers of a modification will retain ownership of the details of their solution,
7. Code administrators will facilitate alternative solutions to issues being developed to the same degree as an original solution
8. Estimates of implementation costs to central systems will be produced and consulted on prior to a modification being recommended for approval
9. Legal text will be produced and consulted upon prior to a modification being recommended for approval
10. Modifications will be consulted upon and easily accessible to users, who will be given reasonable time to respond
11. There will be flexibility for implementation, to allow proportionate delivery time and realisation of benefits
12. The Code administrators will report annually on agreed metrics
13. Code administrators will ensure cross code coordination to progress changes efficiently where modifications impact multiple codes

## Generation - Electricity

### Balancing and Settlement Code (BSC)

**Code Administrator: ELEXON**  
[More information on the code](#)

National Grid balance the electricity system in GB, and the Balance and Settlement Code (BSC) exists in order to ensure that electricity bought or sold when balancing the system is paid for accordingly. The settlement aspect relates to monitoring and metering the actual positions of generators and suppliers (and interconnectors) against their contracted positions and settling imbalances when actual delivery or offtake does not match contractual positions.

Under their transmission license National Grid is required to use the BSC. Being a party to the BSC is a condition of the generation and the supply licences.

Other parties who are not licensees can sign the BSC Framework Agreement, which provides them the right to notify energy contract volumes and register balancing mechanism units. This exposes them to any charges and payments that result but also allows them to access additional revenues.

The management, implementation and development of the BSC is overseen by ELEXON, who also oversee the process for modifying the BSC. There is a [BSC Panel](#) who review modifications before they are sent to Ofgem for approval.

### Connection and Use of System Code (CUSC)

**Code Administrator: National Grid**  
[More information on the code](#)

The Connection and Use of System Code (CUSC) is the contractual framework for connection to, and use of, the National Electricity Transmission System (NETS). The CUSC sets out the principal rights and obligations in relation to connection to and/or use of the NETS and additionally the provision of certain balancing services.

It is a requirement for holders of a generation, distribution or supply licence to be a party of, and to comply with the CUSC. In addition to licensees, parties who are required to sign an agreement pursuant to the BSC, who are not licensed or subject to the BSC but who are directly connected to the NETS, and those who are embedded and are required to pursuant to Section 6, paragraph 6.5 of the CUSC to have an agreement with National Grid, all need to be party to the CUSC Framework Agreement as well.

All changes to the CUSC are subject to industry consultation and approval by Ofgem. There is a [CUSC Panel](#) who review modifications before they are sent to Ofgem for approval.

### Distribution Connection & Use of System Agreement (DCUSA)

**Code Administrator: Electralink**  
[More information on the code](#)

The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between licensed electricity distributors, suppliers and generators in Great Britain. In the same way that the CUSC relates to the use of the transmission system, the DCUSA is concerned with the use of the electricity distribution systems. It is a requirement for holders of a generation, distribution or supply licence to be party to the DCUSA.

The DCUSA replaced numerous bi-lateral contracts, giving a common and consistent approach to the relationships between these parties in the electricity industry. Since its creation, the DCUSA has been expanded to encompass distributor to distributor relationships and relationships with gas suppliers who wish to work at the customer's electricity connection point to fit communications associated with SMART gas meters. It also contains the use of system and connections charging methodologies for distributors within the schedules. As with other codes, there is a [DCUSA Panel](#) that reviews any requested changes to the code.

## Grid Code

### Code Administrator: National Grid

#### [More information on the code](#)

The Grid Code specifies technical requirements for connection to, and use of, the National Electricity Transmission System (NETS). Compliance with the Grid Code is a requirement under the Connection and Use of System Code (CUSC).

The Grid Code sets out the technical requirements for new and existing users of the NETS to ensure the running of a safe, efficient and economical transmission system. Under National Grid's transmission licence condition, parties are required to implement and comply with the Grid Code.

Under the Grid Code, National Grid is required to establish a Panel to review and assist with any modifications of the Grid Code. Similar to other code panels, the [Grid Code Review Panel](#) consists of a number of elected representatives from various parts of the industry which means that industry experience and expertise can be used through the modification process. All changes are subject to industry consultation and are subject to Ofgem approval.

## Distribution Code (DCODE)

### Code Administrator: Energy Network Association (ENA)

#### [More information on the code](#)

The Distribution Code covers the technical aspects relating to the connection and use of the electricity distribution licensees' distribution networks. This applies to Distribution Network Operators (DNO) and Independent Distribution Network Operators (iDNO).

The Distribution Code specifies day-to-day procedures that govern the relationship between a distribution licensee and users of its distribution system for planning and operational purposes in normal and emergency circumstances. The Distribution Code is also designed to ensure that the distribution licensee can meet its Grid Code compliance obligations.

The [Distribution Code Review Panel](#) provides a steer and expertise throughout the modification process. All changes are subject to industry consultation and approval by Ofgem.

## System Operator- Transmission Owner Code (STC)

### Code Administrator: National Grid

#### [More information on the code](#)

The System Operator-Transmission Owner Code (STC) defines the relationship between the Transmission System Owners and National Grid as the National Electricity Transmission System Operator (NETSO) for GB. The STC includes arrangements for:

- Transmission owners to make transmission services available to National Grid for its use so it can discharge its obligations under its Licence and the user facing Codes (CUSC, BSC, Grid Code etc)
- The planning of transmission outages and co-ordination of investment planning for the development of the transmission system (including new connections to the system).

## Generation - Gas

### Uniform Network Code (UNC)

**Code Administrator: Joint Office of Gas Transporters**[More information on the code](#)

The Uniform Network Code (UNC) is a multi-lateral contract between gas shippers and gas transporters for the transportation and supply of gas in GB. The UNC has a common set of rules which ensure that competition in the supply of gas can be facilitated on level terms. It governs processes, such as registration of customers, the allocation of network capacity, shipper balancing, settlements and transportation charging.

The UNC came about following the sale of National Grid's four Gas Distribution Network (GDN) businesses. While each new GDN owner, along with National Grid Gas, is still required to produce its own network code, to prevent inappropriate fragmentation the substantive provisions of these codes are incorporated by reference to a common document known as the UNC.

The [UNC modification Panel](#) oversees the modification process of the UNC.

### Independent Gas Transporters Uniform Network Code

**Code Administrator: Gemserv**[More information on the code](#)

Independent Gas Transporters (IGT) develop, operate and maintain local gas transportation networks. IGT networks are directly connected to the gas distribution network via a connected system entry point or indirectly to the GDN via another IGT.

Upon instruction from Ofgem, the Independent Gas Transporter Uniform Code (IGT UNC) was implemented on 1 May 2007 to streamline and harmonise the network code arrangements of the IGTs as much as possible. However, IGTs still maintain their own network codes for requirements that are not covered by the IGT UNC.

The [iGT UNC modification Panel](#) reviews modifications to the code.

## Retail - Gas & Electricity

### Master Registration Agreement (MRA)

**Code Administrator: Genserv**  
[More information on the code](#)

The Master Registration Agreement (MRA) provides a governance mechanism to manage the processes established between electricity suppliers and distribution companies to enable electricity suppliers to transfer customers. It includes terms for the provision of Metering Point Administration Services (MPAS) Registrations. Supply and distribution licence holders have to be party to the MRA.

The [MRA Executive Committee](#) are the decision makers of MRA products control and the change management procedure.

### Supply Point Administration Agreement (SPAA)

**Code Administrator: Electralink**  
[More information on the code](#)

The Supply Point Administration Agreement (SPAA) sets out the inter-operational arrangements between gas suppliers and transporters in the GB retail market. It is a multi-party agreement to which all domestic gas suppliers and all gas transporters are required by their licences. SPAA was created to provide a governance arrangement covering processes which are not ordinarily covered by existing contracts or agreements, but which are nonetheless considered important to the effective and efficient transfer of consumers between suppliers.

SPAA Ltd was created as the corporate vehicle responsible for ensuring the proper, effective and efficient implementation and ongoing management of the Agreement. It is a joint-venture company established and maintained by all SPAA parties. The company's role is to administer the SPAA and undertake any development activities required by the GB gas retail processes under the scope of the Agreement. SPAA Ltd delivers this requirement through an outsourced commercial service contract with ElectraLink Limited.

The [SPAA change board](#) reviews any changes to the SPAA.

### Smart Energy Code

**Code Administrator: Smart Energy Code Administrator and Secretariat (SECAS)/Genserv**  
[More information on the code](#)

The Smart Energy Code (SEC) is a multi-party agreement which defines the rights and obligations of energy suppliers, network operators and other relevant parties involved in the end to end management of smart metering in Great Britain. The SEC covers the installation, operation and interoperability of smart metering systems, instructions on how the [Data and Communications Company \(DCC\)](#) should run, how smart meters should interact with consumers, the protection of data, and effective completion between persons engaged in the supply of energy.

As well as supply license holders and distribution license holders, the DCC is required to be party to and compliant with the SEC. Other bodies who wish to use the DCC services must also accede to the SEC. SEC is managed by the [SEC Panel](#).

This table shows which license obligates its parties to comply with and be party to which codes. It also shows which bodies are the code administrators for the codes themselves.

For example, if you hold an electricity generation license, then you will be required to comply with D Code, DCUSA, CUSC, Grid Code, BSC.

| Code Administrator   | ENA    | Electralink | National Grid CUSC | National Grid Code | National Grid STC | Elexon BSC | Gemserv MRA | Joint Office UNC | Gemserv SEC | Electralink SPAA | Gemserv GDAA |
|--|--------|-------------|--------------------|--------------------|-------------------|------------|-------------|------------------|-------------|------------------|--------------|
|  | D-Code | DCUSA       | CUSC               | Grid Code          | STC               | BSC        | MRA         | UNC              | SEC         | SPAA             | GDAA         |
| Electricity Transmission Network Operator                                  | ★      | ★           | ★                  | ★                  | ★                 | ★          | ★           |                  |             |                  |              |
| Electricity Interconnector   | ★      |             | ★                  | ★                  |                   | ★          |             |                  |             |                  |              |
| Electricity generation   | ★      | ★           | ★                  | ★                  |                   | ★          | ★           |                  |             |                  |              |
| Electricity supply   | ★      | ★           | ★                  |                    |                   | ★          | ★           |                  |             |                  | ★            |
| Gas interconnector   |        |             |                    |                    |                   |            |             | ★                |             |                  |              |
| Gas shipper  |        |             |                    |                    |                   |            |             | ★                |             |                  |              |
| Gas supplier   |        |             |                    |                    |                   |            | ★           | ★                |             |                  |              |
| Gas transmission   |        |             |                    |                    |                   |            |             | ★                |             | ★                |              |
| Gas distribution   |        |             |                    |                    |                   |            |             | ★                |             | ★                |              |
| Both Gas and electricity smart metering communication licence <sup>1</sup> |        |             |                    |                    |                   |            |             |                  | ★           |                  |              |

<sup>1</sup> Data Communication Company