

To: Code Administrators, gas and electricity licensees and all other interested parties

Email: industrycodes@ofgem.gov.uk

Date: 30 January 2024

Dear colleague,

Approval of changes to the Code Administration Code of Practice¹

This letter sets out our decision to approve the Code Administration Code of Practice (CACoP) version 6.0, including the addition of new Principles 15 and 16.²

Background

The CACoP aims to facilitate convergence and transparency in code modification processes.³ It is also intended to help protect the interests of small market participants and consumers through the adoption of key code administration principles. The code administrators for the gas and electricity industry codes are required to follow the principles contained in CACoP, which includes Principle 4. This principle sets out that the CACoP document is subject to amendment by users. The relevant gas and electricity licence conditions require that changes to the CACoP document must be approved by Ofgem.⁴

The proposed changes

The changes introduced by CACoP version 6.0 are as follows:

¹ Further information can be found on the CACoP website: <https://cacop.co.uk/>.

² 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.

³ The CACoP applies to the following industry codes: Balancing and Settlement Code (BSC), Connection and Use of System Code (CUSC), Distribution Connection and Use of System Agreement (DCUSA), Grid Code, Distribution Code, System Operator – Transmission Owner Code (STC), Uniform Network Code (UNC) Independent Gas Transporters Uniform Network Code (IGT UNC), Retail Energy Code (REC), and Smart Energy Code (SEC).

⁴ The requirement for Ofgem to approve changes to the CACoP is also set out in standard conditions 21 and 22 of the electricity distribution licence, standard conditions B12, C3, C10 and C14 of the electricity transmission licence, standard condition 11B of the electricity supply licence, standard condition 11 of the gas supply licence, standard condition 9 and standard special condition A11 of the gas transporters licence and standard condition 22 of the smart meter communication licence.

- Adding new Principle 15, which sets out that code administrators will endeavour to provide an assessment of the impacts of a modification on consumers and the drive for net zero⁵
- Adding new Principle 16, requiring code administrators to provide support to Ofgem on energy code reform⁶
- A number of general updates to the document, to better align wording across the principles and the correction of minor errors and inconsistencies.

These proposed changes have been developed by the CACoP Forum. The CACoP Forum consulted on the proposed changes and we have been mindful of the responses received in making this decision.

Our decision

We consider that Principle 15 should be helpful in highlighting the expected impacts of a modification on consumers and net zero. A more consistent approach to providing an assessment of these impacts, across all of the codes, would better enable panels to consider this information as part of their assessment of whether a modification better facilitates the relevant code objectives.

We recognise that code administrators are experts in code governance arrangements and the addition of Principle 16 will mean they are able to support us in our work as we implement energy code reform. We therefore support the addition of Principle 16. We are grateful for the support that code administrators have provided to date, and we look forward to continuing to work together to ensure that the benefits of energy code reform can be fully realised.

Finally, we note the additional updates and corrections proposed to the CACoP document, and consider these will provide clarity to users.

In accordance with Principle 4 of the CACoP and the relevant licence conditions, we approve version 6.0 of the CACoP document, including the addition of the new Principles 15 and 16.⁷ The revised version of the CACoP document (version 6.0) is published on our website alongside this letter.

Yours sincerely,

Carmel Golden

Deputy Director Industry Rules

Signed on behalf of the Authority and authorised for that purpose

⁵ Principle 15: Code Administrators shall endeavour to provide an impact assessment of the impacts of a modification on the end consumer and on the drive for net zero.

⁶ Principle 16: Code Administrators shall provide support on code reform.

⁷ Principle 4 states that revisions to the Code of Practice will be subject to approval of the Gas and Electricity Markets Authority.