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By email to: industrycodes@ofgem.gov.uk

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Dear Mark

Re: Review of industry code governance

GTC owns GTC Pipelines Limited, a licensed independent gas transporter business, and The Electricity Network Company Limited, a licensed independent distribution network operator. Therefore, governance arrangements are an important area for us. We give a cautious welcome to the review. Our main concern is that a review on governance should not be hijacked into a review on the scope and duties placed on parties by relevant codes.

The market structure has changed since many of the codes were developed (for instance the emergence of IGTs, IDNOs and separate GDN business). Further changes are likely with the advent of offshore transmission and further development of distributed generation. The objectives of some codes stifle the delivery change that would otherwise deliver overall benefits for the industry and for consumers. However, such objectives often replicate those placed on parties through their respective licences (the BSC and DCUSA for example). Therefore, in taking governance arrangements forward it may be necessary to review and change licence conditions.

In reviewing the governance arrangements it is important to ensure that the scope of services of a code or agreement is aligned with obligations placed on parties in relevant licences. We would be concerned if a code or agreement had its scope widened to mandate the provision of services that are outside the scope of the relevant licence (gas and electricity). We would also question on what basis Ofgem would be able to sanction arrangements that are outside the scope of the relevant licence.

We confirm our interest in attending the Powering the Energy Debate.

Yours sincerely

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