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Mark Feather
Director, Industry Codes and Licensing

16th January 2009

Dear Mark

Code Governance Review: Charging Methodologies governance options

Thank you for the opportunity to submit a response to your consultation on the options for the governance of charging methodologies. I write on behalf of Association members who are fully engaged in the electricity and gas code governance arrangements and have many years of experience dealing with charging related change.

Association members have discussed your proposals within our gas, electricity and networks committees. Where we usually are able to reach a consensus view this particular consultation has proven one of the most difficult for members to agree their preferred route going forward. Some believe that we should maintain the status quo but take note of the recent transmission access work which considered charging changes alongside the development of the access proposals which allowed industry to understand the wider implications and risks associated with the six proposals. Other members preferred that charging be subsumed within existing codes giving them the opportunity to initiate change.

Some members believed that although modifying the licence regime to allow users to raise modifications to charging methodologies may be a good idea there was concern that the potential number of user proposals could swamp the process, adding significant additional costs and complexity. Therefore if this were to be allowed via a licence change then the addition of annual or bi-annual window for change and implementation has some appeal. Further, as that the code governance review is about simplification and transparency, it may be appropriate to allow users to propose alternatives to charging methodology modifications once they have been brought forward by the

network operators. This would increase user input into the process but limit the number of new proposals which would be raised. Under such a regime the Uniform Network Code, Connection and Use of System and Distribution Connection and Use of System Agreement codes would also allow users to appeal changes, which was an important option for some.

Members agreed that the current practise of holding regular Transmission Charging Methodology Forum meetings should be encouraged across all areas of network charging. In addition, whichever approach is adopted there must be clear evidence that the costs and benefits have been fully explored and understood.

If you require clarification on any points within this consultation please feel free to contact Barbara Vest, Head of Electricity Trading on 07736 107 020.

Yours sincerely

David Porter OBE
Chief Executive
Association of Electricity Producers
(via email)