

Terms of Reference Code Administrators' Working Group

Purpose

The purpose of this group is to explore, identify and progress opportunities for:

- making the code modification process more accessible, usable and transparent for all parties including consumers, new entrants and smaller market participants; and
- encouraging best practice and, where appropriate, the simplification and convergence of code modification processes.

Background

Ofgem is concerned that the complexity and sheer number of industry codes governance arrangements may be limiting fuller participation of certain parties, particularly small participants, new entrants and consumers. We are also concerned that the resources required to initially propose, then progress, a modification through the various governance mechanisms may be preventing changes which would otherwise bring benefits to the wider industry and ultimately consumers.

Scope and Deliverables

The group is asked to produce by January 2009 an initial draft report setting out its findings in respect of the following:

1. To what extent do the current modification rules adhere to the principles set out in Ofgem November 2007 open letter?
2. How does small participant/new entrant/consumer participation vary across the codes?
3. What aspects of the modification procedures do industry participants, including in particular, small participants/new entrants/consumers find to be a particular burden?
4. How can the code modification arrangements be made more transparent and accessible to industry participants, including, in particular small participants, new entrants and consumers?
5. Do small participants/new entrants/consumers consider that enough assistance is available to them in participating in code modification processes?
6. What role does the code administrator play in developing the proposal? Should this role be strengthened to assist smaller participants, new entrants and consumers in developing proposals?
7. What aspects of the modification procedures of each code work well? What aspects do not work well?
8. In what areas could the modifications procedures appropriately be simplified and/or aligned to achieve best practice? In addressing these questions the group will consider issues including, amongst other things:
 - Funding for small participants and consumer representatives
 - Panel and Working Group practices and governance

Structural reform of the code governance arrangements, including for example, mergers of codes and code administrators is not within the remit of the group. However, if the group believes that structural reforms should be considered in the future, then it is open to it to make recommendations of this nature in its draft report.

Composition

The Review group will comprise the following core members, with an open door policy to all industry participants and consumer representatives. A representative from the Better Regulation Executive will also attend Working Group meetings:

Ofgem (Chair)	Mark Feather
Ofgem (Secretary)	Jon Dixon
BSC Representative	Nick Durlacher/Chris Rowell/David Jones
UNC Representative	Tim Davis
CUSC Representative	Alison Kay/ Duncan Burt
Other Codes Representative	Rosie McGlynn

Resources

- Meetings will be held at Ofgem’s offices at Millbank, London
- Ofgem will provide secretariat support to the group in terms of meeting organisation and minute taking.
- The preparation of the draft and final reports is to be undertaken by group members.

Suggested Information sources

- Review of industry code governance – scope of the review, June 2008
- The Brattle Group Report on Industry Code Governance
- The UNC Modification Rules
- The BSC Modification Rules
- The CUSC Modification Rules

Timetable

The draft report should be published and presented to Ofgem in January 2009. It is proposed that industry participants and other interested parties will be consulted on the report and its conclusions. A final report would then be prepared in spring 2009 although the subsequent timetable may be determined by the findings of the final report.

Meetings will initially be scheduled on a monthly basis, but may be varied with the consensus of the group.