

From the Chairman of the Distribution Code Review Panel

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Dear Mark

Industry Code Governance Review – rôle of code administrators and small participants

I respond to your consultation above on behalf of the Distribution Code Review Panel, and I limit my comments to the Distribution Code.

You will be aware that the Distribution Code, and the Grid Code with which it shares many governance characteristics, trace their lineage back to privatization of the industry, when many of the concepts in your consultation papers were probably years away from being articulated in any meaningful sense. Certainly the concept of code administration is probably what the Panel believed, and still does believe, it was formed to discharge. And as you will know, Ofgem subjected the governance of both Codes and their relevant standards to considerable scrutiny in 2002¹, and resulting in developments and modified Code governance procedures two years later.

The Panel notes Ofgem's arguments about self-governance, and its possible remit. The Panel believes its *raison d'être* is to govern the interface between licensed network operators and customers, and as such the majority of Panel decisions do directly affect customers, although it might be developers rather than end customers in many cases. As such the Panel has always viewed the ultimate involvement of Ofgem as essential. However you will know that within the current Panel constitution there is scope for some decisions to be taken by the panel, if unanimous, without reference to Ofgem.

In relation to smaller player participation, the Panel is aware that smaller players do struggle to engage with the Panel, and that consumer representatives and Suppliers effectively ignore it and almost always fail to take up their seats and play any active part. However the disparate nature of issues affecting different classes of smaller players does become difficult

¹ Governance of Electrical Standards – Final Proposals 10 October 2002

for individuals Panel members to represent effectively. Similarly there is a variety of appropriate trade organizations, and at any point in time, network interface issues are often not high on their agenda.

The Panel can point to a number of successful instances where it has worked closely with the Grid Code Review Panel to introduce changes that affect transmission and distribution; a good example is the current joint WG looking into the frequency response issues for smaller generators. Similarly the Panel has recently, with Ofgem sign off, amended its process and constitution to include representation of all Independent Network Operators.

Taking these considerations into account the Panel is of the view that its current constitution is generally still fit for purpose, and would therefore not agree that there is a clear case for modifying the governance arrangements again at this time. The Panel is unaware of any dissatisfaction from Ofgem, or any quarter, in relation to the adequacy of its analysis or reports to Ofgem.

Yours sincerely,

Mike Kay
Engineering and Planning Director
Chairman of the Distribution Code Review Panel of Great Britain