



First Hydro Company is part of a joint venture between
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Mark Feather
Director, Industry Codes and Licensing
Ofgem
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Dear Mark

Review of Industry Code Governance – Environment and Code Objectives

International Power believes that it would not be proportionate to require consideration of broader environmental impacts when developing or assessing code modification proposals for the following reasons:

- Lack of necessary expertise within panels/industry to offer valid assessment
- More appropriate for consideration of broad environmental issues/impacts to be undertaken within planning framework
- Additional costs due to buying in appropriate expertise
- Potentially an added barrier to the engagement of smaller participants

We therefore support Ofgem's conclusion that it is not appropriate to introduce licence requirements on code panels and industry participants to consider broader environmental impacts.

Despite that fact that industry assessment of code modifications has already incorporated Ofgem guidance on consideration of GHG emissions¹ it would seem prudent to ensure that the requirement is made unequivocal by making appropriate licence changes. International Power therefore supports Ofgem's proposal to make licence amendments which would clarify the requirement, when considering code modifications, to quantify the impact the change would make on the level of GHG emissions in the environment.

However, we have some concerns that the drafting of the licence amendments being proposed may not be sufficiently clear and may therefore introduce the risk of legal challenge. We are unsure whether the term "where applicable" is sufficient to define the intention that the impact on GHG emissions is only to be quantified when

¹ For example the CUSC Environmental Standing Group report and BSC P229 which includes quantification of GHG emissions in the cost benefit analysis.

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relevant and appropriate. It is important that the requirement on code panels and industry is absolutely clear and unambiguous so we hope Ofgem will ensure the drafting secures this.

I hope this response has been helpful.

Yours sincerely

Emma Williams
Market Development