MRA

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Dear Mr MacFaul

Re: Major Policy Reviews and Self Governance – Initial Proposals

The MRA Executive Committee (MEC) welcomes the opportunity to comment on Ofgem's consultation, 'Major Policy Reviews and Self Governance – Initial Proposals'.

MEC supports both of these concepts, and endorses many of the detailed proposals. In the appendix to this document, we have responded to specific consultation questions where we feel they may have an impact on the Master Registration Agreement (MRA). We have tried to highlight where the MRA differs from many of the other codes, especially in the extent to which it already incorporates self-governance. MEC feels that this self-governance works well and further that the experience of governing the MRA over the past eleven years has shown that a model of listing those clauses which require Authority consent, and confining all other changes to self governance, has resulted in quite an efficient and effective change process.

We welcome the strategic and broad approach Ofgem are taking to reforming the Code arrangements and actively support the majority of the reforms set out within this consultation.

If you require any further information or would like to meet with us in person to discuss our response please contact me through MRASCo on 0207 090 1029.

Yours sincerely

John Sykes
Chair
MRA Executive Committee

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Question 2: Would the MPR process enable key strategic issues to be progressed more effectively and efficiently with consequent consumer benefits?	MEC feels that the MPR process has the potential to bring benefits in terms of further formalisation of cross-code work. MRASCo has been successful at identifying inter-relationships with other Agreements and Codes. MRA representatives attend various meetings of both Elexon and DCUSA, whilst Elexon sits on both MEC and MDB. However, further formalisation of cross-code work has the potential to bring even more efficiency and effectiveness, so this is something to which MEC would be very much open.
Question 3: Would a self-governance route be suitable for a significant proportion of modification proposals?	Under the MRA, the majority of changes are progressed through self-governance, without reference to Ofgem. The small volume of appeals indicates that this has been a success.
Question 4: If both the MPR and self-governance routes were implemented, is there a case for retaining an improved *status quo* path?	Currently, the MRA contains a list of clauses that require the Authority's consent to change. These clauses include areas such as many of those listed in the consultation document, e.g. clauses that materially change code governance arrangements. Therefore status quo for the MRA is a little different from that for the major codes. If the MRA were to retain the concept of formally listing those clauses which require Authority consent, then such a status quo would be expected to continue to function well. If, however, 'improved status quo' might mean that all modifications could be deemed to require Authority consent, changes would be needed to MRA change processes to recognise Ofgem's proposed criteria. This is of course feasible, but it would be MEC's preference not to risk jeopardising the relative success of the current process by changing it in such a manner.
Question 5: If this package of reforms is implemented, should it apply to all codes? If not all, which? Should the introduction be phased?	We feel that the MPR process will inevitably impact on the MRA in some manner, and we would prefer that this be recognised and planned for from the start, rather than phased in over time. The self-governance proposals may have less impact for the MRA in terms of the changes required, but we would nonetheless welcome active involvement at every stage so as to ensure the optimal outcome from both the MRA's and Ofgem's perspectives.
Chapter 3: Determining the code modification pathway Question 1: Do you agree that, once a modification has been raised, the filtering decision should be taken by the relevant panel, subject to an Ofgem veto that could be deployed at any point before a final decision on the proposal has been made?	MEC agrees with this proposal. The relevant panel is usually in the best position to make such decisions, as it is closest to the issues at hand. This approach also allows MEC to retain the efficiency of its relatively short timescales for decision-making on proposed changes, rather than adding a default need to consult the Authority about the filtering process. However, not all aspects of the filtering paths are compatible with the current MRA change process (see answer to next question).
Question 2: Do you agree with	MEC supports the proposed criteria for Path 1.

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the proposed criteria that should be applied to assessing whether a modification falls into Path 1 or Path 2? Is further guidance necessary?	Path 2 is less compatible with the current MRA change process. Just like DCUSA (as mentioned in the consultation), the MRA already defines which matters must be referred to the Authority. Whilst we support the proposal that not every Code should be asked to develop such a list, MEC favours the MRA retaining the concept. It has been proven over the years to work well in terms of facilitating self-governance, and filtering matters which need to be dealt with by the Authority. The specific criteria contained in the proposal are broadly what MEC would like to see in such criteria, and MEC would be happy to re-visit the MRA clauses that currently require Authority consent, to ensure these align with these filtering criteria, once they are agreed. However, to move to using these criteria for every change would, in MEC's opinion, reduce the efficiency and effectiveness of the current change mechanism.
Question 2: Do you agree with our proposals for redirecting modifications from Path 3 to Path 2?	Just like DCUSA (as mentioned in the consultation), the MRA already defines which matters must be referred to the Authority. Whilst we support the proposal that not every Code should be asked to develop such a list, MEC favours the MRA retaining the concept. It has been proven over the years to work well in terms of facilitating self-governance, and filtering matters which need to be dealt with by the Authority. Moving to a model whereby any matter could be deemed subject to Authority consent would, in MEC's opinion, reduce the efficiency and effectiveness of the current change mechanism.
Question 3: Do you agree that there should be general appeal rights equally applicable to all code participants? Do you agree with the proposed grounds for appeal?	MEC supports the idea that all code participants should have equal appeal rights, and also supports the proposed grounds for appeal.