

Catherine Wheeler  
Ofgem  
9 Millbank  
London  
SW1P 3GE

12 May 2010

Dear Catherine

### **Code Administration Code of Practice**

EDF Energy welcomes the opportunity to respond to the above consultation.

EDF Energy fully supports measures that are designed to reduce any unnecessary complexity and fragmentation of the existing codes governance. EDF Energy has been actively involved with the Code Administrator Working Group and is fully supportive of the work carried out by the group to date and agree that a Code of Practice for code administrators is an appropriate mechanism to achieve convergence and transparency.

With respect to the questions set out in the consultation paper we offer the following views.

#### **Q1. Do you agree with each of the principles listed in the CoP?**

On the whole we support the twelve high level principles set out in the proposed CoP and believe that adhering to these principles should ensure that the Code Administrators and the code modification processes is inclusive, effective, transparent and flexible. However, below are our comments on the detail of some of the high level principles:

- Principle 6 & 7 - Proposal ownership and Alternatives;

We support the principle of a proposer retaining ownership of its proposal and the ability of a working group to be able to develop alternatives provided a user 'adopts' the alternative proposal. In addition, we fully support the proposal that alternatives will only be accepted during the working group stage in order to ensure that they are fully developed and assessed. Our concern is that there appears to be no limit on the number of alternatives that can be raised by users, each of which would be required to be fully assessed and developed by the working group. This potentially could result in a significant amount of alternatives being raised by users leading to extensive industry time and resource requirements.

We believe that some sort of filtering measure is required in order to ensure the working group can efficiently manage the alternatives raised. This includes having the ability to amalgamate similar alternative proposals. The recently modified CUSC arrangements process appears to be an appropriate solution to tackling this potential problem.

- Principle 8 – Cost estimates

This principle should be amended in order to clarify that it is only central system implementation costs which will be produced and consulted upon.

- Principle 9 – Legal text

The ability of the Panel to support amendments to the legal text when it makes its final recommendation should be limited to immaterial changes only e.g. typographical errors etc. At no point should material changes be made at this late stage. Such changes should always be subject to further industry consultation.

- Principle 11 – implementation dates

This principle should be amended so that it is clear as to whether the implementation dates contained in a proposal are binding on the code administrator and central system provider, or whether they are indicative dates. EDF Energy notes that the codes provide different approaches to this issue and a common approach across codes would be beneficial.

## **Q2. Is the description of the change process in the CoP sufficiently detailed?**

Given that relevant licensees will now be required to adhere to the CoP as opposed to it being a voluntary guidance document we believe the change process for the CoP should mirror as close as possible the process for the codes itself. There is an expectation that the code administrators will take all reasonable steps to ensure the codes and the CoP are aligned. Consequently, given that the CoP could lead to changes to the codes themselves, we consider it important that users have the same rights to propose modifications, and that those modifications have the same status, as provided for in the codes themselves. In practice, this would ensure that the code administrators are obliged to consider and consult on proposed modifications rather than simply being able to dismiss them if they did not support them.

Furthermore, the drafting of this principle should be amended by replacing the word "suggest" with "propose" and "discussed" replaced with "considered".

## **Q3. Is there anything missing from the CoP that you feel should be covered?**

Subject to the comments provided in this response, we do not consider there is anything fundamental missing from the CoP at this time.

**Q4. Do you agree that the CAs should be required to report on their KPIs?**

Yes. In the interests of transparency and accountability KPI reporting should be required.

**Q5. Do you agree that those KPIs should be set out in the CoP?**

Yes. For the same reasons stated above.

**Q6. Should the results of the KPI reporting influence future revisions to the CoP?**

We see no reason why the results of the KPI reporting should not be considered at the annual meeting of the review group consisting of code administrators and users of the codes. This would be the most appropriate forum to assess the performance of the code administrators and to consider any revisions to the CoP to address any deficiencies identified.

**Q7. Do you have any comments or suggestions on the proposed KPIs?**

We consider the proposed KPI's to be appropriate. However, we see no reason why targets should not be set in the first year. These could then be modified accordingly in light of the results from the first baseline year.

If you have any queries on this response or would like to arrange a meeting to discuss further, please do not hesitate to contact my colleague Rob Rome on 01452 653170, or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "D. Linford".

**Denis Linford**  
**Corporate Policy and Regulation Director**