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Jon Dixon
Head of Industry Codes and Licensing
Ofgem
9 Millbank
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12 May 2010

Dear Jon,

Code Administration Code of Practice Consultation

Please see below ElectraLink Ltd's response to the Code Administration Code of Practice Consultation (45/10).

Should you have any questions please contact me on 020 7432 3017.

Regards,

Elizabeth Lawlor
Governance Services Manager



Code Administration Code of Practice Consultation – ElectraLink Response

Do you agree with each of the principles listed in the CoP?

ElectraLink agrees that the principles listed in the CoP are valid.

Is the description of the change process in the CoP sufficiently detailed?

There may be benefit in adding greater detail to the description of the change process but only in areas which are to be standardised. At the Ofgem hosted open workshop on 29 April 2010 there was some discussion amongst Code Administrators about how modifications will progress under the new process (e.g. requirement for Working Groups, limitations on the number of Consultations). Ofgem expressed the view that it would expect CAs to adhere to a 'common process', but that the relevant Code Panel could vary the process for a CP if it considers it reasonable to do so. ElectraLink considers that the current level of detail allows a pragmatic and flexible interpretation but should be more detailed if processes are to be mandated and followed exactly.

Is there anything missing from the CoP that you feel should be covered?

There has been some discussion that the Change Process for the CoP itself could be better documented. ElectraLink agrees that there is merit in agreeing and documenting the process but has no view on whether the process should be maintained inside or outside the CoP.

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

ElectraLink sees the value in performance reporting – and already actively reports its own performance through monthly reports and annual customer satisfaction surveys. However, we consider that it should be made clear whether the objective of the reporting is to measure the efficiency of Code Administrators or of the Code Administration. Ofgem has indicated that the intent is the latter but this is not clearly set out in the CoP nor reflected in the KPIs which in the main measure Code Administrator performance.

Ofgem has suggested it will defer the setting of targets for the first year of implementation noting the reporting of the KPIs will have "reputational implications with or without targets"¹. Given this point there should be careful consideration to any comparison between Code Administrators - the final KPIs must be a fair reflection of the activities undertaken that are within the control of the CAs if they are to be measured against them. Furthermore it is not clear that a direct comparison of each Code is appropriate (e.g. number of responses to a consultation) given the differing nature of the Codes and make up of their members. It may be more appropriate to measure each Code against its own year on year performance than against other Codes. It is unclear what action would be taken (and by whom) in the event of under performance against the KPIs by a CA.

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

Yes, if the Code Administrators are required to report on the KPIs they should be set out in the CoP. The KPIs should also be clearly linked back to the CoP principles.

¹ Code of Practise Workshop – Issues Raised (email issued 06 May 2010)



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

Potentially yes, as they may identify elements of best practice for adoption across the codes or areas of weakness in an existing process which can then be changed.

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

The KPIs should clearly link back to the principles set out in the CoP. They should be objective and easily measured and not create perverse incentives. Reporting the KPIs should not put any additional workload or burden on CAs especially to the detriment of the delivery of core services to customers. Increased emphasis should be put on qualitative reporting to ensure that there is commentary to support the numbers and drill down to the detail of any issues / trends.

ElectraLink would be happy to provide Ofgem with the nature of quantitative and qualitative reporting measures that it currently uses to report its performance to its customers.