

Joint Office Of Gas Transporters

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12 May 2010

Dear Mark,

Open letter consultation: Code Administration Code of Practice

The Joint Office of Gas Transporters (JO) as the administrator of the Uniform Network Code (UNC) modification process is submitting this response to your Open letter consultation on the Code Administration Code of Practice. The views expressed are therefore those of the JO and may differ from those of the Gas Transporters on whose behalf the JO operates.

The JO has sought to fully support the Code Governance Review, including contributing to the development of the Code of Practice and supporting templates. In our role as an independent code administrator, we intend to embrace the principles embodied within the Code of Practice. Since the inception of the UNC, the JO has sought to meet industry aspirations for the modification process to the best of our ability. We remain determined to provide a cost effective service that is valued by our users, and the Code of practice provides a useful vehicle for capturing expectations.

While we are fully supportive of the Code of Practice, we are disappointed that Ofgem proposes that the Code Administrators rather than Ofgem should commission market research regarding customer satisfaction with the code administration process. We believe that the value of any satisfaction survey will be greatest if it is seen as being independent of the Code Administrators. As such, a survey that is procured and managed by the Code Administrators may have limited credibility. In addition, we would hope that, in future, the proposed survey could incorporate codes other than the BSC, CUSC and UNC. If Ofgem were to be responsible for the survey, this would facilitate expansion into other areas when this is considered desirable.

The JO is more than happy to provide KPIs and for our performance to be compared with other Code Administrators. However, we would urge caution with the proposed KPIs and especially the suggestion that the measures should be regarded as targets. There is a risk that Code Administrators may focus on the areas that are measured but that these are not the areas on which users would wish us to focus. The result could be a reduction in the level of service provided. For example, we actively monitor undelivered emails and take appropriate action dependent on the reason for non-delivery. If reducing the number of such emails were to be introduced as a target, the incentive would be to remove addresses from our mailing lists at every opportunity rather than seeking to address and overcome non-delivery issues. We would, therefore, be incentivised to reduce the level of service we provide at present. Given this, we

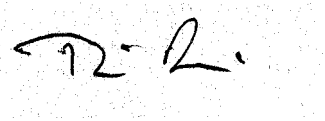
would suggest that an initial set of KPIs is developed with no presumption of setting targets. This would allow an opportunity to ensure the definitions used are robust and that inappropriate behaviours are not incentivised.

In addition to the KPIs listed in your initial draft, we would suggest that a number of metrics could assist in publicising the efficiency of code administration. In particular, we believe that any qualitative assessment of code administration should be seen in the context of the cost of delivery. As such, we would suggest that the costs of code administration form part of the KPIs. These costs should also be set in the context of the scale of outputs, for example by publishing the number of industry meetings supported by each Code Administrator and the number of Modifications handled in any given period.

While publishing KPIs, including output and input measures, should provide useful information on the cost effectiveness of the code administration processes, we would emphasise that caution will be needed when interpreting the results. The BSC, CUSC and UNC Code Administrators are very different, with only the JO being an organisationally separate, ring-fenced, code administrator with no involvement in delivery of the services and central systems specified in the respective codes. Satisfaction surveys may, for example, reflect views of the wider service provided by Elexon and National Grid Electricity Transmission rather than solely the code administration function. In addition, a number of the suggested KPIs measure processes that are beyond the Code Administrator's control and, as such, measure the change process as a whole as opposed to the Code Administrator's part within it.

We hope that this response is helpful but please let us know if you require any further clarification.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'T. Davis', is positioned above the typed name and title.

Tim Davis
Chief Executive