

Jonathon Dixon
Head of Industry Codes and Licensing
9 Millbank
London
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12 May 2010

Dear Jonathan,

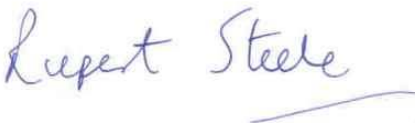
**CODE GOVERNANCE REVIEW FINAL PROPOSALS: LICENCE DRAFTING
CONSULTATION**

Thank you for the opportunity to comment on the above document. We would like to draw the following points to your attention:

- We support transferring governance of charging proposals from National Grid to being within the CUSC. However, it will be necessary to consider safeguards as respects the other transmission owners who are not members of CUSC but could be significantly affected by a change. We would like to see explicit arrangements to ensure that their interests are taken into account.
- We would request clarification of the intended use of the power which enables Ofgem to appoint additional consumer representatives as panel members.
- Given that this review has been ongoing since November 2007; that the final changes to the three industry codes are still under development; and that a number of issues remain outstanding, we have concerns over the challenging timeframe for implementation. We ask that Ofgem reconsiders the timetable in light of the significant work that that is still required.

We have also attached an Annex which contains some comments on specific aspects of the drafting. If you would like to discuss any aspect of the consultation further, please don't hesitate to contact me on the number printed below, or Claire Doherty on 0141 566 4646.

Yours sincerely,



Rupert Steele
Director of Regulation

ANNEX

CODE GOVERNANCE REVIEW FINAL PROPOSALS: LICENCE DRAFTING CONSULTATION

DETAILED DRAFTING COMMENTS

Charging Methodologies

- Transitional arrangements for charging methodologies - in draft NGET licence conditions C5 (in relation to use of system charging methodology), C6 (in relation to connection charging methodology) and C10, there appears to be an incomplete carve-out in relation to the CUSC provisions where a proposed amendment to charging methodologies is submitted to the Authority prior to the go-live date. In such cases, an approved amendment should proceed under the 'old' licence provisions, but the drafting does not seem to achieve this. We believe that Condition C10 should explicitly provide for changes arising under the pre-existing licence arrangements to take their course.

Significant Code Reviews

- "Significant Code Review Phase" - in the definition in draft NGET Condition C3 (BSC) paragraph 14 - "an" in third line of (c) should read "and".

General

- The consultation paper states that licence modifications are intended to take effect during the spring/summer of 2010 as code modifications are progressed. However, the draft licence requirement for code modifications to be in place by a particular date (e.g. NGET licence condition C10 (14A)) needs to take into account the reliance on third parties and the existing code modification processes to develop and submit the code modifications required for approval by the preset deadline. It is not clear to us that a "best endeavours" requirement is appropriate here given these factors. As such, we suggest that a "reasonable endeavours" requirement is more appropriate.
- Procedures for modifications - draft NGET condition C3 (4) – paragraph 4ac appears to duplicate paragraphs 4A and 4B by requiring procedures that are also stipulated in those paragraphs.