Code Administration Code of Practice

User feedback form

The Code Administration Code of Practice (CoP)[1] was implemented on 31st December 2010. The aim was to facilitate convergence and transparency in code modification processes. The CoP is formally adopted by the UNC, BSC and CUSC, and has been voluntarily observed by other codes.

In accordance with Principle 4, the CoP is subject to periodical review by users. In this first review, we welcome your feedback on how well the CoP Principles are being achieved in practice and any suggested amendments that you would like to raise for consideration.

Please provide your feedback by completing this form and returning your comments to Ofgem **by Friday 20th January**:

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industrycodes@ofgem.gov.uk

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If you would like any comments to be considered as confidential, please indicate this clearly.

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Thank you

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Which industry code(s) are you actively involved with*?   All Codes

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UNC   BSC   CUSC   Other

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How would you characterise your involvement with the above code(s)? Both as Panel Member(s) and Code Signatory.

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Code Administrator   Panel Member   Code Signatory   Interested Party

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* Please indicate in each of your responses which code your comments relate to.

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[1] A copy of the Code Administration Code of Practice can be found at
http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/FinalCoP.pdf

Please share examples of any areas where you have found the application of the CoP Principles particularly successful. Please include any suggestions of 'best practice'.

The application of the ownership principle has been particularly helpful under the BSC. Previously it was possible for modification groups and to some extent Elexon in its role of code administrator to work against the wishes of the proposer.

Please share examples of any areas where you have found the application of the CoP Principles particularly *unsuccessful*. Please include any suggestions for improvement.

One downside of establishing more rigorous processes is that code administration has become more bureaucratic.   This means some of the beneficial informality of the arrangements under both the UNC and CUSC have been lost.   If the objective of the CoP is to "facilitate convergence and transparency in code Modification processes..." one would have expected the BSC arrangements to become less formal whereas the trend seems to be that both the CUSC and UNC have been brought in line with the more formal bureaucratic and arguably less accessible processes of the BSC.   In our view modification procedures that are too formal are likely to discourage from participation in the process.   This is likely to have a disproportionate impact on smaller players and potential new entrants.

One area in which the BSC could be simplified would be to remove the need for the report phase consultation on the initial Panel recommendation.   This delays consideration of BSC proposals by one month and clearly is not essential as the stage does not exist under the UNC or CUSC.

How useful do you consider the standardised processes, timetables and documents to be, as set out in the CoP?

Save for some concerns about the reduced informality as stated above, standardisation has been broadly beneficial.

Do you consider that the standardised processes, timetables and documents have been successfully implemented in the code(s)?

Generally speaking yes.

As a BSC Panel member I am particularly interested to hear the views of proposers. They are after all, have taken the time and trouble to seek to challenge the current arrangements and have the task making the case for change. Non an easy task for parties with limited resources.   It is therefore with some disappointment that the formal right for modification proposers to speak at panel meetings has not been applied to the codes.

In practice a request by a proposer to speak at Panel meetings including meetings at which recommendations were discussed have not, to my knowledge, been refused under the UNC and CUSC.   In the past however, 'speaking from floor' has been actively

discouraged under the BSC's quite formal processes. Since the appointment of the current BSC Panel Chair I am not aware of any reasonable requests to speak being refused, so in practice this matter is not currently a pressing issue.

However the absence of a formal right for modification proposer to speak at Panel meetings means that Panel Chairs can in theory act against the clearly stated objective set out in the CoP.   A right that is not properly codified is a right easily lost at some future date.

The requirement to issue Panel agendas 8 business days in advance seem much too long and one would have thought that 5 business days would be more reasonable.   We understand this is a constraint originating from the BSC rather than the other codes.

In respect of Principle 1, which describes the role of Code Administrators as 'critical friends', if you are a code user, how would you evaluate the implementation of this principle in 2011?

Whenever we have asked, we have received good support from each of the code administrators.   We feel that there have been occasions when Elexon's ability to act as a critical friend has been constrained by its wider aspirations to pursue new business opportunities.

Have you identified any additional areas that you feel it would be helpful for the CoP to cover? If so, please describe how you feel this would improve the code administration processes.

Deadlines for modification/workgroup papers would be helpful. Under the UNC the practice is for parties to endeavour to submit papers 5 business days before the meeting in question.   At the very least parties should be required to submit items for inclusion on the agenda for such meetings 5 business days in advance. This provides for adequate preparation time and prevents surprises.

There have been instances where the publication of Issue documents submitted by BSC parties has been delayed by Elexon. We believe Issue documents should be published promptly within one day of receipt (as is the case with normal modification proposals).

Are there any areas of the CoP that you have found to be inconsistent with other code processes? Please identify any specific examples.

Although not explicitly mentioned in the CoP the role of the independent t BSC Panel Chairman is important in relation the casting vote for recommendations.   Elexon has yet to put forward proposals for the selection and appointment for the next independent BSC Panel Chairman as is required by the conclusions of the Ofgem code governance review conclusions 2010.

There may not appear to be a compelling need to establish this process now, given that the current Panel Chairman has been in post for a short while, however it remains

important that this reform is implemented, to fully implement the changes from the Ofgem code governance review.

Have you identified any parts of the CoP that you feel should be removed or amended? If so, please explain your reasons for this.

We would like the CoP to make clear that KPI measures will not be used as performance targets for code administrators.   See comments below.

Do you feel it would be useful at this stage to impose KPI targets on the Code Administrators (whereas currently KPI data is recorded, but no targets are set)?

Targets should not be set. Many of the KPIs are interesting measures to assess performance but assigning a particular target value to some KPIs would be fraught with difficulties and could even incentivise the wrong behaviours on the part of the relevant code administrator.

The measure as to how often Authority's decisions accord with panel recommendations is as much to do with the quality of the Authority's decisions as those of the Panel and the role of the code administrator in assisting that decision.   No divergence ever would clearly be wrong as it would probably indicate a pliant Panel, and complete divergence would probably indicate the incompetence of the Panel, the Authority or both.   What might be the optimum value?

On the one hand setting the number too low and the code administrator may be inclined to steer industry managed code modification process in a direction that they think might find favour with Ofgem, and on the other not giving advice to a proposer on the likely success of their proposal would probably fail under the critical friend principle (perhaps more likely if the target is set too high).

KPIs can be useful for setting performance targets, but we think that their application to code administrators might incentivise inappropriate behaviours.   There is also a risk that KPIs become an overly bureaucratic reporting process.

How would you rate your experience of the overall usefulness of the CoP?

CODE	Very poor	Poor	Neutral	Good	Excellent
BSC				X	
CUSC			X		
UNC			X		

BSC – adoption of the ownership principle has been beneficial.

CUSC – CoP has provided greater clarity for NG in its role as code administrator separate from its role as TO/SO.   This is offset by some extra bureaucracy and less informality.

UNC - improved process rigour has been offset by less informality.

Do you have any other comments?

Nothing more to add.