

From the Chairman of the Distribution Code Review Panel

Electricity North West

304 Bridgewater Place, Birchwood Park,
Warrington, Cheshire WA3 6XG

Telephone: +44 (0) 1925 846999

Fax: +44 (0) 1925 846991

Email: enquiries@enwl.co.uk

Web: www.enwl.co.uk

Declan Tomany
Ofgem
9 Millbank
London
SW1P 3GE

Direct line 01772 848526

mkay@iee.org

20 May 2012

By email only.

Dear Mr Tomany

Significant Code Review

In response to the above open letter, I have sought the views of Distribution Code Review Panel members and can provide the following response to the specific points raised in the letter.

- 1 We cannot speak for all Panels, but we are aware of the discipline and can confirm that the development of Distribution Code changes has benefitted from development in this area. The Panel believes that the quality, relevance and rationale demonstrated in the DNOs' reports to Ofgem has shown this.

Some Panel members provide a measure of independent input into the work of the Panel; ie in this way they provide a "critical friend" oversight of the Panel's work.

- 2 The DCRP does not have a formal independent administrator, but the Panel can confirm that it has issued relevant guidance to small players (eg Distribution Code Guidance Note 2) and that individual panel members have provided useful advice individually to small players.
- 3 No. Not formally. For codes such as the Distribution Code with modest routine changes the burden of the administration would not seem to produce significant benefits.
- 4 We do not have enough information to opine on this question.
- 5 No. The Distribution Code (and the G Code) ultimately define requirements at connexion points where Ofgem has a duty to determine disputes. Although the technical issues are rarely in dispute, this in part is because it is widely recognized that the technical requirements in the codes are authorized by Ofgem and as such, Ofgem preside over a process that weighs the costs and benefits of technical requirements. It seems efficient to do this in a structured way, once, for each technical issue rather than risk multiple determinations because the authority of Code requirements without Ofgem sign off is much more readily questioned. We also note that certainly for the GridDistribution Code, and probably for the Distribution Code too, the EU network codes assign a similar role anyway for Ofgem to preside over technical cost benefit analyses.
- 6 The Panel did not have any explicit expectations in respect of the Distribution Code.
- 7 The Panel does not have a view on this.

In addition the Panel does see a role for Ofgem in including the Distribution Code within the scope of significant code reviews, particularly in respect of the future challenges of EU Network Codes and smart grids. The Panel does have a concern regarding how the GB Codes will change in light of the EU Network Codes and is very keen to work with Ofgem and other key parties to ensure the most appropriate and efficient response.

Lastly the Panel has asked me to make the point that your letter does not mention National Grid's Security and Quality of Supply Standard (SQSS), and to ask for clarification of how, if at all, the SCR applies to SQSS.

We note that the letter says that you will be in touch with Panels regarding next steps. Please do not hesitate to contact me.

Yours sincerely,

Mike Kay
Network Strategy Director
Chairman of the Distribution Code Review Panel of Great Britain

cc Gareth Evans
Abid Sheikh