

Declan Tomany
Ofgem
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Dear Mr Tomany

Significant Code Review

In response to the above open letter, we can provide the following response to the specific questions raised in the letter.

1. Has the requirement on code panels to provide rationale for their recommendations been effective in improving analysis to support code changes?

This has proved to be a positive step and, together with Ofgem's 'send back' powers, will improve the understanding and impact assessment of any proposed Modification thereby enhancing the change and the decision making processes. We are aware of two Code Administrators that are looking at their change processes, one Modification that was subject to the 'send back' powers and initiatives to move charge methodologies into open governance and as such we support such initiatives.
2. Has the concept of 'critical friend' been effectively embraced by the Code Administrators (i.e. an obligation to assist interested parties, particularly smaller participants/new entrants and consumer groups)?

It may be too early to respond on this, although we are aware of instances where this is being implemented, with positive results.
3. Do you support the Code Administration Code of Practice being implemented under all industry codes, to aid convergence and transparency in code governance processes?

We believe that each code should initially be considered for inclusion, but if the evidence proves that such inclusion is not justifiable the relevant code should be omitted. We believe that this is likely to be as the case with the Distribution Code.
4. Is the self governance criteria introduced by the CGR appropriate and has the implementation of self governance been effectively achieved in BSC, CUSC and UNC?

The criteria seems appropriate but we have limited information to comment on whether this is being effectively achieved.

5. Do you consider that introducing or increasing self governance in the codes would be beneficial?

Once there is sufficient evidence of where such an approach has been undertaken and how many appeals have resulted we can determine if any further action is required to this approach.

6. Has the SCR process met with your expectations thus far, in terms of frequency of SCRs, timings and process?

We have limited information to comment in this area.

7. Do you consider that Ofgem's guidance in respect of SCRs has been sufficiently clear and detailed?

The guidance looks to be clear and detailed. Once more instances have been through this process it may be worthy of a review at that time.

We look forward to being involved throughout the rest of this process.

Yours sincerely,



Paul Bircham
Regulation Director