



Registered Office:  
Newington House  
237 Southwark Bridge Road  
London SE1 6NP

Company:  
UK Power Networks  
(Operations) Limited

Registered in England and Wales No: 3870728

Declan Tomany  
Associate Partner Legal – Smarter Grids and Governance  
Ofgem  
9 Millbank  
London  
SW1P 3GE

24 May 2012

By email only to: [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)

Dear Declan

### **Industry Code Governance Review – second phase**

Thank you for the opportunity to respond to the above consultation. This response should be regarded as a consolidated response on behalf of UK Power Networks' four electricity distribution licence holding companies – Eastern Power Networks plc, London Power Networks plc, South Eastern Power Networks plc, and UK Power Networks (IDNO) Limited. I can confirm that this response is non-confidential and can be published via the Ofgem website.

We welcome the second phase of the code governance review and hope that further benefits are derived from its completion. With this in mind we have provided answers to your questions in the attached appendix to this letter with a particular focus on DCUSA.

If you have any questions please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, reading 'Paul Measday'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Paul Measday  
Regulatory Returns & Compliance Manager

Copy Keith Hutton, Head of Regulation

Return Address:  
Energy House, Hazelwick Avenue,  
Three Bridges, RH10 1EX

## Appendix

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

N/A

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)?*

Under DCUSA we believe that the *critical friend* role has been successfully fulfilled to an appropriate level by Electralink and does not need formal adoption. For the BSC we are of the opinion the *critical friend* role is an important principle that is broadly reflected in the existing practices and processes and again does not require formal adoption.

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 a cost benefit analysis in respect of the introduction of the Code Administration Code of Practice should be conducted to fully understand the pros and cons of its complete roll out. In the case of DCUSA a number of its requirements have already been implemented.

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?*

Through our involvement in DCUSA and the BSC we believe that self governance is working well, however, we are not in a position to comment in respect of the CUSC and UNC codes.

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

As self governance is already in place in DCUSA we do not see any immediate benefits of its formal introduction into DCUSA.

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

N/A

7. *Do you consider that Ofgem's guidance in respect of SCRs<sup>6</sup> has been sufficiently clear and detailed?*

N/A