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# Code Governance Review (Phase 2) final proposals

## Final Proposals

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### Overview:

This document sets out our final proposals under the second phase of the Code Governance Review. The Code Governance Review sought to update and improve the governance arrangements of the industry codes that support the gas and electricity arrangements in Great Britain. The first phase of the review focused primarily on the electricity Balancing and Settlement Code and Connection and Use of System Code, and the gas Uniform Network Code. This second phase focuses on extending the Code Governance Review conclusions to further industry codes.

Our final proposals include:

- extending the scope of self-governance across the codes;
- applying Significant Code Review procedures uniformly, allowing for holistic cross-code reviews; and
- improving and aligning code administration practices.

We are publishing alongside this document notice of proposed changes to a number of gas and electricity licence conditions to give effect to our final proposals. We are seeking views on the proposed licence changes by 26 April 2013.

## Context

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Better regulation is at the heart of Ofgem's work. We are committed to policies and processes that reduce regulatory burdens on industry while maintaining effective consumer protection.

The industry codes are the contractual arrangements that underpin the electricity and gas wholesale and retail markets. In recognition of the changes that have occurred in the gas and electricity markets since the codes were first created, particularly the increasing importance of new entrants and smaller parties, the Code Governance Review, launched in 2007, set out to ensure that the governance arrangements, including the code administration and modification processes, remained fit for purpose. This second phase of the Code Governance Review proposes to extend the outcomes of this review to further industry codes.

## Associated documents

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Open Letter – Second Phase Code Governance Review

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=392&refer=Licensing/IndCodes/CGR>

Code Governance Review (Phase 2) Proposals

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=407&refer=LICENSING/INDCODES/CGR>

Code Governance Review (Phase 2) illustrative licence drafting

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=409&refer=LICENSING/INDCODES/CGR>

Code Administration Code of Practice Review 2012

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=375&refer=Licensing/IndCodes/CGR>

Code Administration Code of Practice

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=328&refer=Licensing/IndCodes/CGR/Code-Administration-Code-of-Practice/Pages/index.aspx>

Code Governance Review – Final Proposals

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>

Critique of the industry codes governance arrangements (Brattle Group / Simmons & Simmons)

<http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/20080612%20Codes%20governance%20review%20final%20draft.pdf>

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## Executive Summary

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Ofgem's Code Governance Review sought to update and improve the industry code governance arrangements to ensure that they could meet the challenges facing the industry. For example, the potential for widespread reform prompted by external drivers, whether at a national or European level, and the changing nature of participation with a proliferation of smaller niche operators, particularly in generation and supply.

The first phase of the Code Governance Review focused primarily on the Balancing and Settlement Code (BSC), Connection and Use of System Code (CUSC) and Uniform Network Code (UNC). In April 2012 we published an open letter signalling our intention to commence a second phase Code Governance Review in order to extend the outcomes to other industry codes. Following a consultation on initial proposals and illustrative licence drafting in September 2012, this document now sets out our final proposals in respect of this second phase.

The aim of these proposals is to:

- improve transparency and accessibility for all industry participants, particularly smaller parties and new entrants, by better aligning the modification processes and establishing common principles across the industry codes;
- reduce red tape by providing a greater role for the industry to govern itself and drive efficiencies, allowing Ofgem to step back from those parts of the code arrangements that have minimal impact on consumers; and
- ensure that the governance arrangements of all industry codes can effectively support the large scale and complex changes facing industry in coming years.

Our proposals are in line with our commitment to Better Regulation principles and to reducing regulatory burdens on industry while maintaining effective consumer protection.

Our final proposals are published alongside notice of licence modifications in order to give effect to these proposals.

The table below summarises our final proposals for each industry code as set out in this document. Where our final proposals do not extend to certain codes, this indicates either that these provisions already exist in that code, or that we are not proposing to make changes at this time. In areas where we are not proceeding with proposals set out in our September consultation, we explain our reasons for this in this document.

**Summary of final proposals**

		DCUSA	IGT UNC	MRA	SPAA	STC	Grid Code	Distribution Code	BSC	CUSC	UNC
<b>Code Administration</b>	Introduce code administration principles	✓	✓	✓	✓	✓	✓	✓			
	Introduce 'send back' provision	✓	✓	✓	✓	✓	✓	✓			
	Require assessment against objectives / reasons for recommendations	✓		✓	✓	✓	✓	✓			
<b>Self-governance</b>	Introduce or extend self-governance	✓	✓			✓			✓	✓	✓
	Align appeal provisions	✓	✓	✓	✓	✓					
<b>Significant Code Reviews</b>	Introduce SCR process	✓	✓	✓	✓	✓	✓	✓			

# 1. Introduction

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## Chapter Summary

This chapter summarises the background to the second phase of Ofgem's Code Governance Review and our final proposals.

1.1. This document sets out our final proposals under the second phase of our Code Governance Review (CGR2). Our proposals are designed to address our objective which is to develop an overall set of code governance arrangements that lead to more effective and efficient decision-making.

1.2. Alongside this document, we are publishing a statutory consultation on licence changes to give effect to our final proposals.

## Background

1.3. The industry codes<sup>1</sup> underpin the electricity and gas wholesale and retail markets. Licensees are required to maintain, become party to, or comply with the industry codes in accordance with the conditions of their licence.

1.4. As the codes define the terms under which industry participants can access the electricity and gas networks, they significantly impact the shape and development of the gas and electricity sectors. By extension, these codes affect Ofgem's ability to deliver a framework that best protects the interests of consumers.<sup>2</sup>

1.5. In November 2007 Ofgem launched a review of the arrangements governing the industry codes (the 'Code Governance Review') to ensure that they were still fit for purpose.

1.6. The Code Governance Review (CGR) final proposals,<sup>3</sup> published in March 2010, included a wide range of changes that sought to make the existing governance processes more transparent and accessible, particularly to smaller parties and new entrants, and to improve the codes' ability to manage major industry challenges.

1.7. The reforms under the CGR focused on the three main industry codes (UNC, BSC and CUSC) as these were considered likely to be central to any major industry

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<sup>1</sup> Multilateral agreements or codes developed pursuant to licence conditions which contain many of the rules and commercial and technical obligations that govern market participation.

<sup>2</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>3</sup> Available at

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>

reform. However, we anticipated the possibility of extending these governance reforms to other industry codes.

1.8. In April 2012 we published an open consultation letter<sup>4</sup> ('April open letter') setting out our intention to commence a second phase Code Governance Review. This was followed by a consultation in September ('September consultation') setting out our initial proposals for CGR2. We held an industry workshop in November 2012 ('November workshop') to provide an opportunity for interested parties to discuss our initial proposals in more detail.

## Overview of our initial proposals

1.9. In our September consultation we proposed changes in relation to three broad areas:

- Self-governance;
- Significant Code Reviews; and
- Code Administration

1.10. The following codes were considered:

- Independent Gas Transporters UNC (iGT UNC);
- Distribution Connection and Use of System Code (DCUSA);
- System Operator - Transmission Owner Code (STC);
- Master Registration Agreement (MRA);
- Supply Point Administration Agreement (SPAA);
- Grid Code; and
- Distribution Code

In addition, we considered potential amendments to the self-governance procedures of the BSC, CUSC and UNC.

1.11. Our proposals in relation to **Self-governance** included:

- introducing a 'fast track' self-governance process whereby very minor housekeeping changes could be made by the panels without the requirement to consult with parties or to follow the full modification process;
- moving the Agency Charging Statement governance to sit under the UNC instead of the Gas Transporter Licence;

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<sup>4</sup> Open letter and non-confidential responses available at:  
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=392&refer=Licensing/IndCodes/CGR>

- introducing self-governance to the iGT UNC and STC, and increasing self-governance in the DCUSA;
- applying open governance principles to the Grid Code and Distribution Code;
- introducing a materiality test into the MRA and SPAA modifications to provide further clarification on what should and should not be sent to the Authority for approval;
- introducing an obligation on non-domestic gas suppliers to accede to SPAA;<sup>5</sup> and
- better aligning the self-governance appeals processes across the codes.

1.12. On **Significant Code Reviews** (SCR), we proposed extending the SCR process to cover all the industry codes.

1.13. On **Code Administration**, our proposals included:

- a requirement for substantive reasons to be published for recommendations and / or decisions made on code modifications, in reference to the applicable code objectives;
- introducing into the MRA relevant objectives which are consistent with the existing MRA provisions;
- implementing a 'send back' provision into all code modification procedures;
- requiring all of the codes to have the same regard to Code Administration Code of Practice (CACoP) as the UNC, BSC and CUSC; and
- formalising a code administrator 'critical friend' role by setting out provisions in the relevant licence.

## Responses to our September consultation

1.14. We welcome the engagement on our CGR2 proposals, through participation in the workshop we held in November and through responses to our September consultation. We received 23 responses, which are available on our website.<sup>6</sup> The responses are summarised in Appendix 1 and discussed throughout the document against our final proposals.

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<sup>5</sup> This proposal is discussed further under Chapter 5 of this document.

<sup>6</sup> <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=407&refer=Licensing/IndCodes/CGR>



1.15. We have taken the responses into account in developing our final proposals. Where appropriate our proposals have been revised or clarified in light of them.

### **November workshop**

1.16. The November workshop on our initial proposals provided a useful opportunity to discuss our proposals with industry. Participants also raised a number of issues relating to code governance that are not covered by our CGR2 proposals.

1.17. Participants discussed the potential benefits of a co-ordinated calendar of industry meetings and open access to modification-related information on code administrator websites, as ways of aiding engagement with the various codes. We note that both of these suggestions could be further explored by industry under the CACoP.<sup>7</sup>

1.18. It was noted that some workgroups are open to all parties whereas others require parties to register. It was also highlighted, however, that some differences exist between codes in terms of whether the workgroup is charged with making a recommendation, in which cases open access may create difficulties. This is another area industry may wish to explore further in terms of any best practice that can be identified under the CACoP, or through the normal code modification procedures, if appropriate.

1.19. The value of panel recommendations was discussed. CGR2 has not sought to introduce fundamental change to the code governance arrangements, in terms of whether recommendations or decisions are made by panels or by code parties themselves. This presently differs between codes. We consider that panels have an important role in ensuring that appropriate analysis on code modifications is undertaken and that robust recommendations or decisions can be made, whether or not this role is fulfilled by the panel themselves, or by workgroups or parties. The challenge mechanism for Energy Code Modification Appeals to the Competition Commission is, for some of the codes, underpinned by the panel recommendation. The panel recommendation is therefore core to the functioning of the statutory appeals process.

1.20. Finally, participants raised a question over the various code objectives and whether these should be reviewed in light of the extension of the scope of some of the codes since they were first introduced, and recognising that the code objectives are not aligned with Ofgem's statutory duties. We note this point, although this is outside the scope of our CGR2 proposals.

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<sup>7</sup> <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=1&refer=Licensing/IndCodes/CGR/Code-Administration-Code-of-Practice>

## **Related areas of work**

1.21. We note that some respondents questioned the timing of CGR2 and whether this is an appropriate time for the proposed changes given that this is a period of significant activity for industry. We recognise that there are a number of parallel areas of work that may be relevant to some of the issues we are considering under CGR2. For example, our work on gas theft and potential future code consolidation; the Government led work in relation to smart metering and the Green Deal; and changes coming from Europe as a result of the development of the European Network Codes.

1.22. These areas of work have the potential to result in changes to the existing code arrangements. However, we do not consider that these potentially related areas of work should delay the introduction of our proposals under CGR2, which are fundamentally concerned with efficiency, effectiveness and accessibility in the code modification processes.

1.23. Our proposals are aimed at improving the way change is delivered which may therefore support change in these and other areas.

## **Structure of this document**

1.24. Chapters 2, 3 and 4 of this document set out our final proposals. Chapter 5 discusses our proposals in respect of non-domestic gas suppliers' accession to the SPAA. Chapter 6 sets out the way forward and timetable.

## 2. Self-governance

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### Chapter Summary

This chapter discusses respondents' views on our initial CGR2 proposals on self-governance and sets out our final proposals in this area. This chapter includes discussion of our proposals on: the introduction of fast track self-governance, self-governance processes in the DCUSA, iGT UNC and STC, the governance of the Grid and Distribution Codes, materiality tests for MRA and SPAA self-governance, Agency Charging Statement governance, self-governance appeal processes, and self-governance statements.

### Extending self-governance: DCUSA, iGT UNC and STC

2.1. As set out in our September consultation we see benefits in expanding the scope of self-governance within the industry codes. We consider that increasing self-governance should make the industry code processes more efficient, leading to timely implementation of beneficial changes, as well as enabling Ofgem to target its resources at matters which have a material impact upon consumers. We also noted that respondents to our April open letter generally welcomed the introduction of more self-governance in the codes.

2.2. Respondents to our September consultation were broadly supportive of this proposal, highlighting that self-governance has worked well following the Code Governance Review and similar benefit could be found in other codes.

#### DCUSA

2.3. We noted that the current DCUSA arrangements work reasonably well. These provide that 'Part 1' matters cannot be modified without the consent of the Authority, and 'Part 2' matters can be modified without reference to the Authority.<sup>8</sup>

2.4. However, we did note that the prescription of certain clauses as definitively being Part 1 matters requires a significant number of change proposals to be submitted to us for approval irrespective of their materiality. Our view is that while it may increase certainty for sections of the code to be reserved for Authority consent, it would be more beneficial to ensure that there is discretion available to the panel to use self-governance wherever appropriate.

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<sup>8</sup> Part 1 matters are defined in DCUSA as those that meet certain criteria, as set out in DCUSA. In addition, certain clauses are currently prescribed in DCUSA as definitively being Part 1 matters.

2.5. Respondents expressed support for this proposal, though it was also highlighted that the nature of the DCUSA means that there may be 'stalemate' between the classes of parties, even on less material matters.

2.6. The principle of self-governance is not new to DCUSA; the mechanism by which DCUSA parties can make decisions on less material changes already exists. We consider it important that industry ensures that, to the extent that self-governance is available, this is used effectively. We continue to believe that DCUSA self-governance would be more effective if there is discretion for the panel in deciding when it is used. We expect that the panel will set out clear reasons for its decisions when exercising this discretion.

2.7. Our final proposal is therefore to extend the scope of self-governance in DCUSA so that all modification proposals can be considered against the self-governance criteria specified in the DCUSA.<sup>9</sup>

## **iGT UNC & STC**

2.8. Self-governance for code modifications is not an option under the current iGT UNC and STC modification rules.<sup>10</sup> There was general support for extending self-governance. Some respondents queried, however, whether it was necessary given the number of modifications likely to be progressed through this route.

2.9. Under STC, it was noted that this new process could introduce burden as there are relatively few changes to this code. In respect of iGT UNC self-governance decisions, some respondents felt that the panel may reach stalemate in some cases. We consider that it is a matter for industry to ensure that the panel arrangements remain effective and that panel members make a robust assessment of any proposed change against the relevant objectives. This role is already undertaken in respect of making recommendations on code modifications.

2.10. We continue to consider that self-governance for these codes would benefit delivery of appropriate change in the longer term. Whilst we recognise that this entails some expansion of each code panel's current role, we consider this appropriate and consistent with the role undertaken by panels on other industry codes.

2.11. Our final proposal is therefore to introduce self-governance into the iGT UNC and STC modification procedures.

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<sup>9</sup> We anticipate that implementation of this proposal would rely on the existing criteria for when a proposal is a Part 1 matter, and the removal of the prescription that certain sections of the DCUSA are deemed to satisfy the criteria.

<sup>10</sup> Although both codes already operate a 'self-governance' process in respect of certain ancillary documents.

## **'Fast track' self-governance**

2.12. We proposed to introduce a 'fast track' self-governance process into those codes where self-governance is (or is proposed to be) available, and where the corresponding code panel is responsible for taking decisions on self-governance modifications.

2.13. The benefit of this approach is to avoid unnecessary use of industry resource in undertaking and responding to consultations where a change to the code is a very minor housekeeping matter, such as amending incorrect referencing, or a factual change such as change of name or address within the code. A fast track self-governance process would largely replace the 'consent to modify' process used under some codes.<sup>11</sup>

2.14. The majority of consultation respondents supported this proposal, commenting that the consent to modify process seems disproportionate and that a fast track self-governance modification process is a pragmatic way of dealing with minor changes. Respondents agreed that the requirement for unanimous support from the panel, and an opportunity for parties to object to the change, were appropriate safeguards ensuring a suitable degree of scrutiny and transparency.

2.15. One respondent questioned whether assessment against the objectives is required for fast track self-governance changes. We consider that the licence requirements are clear, stating that the codes must be designed to facilitate the relevant objectives. We expect panels to have regard to this in progressing changes through fast track self-governance. However, any change suitable for progression via fast track self-governance should be self evident and a straightforward housekeeping matter which, by its nature, we do not expect should create any impact on the relevant objectives.

2.16. We recognise concern from some respondents that care must be taken in the interpretation of what is properly a 'housekeeping' modification. This will be a matter for the relevant code panel to assess with the opportunity for code parties and the Authority to object, as a safeguard.

2.17. Our final proposal is to enable a fast track self-governance modification process in the BSC, CUSC, STC, UNC and iGT UNC.<sup>12</sup>

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<sup>11</sup> Whereby direct consent for a minor amendment is sometimes sought from the Authority, outside of the usual modification processes.

<sup>12</sup> This fast track process has not been proposed under the licence conditions setting out DCUSA because this code does not provide for Panel decisions.

## **Governance of Grid Code and Distribution Code**

2.18. Our September consultation set out that, whilst it may be beneficial, it might be impractical to introduce self-governance under the Grid Code and the Distribution Code under the current governance arrangements. This is because the current governance does not provide for a panel recommendation and therefore there is no established process whereby the panel could reach a decision. Instead, the Authority is presented with a recommendation by the licensee, not a panel. Furthermore, change can only formally be raised by the relevant licensee.

2.19. We sought views on whether it would be appropriate to develop a more open governance framework for these technical codes, as a step towards introducing self-governance in the future.

2.20. Many respondents agreed in principle to this proposal, noting that the technical codes have significant impacts on market participants. However respondents also recognised that a pragmatic approach is required and that whilst a move to more open governance may be desirable, they considered that there are no specific defects identified in present system.

2.21. We remain of the view that, in the longer-term, certain changes to the technical codes could appropriately be determined without reference to the Authority. However, we also recognise that introducing more open governance implies a potentially fundamental review of the technical code governance arrangements. Whilst we think this may be beneficial, we also recognise that this may require significant resource, at a time when Ofgem, the relevant licensees and others in industry are already committing a great deal of time and effort supporting the development of the European Network Codes, and assessing their impact on the GB technical code arrangements.

2.22. We consider that a number of the other changes we are including in our final proposals that will apply to the Grid Code and Distribution Code will go some way to delivering benefits in relation to the transparency and openness of the governance arrangements of these codes, thereby improving the status quo without requiring fundamental reform at this stage. This in turn should support delivery of potential open governance and self-governance in future, if appropriate.

2.23. We note the feedback from one respondent that they would welcome more clarity and certainty that technical code changes proposed by code users are properly considered. We consider it appropriate for the panels to consider their 'pre-modification' processes, in line with the CACoP, to ensure that there is a robust and inclusive mechanism for code users to raise issues and potential modifications, in the absence of open governance.

## **Materiality test for MRA and SPAA modification proposals**

2.24. We noted in our September consultation that the majority of SPAA and MRA proposals are already taken forward through self-governance. We noted that

applying a materiality test can have benefits in terms of clarifying what changes should, and should not, appropriately come to the Authority for a decision. We sought views on whether the MRA should introduce a materiality test.

2.25. In addition, we sought views on whether the existing SPAA arrangements should be amended so that an assessment of modification proposals is made against appropriate 'materiality' criteria and that in cases where it is determined that a proposal merits an Authority decision, that proposal be submitted to the Authority for decision regardless of whether it passes an initial vote.<sup>13</sup>

## **MRA**

2.26. A number of respondents supported the proposal to introduce a materiality test, considering consistency between code processes to be beneficial. Some respondents queried how it would work in practice. It was noted that relatively few MRA changes currently require Authority consent and that increasing the number of modifications requiring Authority consent would potentially elongate the process. Whilst we recognise this, we also consider that changes of high materiality to consumers or competition would be more efficiently dealt with if referred to the Authority for consent as opposed to relying on the subsequent appeal process.

2.27. We disagree with views that introducing consideration of materiality would be costly and/or require significant change to the current arrangements. The MRA Development Board already meet to discuss their views on each proposal and vote on whether to accept or reject the modification. We do not consider it to be onerous to include consideration of the modification's materiality, against appropriate criteria, as part of this assessment.

2.28. We have not proposed licence drafting to introduce consideration of a materiality test in the MRA. Recognising that the self-governance provisions are set out at a code level, we consider it appropriate for this change to be developed within the code. We would therefore encourage industry to bring about an appropriate change to the current arrangements to enable members/participants in the relevant body (eg the Development Board) to assess the appropriateness of self-governance for MRA modification proposals, in light of significantly material impacts on consumers or competition, or discriminatory effects between parties. We will keep this proposal, including any relevant change introduced by industry, under review to ensure the best governance for the MRA is achieved in the longer term.

## **SPAA**

2.29. Respondents generally supported this proposal. It was noted that there is already provision for the proposer to assess materiality but this could be extended to enable the SPAA Change Board to make an assessment and/or allow parties the

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<sup>13</sup> Presently modifications requiring Authority consent are only submitted to the Authority if a recommendation to approve it is made under the code rules.

opportunity to object to the status of a modification as self-governance. It was also noted that SPAA would need to be amended so that all modifications requiring Authority consent should be issued for Authority determination, not just those where the Change Board vote to accept the change, which is the current process.

2.30. As with the MRA, we consider that the large majority of SPAA modifications will continue to be progressed as per the current arrangements. However an effective mechanism to enable reference to the Authority, when appropriate, will ensure a beneficial safeguard for code parties. We note that this process is not presently set out in the licence and therefore could be addressed at the code level. We are therefore not proposing a licence requirement to implement this proposal; rather we encourage industry to consider how the current arrangements could be more effective and bring about an appropriate change to the code. As above, we will keep this proposal under review to ensure the most effective governance for the SPAA is achieved in the longer term.

2.31. We consider that the MRA and SPAA modification processes should provide for proper assessment of proposed modifications against suitable 'materiality' criteria, so that these may be referred to the Authority in appropriate cases. We also consider that all modifications that are determined as requiring Authority consent should be submitted to the Authority.

## UNC agency charging statement

2.32. In order to remove an anomaly whereby 'user pays' modifications may be implemented by self-governance, but the allocation of costs for that change must be dealt with under a separate governance procedure, we proposed to move the Agency Charging Statement into the UNC.

2.33. Respondents generally supported this proposal, however some felt that a carve-out of non-code user pays services<sup>14</sup> would be required and that only the methodology should be brought under UNC governance, with the services and charges themselves being a separate pricing schedule.

2.34. Some respondents also commented that a review of the governance of user-pays services could be dealt with more effectively under the Xoserve review.<sup>15</sup>

2.35. We continue to consider that this change would be beneficial and aid simplification and efficiency in the code governance arrangements. However, noting

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<sup>14</sup> User pays services are categorised as either code or non-code. Code user pays services relate to gas transporter obligations in the UNC. Non-Code user pays services are those not related to obligations in the UNC and are delivered through framework agreements with users.

<sup>15</sup> There is an ongoing review of the funding, governance and ownership arrangements for Xoserve. Our decision of January 2012 was to implement co-operative arrangements for Xoserve. We will be consulting shortly on options for how co-operative governance can be put into practice.



the ongoing funding, governance and ownership review of Xoserve, we consider that there may be other considerations impacting the proposed change that can not be considered under the timescales or scope of CGR2. We therefore do not propose to take this change forward as part of the CGR2 final proposals, however, we consider that it should be revisited in due course. The Xoserve review may provide an opportunity to further consider these arrangements.

## Self-governance appeals

2.36. Our September consultation sought views on the proposal to amend the period of time during which relevant parties can appeal a modification that has been determined under self-governance (the 'self-governance appeal window') in BSC, CUSC and UNC. We consulted on whether the self-governance appeal window should commence from publication of the final modification report, rather than from the date of the panel's decision, in order that the appeal window would not commence before parties are in receipt of all relevant information. If such a change were made, we suggested that a 10 working day appeal window may be preferable to a 15 working day appeal window, so as not to create a delay with implementation of self-governance decisions.

2.37. A number of respondents did not support a shortening of the appeal window. We welcome the suggestion from one respondent that the benefit of this proposal could be achieved by requiring publication of the final modification report within five working days of the panel's decision, thereby still ensuring that parties have the full report and reasons for the decision for at least 10 working days in order to consider/prepare to submit an appeal.

2.38. We have decided not to amend the existing licence provision. However we agree that code administrators should ensure that final modification reports in respect of self-governance modifications are published within 5 days of the panel's decision.

2.39. Our September consultation also proposed to enable all self-governance code modification decisions to be appealed to the Authority on the basis that they do not meet the relevant objectives. This proposal was broadly supported by respondents.

2.40. We note support from respondents for parties being able to appeal the outcome of self-governance decisions to the Authority, rather than only being able to appeal against the process taken. We agree that parties should raise process concerns at the consultation stage, where applicable, for example if they consider that a particular modification requires Authority consent, as opposed to waiting for the modification decision.

2.41. Finally, we consulted on draft guidance for Ofgem's discharge of appeals against self-governance decisions. This has been revised following consultation and in light of our final proposals and is attached in Appendix 2.

2.42. One respondent noted a potential inconsistency with the drafted guidance, where it stated that parties eligible to raise a modification to a particular code are also eligible to appeal against a self-governance decision taken under that code.<sup>16</sup>

2.43. Across all the codes with either existing or proposed self-governance provisions those persons entitled to raise an appeal are specified at a minimum as 'code parties' or, in most cases, as 'those persons entitled to raise modifications'. We have clarified this point in the guidance. Where the relevant licence conditions do not expressly provide appeal rights to any non-parties who can raise modifications, we are of the view that this should be considered at a code level in the first instance.

2.44. Our final proposal is therefore to better align the self-governance decision appeal criteria across the industry codes.<sup>17</sup>

## Self-governance statements

2.45. We consulted on a proposed amendment to the requirement on code panels to submit a 'self-governance statement', in order to set out that this statement could be recorded in the normal panel meeting minutes, recognising that an Authority representative is usually present at those meetings.

2.46. It was commented by respondents that this change may not be beneficial. For example, because panel minutes may not be circulated until two weeks following the panel meeting. We recognise that the current licence drafting does not prescribe the specific form a self-governance statement should take. We therefore do not propose to make any amendment to the existing provisions, as any benefits of efficiency may be outweighed by potential confusion or lack of consistency.

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<sup>16</sup> Under the CGR, the licence provisions which introduced self-governance to BSC, CUSC and UNC set out that any party entitled to raise a modification would be entitled to raise an appeal.

<sup>17</sup> Our proposals provide for the MRA to have slightly different appeal criteria, due to the fact that we are not currently inserting objectives into the MRA.

## 3. Significant Code Reviews

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### Chapter Summary

This chapter outlines our proposal to extend Significant Code Reviews (SCRs) to all the industry codes.

3.1. The Code Governance Review defined a role for Ofgem to lead complex changes to the industry codes with the introduction of Significant Code Reviews (SCRs).<sup>18</sup> Our September consultation set out that, in order to ensure that complex or cross-code changes are achieved most efficiently going forward, we consider that it would be beneficial to incorporate the SCR process into the other industry codes.

3.2. There was generally support for our proposal, with respondents welcoming a consistent approach across the codes. It was noted that SCRs that encompass multiple codes may be beneficial in respect of, for example, smart metering issues. It was also noted that SCR principles help ensure a stable environment for major change. Some respondents did however question whether this was needed in relation to the iGT UNC, as they considered that it is not clear that an SCR in iGT UNC alone would be needed.

3.3. We continue to consider that it would be beneficial to incorporate the SCR process across the industry codes. The SCR process approaches change in a holistic manner and there are benefits compared to the use of consequential change mechanisms, for example by incorporating non-urgent modifications on related matters. This enables more timely, streamlined and coordinated change to take place.

3.4. Our final proposal is therefore to extend the SCR mechanism to DCUSA, iGT UNC, STC, SPAA, MRA, Grid Code and Distribution Code.

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<sup>18</sup> See Appendix 2 of the CGR final proposals:  
[http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/CGR\\_Finalproposals\\_310310.pdf](http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/CGR_Finalproposals_310310.pdf)

## 4. Code Administration

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### Chapter Summary

This chapter discusses respondents' views to our initial CGR2 proposals on code administration and sets out our final proposals in this area. It includes our proposals on reasons for decisions/recommendations on proposed modifications to be reported, MRA objectives, send back powers, consistency with CACoP principles, the critical friend role and CACoP amendments.

### Assessment against code objectives / reasons for decisions

4.1. Under the Code Governance Review, a requirement was introduced to the BSC, CUSC, UNC and also the iGT UNC for the respective panels to include a detailed explanation of whether, and if so how, they consider the proposed modification would better facilitate the relevant objectives alongside their recommendations (or decisions) on code modifications. Our September consultation proposed to extend this principle to other codes.

4.2. Respondents generally supported this proposal, welcoming greater accountability and transparency regarding code panels' consideration of changes. It was noted that this also helps with the raising of future changes, if the rationale for and/or against proposed changes is clearly reported.

4.3. Some respondents voiced concern over whether this would be effective in codes where the relevant panel is not responsible for recommending or deciding on changes. It was noted that requiring parties to give reasons for their vote may add an unnecessary process step and could discourage participation. One respondent felt that parties are more likely to vote based on commercial drivers rather than whether the code better facilitates the relevant objectives.

4.4. We recognise that it may be onerous to require each voting party individually to provide detailed reasons for their recommendation and, although we consider that this information is very valuable where provided, our proposal does not mandate this.

4.5. We do not think that it is onerous to require workgroups (or those responsible for assessing modifications on behalf of the panel, in certain codes) to provide a detailed assessment against the relevant objectives. Parties can in turn place their vote based on whether or not they agree with that assessment. In respect of DCUSA, which operates a party voting system, there already exists a requirement for the amendment procedures to ensure that parties are able to vote for the implementation or rejection of a change, having considered whether that amendment better facilitates the general objectives compared to the existing provisions.<sup>19</sup> We

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<sup>19</sup> SLC 22.12 of the electricity distribution licence

therefore consider that this proposal is a clarification rather than a significant change to the current arrangements.

4.6. We also note that a requirement is generally placed on the licensee to ensure that codes are designed to facilitate their objectives.<sup>20</sup> We therefore consider that where decisions to make changes to the codes are taken (or recommendations are made to the Authority), due consideration must be given to the relevant objectives.

4.7. In respect of MRA, we recognise that the current licence requirements do not set out relevant 'objectives'. However there is a licence obligation in place which requires the MRA to include a defined set of contents. This includes, for example, such matters as may be appropriate for facilitating competition in supply.<sup>21</sup>

4.8. Notwithstanding that the implementation of this principle may vary between codes, owing to differing governance structures, we continue to consider that a requirement to clearly report an assessment of a proposed modification against the relevant objectives (or in the case of MRA, required contents), would be an improvement on the current arrangements. We also consider that any recommendation or decision on change should be clearly given in reference to whether or not it is considered to better facilitate the code objectives.

4.9. In order to facilitate this proposal, the requirement for a modification report will also be introduced where this is not already specified. The quality and clarity of modification reports (or their equivalent) varies considerably between codes. Some fail to describe the key issues and recommendations in an effective way. Under our CGR final proposals, we highlighted that even where the rationale behind recommendations or decisions was provided, it could require the collation of a number of different documents<sup>22</sup> in order to get a complete picture. This remains the case in some codes. We consider that the application of our proposal across all code modification procedures should ensure more comprehensive reporting and effective decision-making across the codes.

4.10. Our final proposal is therefore to require that an assessment against the relevant objectives is provided in a modification report, along with detailed reasons for that assessment, and that recommendations/decisions in respect of code modifications are made in reference to whether or not the change better facilitates those objectives.

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<sup>20</sup> For example, SLC 30 of the gas supply licence requires licensees to ensure that SPAA remains an agreement which is designed to facilitate the achievement of the relevant objectives, and that SPAA should contain provisions so that it may be modified to better facilitate the objectives. In respect of DCUSA, SLC 22 of the electricity distribution licence requires that the licensee ensures DCUSA remains an agreement that is designed to facilitate the objectives.

<sup>21</sup> SLC 23 of the electricity distribution licence requires that the licensees ensure MRA remains an agreement that conforms with the required contents.

<sup>22</sup> For example a final report, meeting minutes, collated votes and the original proposal form.

## **MRA Objectives**

4.11. We consulted on the proposal to set out relevant objectives for the MRA, in line with other codes and with the existing provisions of SLC 23 of the electricity distribution licence.

4.12. Views in response to this proposal were mixed. Some respondents felt that the MRA functions effectively under the present arrangements and there is no reason to make any change. Other respondents however felt that code modifications should be assessed against clear criteria and that the introduction of code objectives would focus debate and deliver a smoother decision making process.

4.13. At the November workshop, the issue of code objectives was raised more widely. It was highlighted that some codes have expanded in scope since originally created and that it may be timely to review the objectives of the industry codes.

4.14. We agree with respondents who considered that a set of objectives would be a beneficial addition to the MRA governance processes. We also recognise that further consultation on the objectives themselves may be beneficial before taking this forward. We welcome the suggestion that MRASCo could consult independently with MRA Parties to further examine this and we would encourage industry to take appropriate steps to progress this.

4.15. We are therefore not proposing to implement this change as part of our CGR2 final proposals, but expect to give further consideration to this in due course.

## **Send back powers**

4.16. We proposed to introduce the ability for the Authority to 'send back' final modification reports in instances where we are unable to make a decision based on, for example, a technical flaw or deficiency in the analysis. This provision was introduced into the BSC, the CUSC and the UNC under the CGR.

4.17. Respondents welcomed this proposal, supporting the view that it is preferable that the Authority send back a modification report, if necessary, rather than the sub-optimal choices of accepting a flawed proposal or rejecting an otherwise sound proposal.

4.18. It was noted, in reference to the technical codes, that the Authority can already send reports back for further work. We recognise that the processes allow for this, owing to the nature of the technical code governance. However we are of the view that it would be beneficial to establish a transparent and consistent process across the codes.

4.19. Feedback in relation to one code suggested that implementing a process to support this proposal may require some fundamental change. Whilst implementation will be a matter for the relevant code panels and administrators, we do not agree that a fundamental change should be required to support this. If the contents of a final modification report are subsequently identified as containing flaws, a process whereby it is returned to the person or body responsible for assessing the modification and/or producing that report in the first instance, should not be onerous.

4.20. We agree with industry feedback that this provision should be a fall-back option and we would, wherever practical, raise concerns at an earlier stage in the process.

4.21. Our final proposal is to introduce the 'send back' provision into the code modification processes of DCUSA, iGT UNC, STC, SPAA, MRA, Distribution Code and Grid Code.

## **Code Administrators Code of Practice (CACoP)**

4.22. The Code Administration Code of Practice (CACoP) was developed by an industry working group alongside the CGR. It captures key principles for best practice in administration across the various code modification arrangements. It also provides a template for convergence and simplification of existing code rules.

4.23. We consulted on requiring all code administrators<sup>23</sup> to have regard to the CACoP and for the code modification procedures to be consistent with the CACoP principles, to the extent that these are relevant.

4.24. Respondents generally welcomed this proposal, highlighting that moves toward greater consistency in governance make it easier for parties to engage with the codes.

4.25. Whilst some concerns were raised about extending the scope of code administrator/secretariat roles, we note that a number of code administrators who are not yet required to comply with the CACoP principles have already indicated that they do so voluntarily. It is not therefore clear that this proposal represents a significant change to the current arrangements, or would incur significant additional costs, but rather it clarifies the requirement in order to achieve beneficial consistency and accountability. To the extent that this proposal may extend the remit of existing code administrator roles, this is proportionate to the benefits it provides to code parties and therefore is a valuable addition to the code governance arrangements.

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<sup>23</sup> The administrative or secretarial person or body who facilitates the code modification procedures.

4.26. The licence amendments proposed require that a code administrator is in place, whose function shall include maintaining the CACoP. Whilst this will entail some additional work, it ensures that there is opportunity for code users to engage with the code administrators, improving code administrator accountability for costs and quality of service.

4.27. Finally, we note queries from respondents in respect of how compliance with the licence condition can be achieved if some of the CACoP principles are not applicable to a particular code. We are satisfied that the licence is clear that the modification procedures should be consistent with the CACoP principles to the extent that these are relevant.

4.28. Our final proposal is therefore to require the modification procedures and code administrators of DCUSA, iGT UNC, SPAA, MRA, STC, Grid Code and Distribution Code to be consistent with the CACoP principles (to the extent that these are relevant).

### **‘Critical friend’**

4.29. In addition to applying the CACoP consistently across codes, we consulted on a proposal to insert a licence requirement setting out that code administrators should provide assistance, where reasonably practical and on reasonable request, to code parties regarding their engagement with the code.

4.30. This proposal received mixed views. Some felt that whilst the code administrator ‘critical friend’ is a very important role, a licence requirement is only needed if this is not adopted within the codes themselves. Others said that a licence requirement would be beneficial to ensure clarity and aid compliance.

4.31. Some respondents felt that a licence requirement would create risk for a licensee, as it puts requirements on a third party. We note however that a number of code modification functions are already fulfilled by third parties, whether that be the relevant panel or code administrator/secretariat. It is the licensee’s responsibility to ensure that the necessary arrangements are in place where functions required by the licence are not undertaken directly by the licensee.

4.32. A number of respondents noted that some code administrators may be better able to fulfil this function than others. We recognise that this may be the case and have not sought to define a detailed ‘critical friend’ role that would be burdensome or incur significant costs under any code. The requirement outlined is to provide assistance to parties, on request, regarding their understanding of and engagement with the modification processes, and providing information on modifications. We consider that this is a minimum expectation of code administrators and that it is proportionate to set this out within the licence, alongside other fundamental aspects of the code modification arrangements.

4.33. Some code administrators are better equipped and funded such that they provide a critical friend role over and above the minimum requirement to provide



assistance on request. We agree with respondents who said that by establishing a baseline within the licence, this should not erode performance over and above the minimum expectation.

4.34. Our final proposal is therefore to require the code administrators of DCUSA, iGT UNC, SPAA, MRA, Grid Code and Distribution Code to provide reasonable assistance to code parties/users, on request, as part of a 'critical friend' role.

## CACoP amendments

4.35. Respondents generally supported the proposed amendments to the CACoP identified as part of a review of this document<sup>24</sup> and welcomed clarification that the standard templates and process should have the status of guidance at this stage. Our view is that the proposed amendments are minor and help to clarify the arrangements and as such we consider that these should be made.<sup>25</sup>

4.36. We recognise that some industry participants consider that an increased requirement on the codes to comply with the CACoP in its entirety would be preferable to ensure convergence between the codes. We continue to support convergence and de-fragmentation of code processes. However, we also recognise that some fundamental differences between code processes do exist and that applying a standard process and templates across all would create a significant amount of work for some codes in order to fully comply. Presently we consider that greater benefit lies in ensuring that there is a common set of principles across the codes in the first instance. Any extension of the CACoP principles will be a matter for industry to keep under review.

4.37. Some respondents commented on the CACoP review process. We set out in our September consultation our expectation for code administrators to take the lead in this. It may be beneficial to set out a clearer process than the CACoP currently provides for in order that future reviews can be undertaken efficiently and effectively by industry, and that this process remains proportionate.

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<sup>24</sup>

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=375&refer=Licensing/IndCodes/CGR>

<sup>25</sup> No amendments were proposed to the CACoP principles themselves as part of this review.

## 5. SPAA Governance

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### Chapter Summary

This chapter discusses our proposal for non-domestic gas suppliers to accede to the SPAA and sets out next steps.

5.1. As discussed in our September consultation, non-domestic gas suppliers are not currently obliged to accede to the SPAA. We noted that the issue of participation in the SPAA is increasingly inhibiting the contribution that SPAA can make to resolving industry matters, such as theft of gas. We proposed introducing a licence obligation on non-domestic suppliers to comply with 'relevant provisions' of the SPAA.

5.2. This proposal received mixed responses. Several respondents expressed strong support, considering it appropriate given SPAA's increased scope in dealing with a number of cross-sector issues. One respondent felt that SPAA has failed to meet its full potential as a retail governance framework largely because there has not been a requirement for all gas suppliers to accede.

5.3. One non-domestic supplier considered that there would be costs incurred by compliance and therefore there should be clearly identified benefits from code membership and that all regulatory and governance options should be considered. Another respondent expressed some concern that if the obligation were to increase in the future it could result in significant costs.

5.4. We remain of the view that non-domestic suppliers' accession to the SPAA could deliver more effective governance for the gas retail market. We continue to believe that the involvement of non-domestic suppliers within SPAA would avoid unnecessary fragmentation and the risk of ineffective governance over sector-wide issues including, but not limited to, gas theft.

5.5. We are however not proposing to introduce a licence condition to implement this under the final proposals of CGR2. We recognise that there are a number of issues that it may be appropriate to resolve before such a requirement may be introduced. We currently anticipate these issues could be resolved to enable an effective date of 1 April 2014, if appropriate, which would coincide with the coming into effect of the Theft Risk Assessment Service (TRAS). This would allow the opportunity for further discussions between non-domestic suppliers, the SPAA panel and SPAA parties.

5.6. On this basis, we propose to engage further with affected parties on the SPAA governance issues before issuing a final decision and any relevant licence changes in respect of this proposal.

## 6. Way forward and timetable

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### Next steps

#### **Consultation on proposed licence changes**

6.1. Alongside this document, we are publishing statutory consultations on changes to a number of licence conditions to give effect to our final proposals, where relevant. Representations on the proposed licence changes should be submitted no later than 26 April 2013. Subject to any representations that are made, we currently expect to publish directions to modify the relevant licence conditions in May 2013.

6.2. The licence changes will result in the requirement for the relevant licensee to bring forward appropriate changes to the relevant codes. We have included a provision in the licence conditions for these changes to be implemented by the end of the year.

6.3. Respondents to our September consultation considered the initial timeframe for implementation was challenging as code modifications typically take at least six months to progress. The revised timetable provides for this. We are satisfied that the requirement for the licensee to use best endeavours to comply with this timeframe is appropriate and allows for the possibility that due process cannot be concluded within this period. However, we do not anticipate that this should be the case.

## Appendices

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## Appendix 1 – Consultation Responses

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1.1. We received 23 responses to our September Consultation. Non-confidential responses are published on our website.<sup>26</sup>

1.2. Responses to the illustrative licence drafting are discussed in a separate letter in respect of the statutory consultation on licence modifications, which has been published alongside our final proposals.

### List of non-confidential responses

List	Name
1	British Gas
2	Corona Energy
3	Distribution Code Review Panel
4	DCUSA Panel
5	EDF
6	Electralink
7	Electricity North West
8	Elxon
9	EON
10	Gazprom Energy
11	GTC
12	IGT UNC Panel
13	Inexus
14	Joint Office of Gas Transporters
15	MRA Executive Committee
16	National Grid
17	Northern Gas Networks
18	Northern Power Grid
19	Npower
20	Scottish Power
21	Smartest Energy
22	SPAA Executive Committee
23	Xoserve

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<sup>26</sup>

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=407&refer=Licensing/IndCodes/CGR>

## Summary of Responses

1.3. In our September Consultation we sought the views of interested parties on a number of questions related to our proposals. These questions along with a summary of respondents' views are set out below.

### **CHAPTER: Two**

#### **Question 1: Do you consider that a 'fast track' self-governance process should be available in the industry codes for minor housekeeping changes?**

1.4. Respondents were broadly in support of a 'fast track' self-governance process, considering it a sensible and pragmatic approach which would help to ease administrative burden. It was noted that a requirement for unanimous support of the panel would provide an appropriate level of comfort for code parties and an opportunity to object will serve to protect non-panel parties. There was support for a transparent process with any such change being highlighted clearly to parties.

1.5. Respondents highlighted a need to define 'minor' and 'housekeeping' or to set out defined criteria in order to prevent ambiguity. Although in agreement that minor modifications should not be subject to consultation, another respondent thought that it should be at the discretion of the code panel to determine how best to implement the process.

1.6. One respondent, although supportive of the notion of a fast track process, subject to clear licence drafting, suggested that a more efficient use of time would be to have the self-governance appeal window during the report phase consultation.

#### **Question 2: Do you agree that the Agency Charging Statement should fall under the governance of the Uniform Network Code, rather than the Gas Transporter licence?**

1.7. Of the parties that responded to this question, there was overall agreement with this proposal however some concerns were raised regarding its implementation. Benefits were noted including: providing code users with an opportunity to propose changes, providing for more inclusive arrangements, and consistency with principles of good governance. A further benefit identified by one respondent would be that approval of UNC changes could include specific approval of any supporting Annual Charging Statement (ACS) change, avoiding possible inconsistency of approving a UNC modification but there being a veto on a supporting ACS change.

1.8. One respondent highlighted that these costs sit within a commercial arrangement which it considered an unnecessary one. It was suggested that gas shippers need more control over these costs in order to shape industry change for the benefit of customers. Another respondent was supportive in principle but only on the basis that it be included in the UNC as the annex to outline prices.

1.9. One stakeholder highlighted that National Grid Gas<sup>27</sup> is also subject to the ACS, which was not noted in the proposals. Furthermore, they considered that the Xoserve review may be best placed to consider whether UNC governance is more appropriate. It was also identified that the ACS covers both code and non-code based services and transferral of the ACS in full would require a clear carve out of non-code services. Concern was expressed that transferral of the ACS methodology would mandate a UNC mod for every ACS change. This would make the UNC modification process more time consuming and complex than the current ACS amendment process.

1.10. Another respondent said it was unclear how non-code User Pays decisions would be made within UNC governance framework, and an alternative whereby "non-code" falls under gas transporter licence governance and "code" falls under UNC governance appears cumbersome. It was suggested that decisions relating to the retention, modification or cessation of the current User Pays framework should be a matter for the Xoserve review and that the current arrangements should therefore remain in force pending the detailed outcome of the review.

**Question 3: Do you agree that self-governance should be introduced into the iGT UNC and STC, and increased in the DCUSA?**

1.11. Respondents were largely supportive of this proposal in principle, though there were various suggestions regarding its implementation.

1.12. It was noted that within the DCUSA views are often polarised between suppliers and Distribution Network Operators (DNOs) therefore the introduction of more self-governance could result in stalemate. One respondent recommended reviewing the existing 'Part 2' appeal provision before introducing more self-governance. It was also suggested that there may be a need to review certain decision-making processes to ensure that the voting arrangements work effectively. A further respondent had reservations in the absence of any suggested changes to the DCUSA panel role.

1.13. One respondent said there can be a great deal of time spent by workgroups or panels in deciding if self-governance is applicable. Attention was drawn to the differing approaches various panels are taking when applying the self-governance criteria. A respondent felt that since the days of the Pooling & Settlement Agreement Ofgem has sought more control in the industry and they would not like to see a reversal of this.

1.14. One respondent queried the merits of introducing self-governance in the case of the STC where, of the 6 modifications in the past 2 years, they considered none would have been capable of being fast tracked and 2 could have been processed using self-governance.

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<sup>27</sup> With respect to its gas transmission business.

1.15. Another respondent commented that support for self-governance in iGT UNC without a user pays concept was not unanimous as some parties felt there would be little consensus where changes benefitted a subset of parties but all parties incurred the costs. They considered a suitable method of cost recovery needs to be agreed for the independent Gas Transporters.

**Question 4: Do you consider it appropriate to apply the same governance principles to the Grid and Distribution Codes as are applied to the commercial codes?**

1.16. Respondents' were generally supportive of this in principle. It was observed that as the technical codes have commercial implications, an open governance framework would be beneficial in all codes. Another respondent believed that self-governance may work well in these codes, noting that as they deal with technical issues there is less polarisation of views.

1.17. One respondent commented that a lighter touch in certain areas may be appropriate but saw no reason against adopting the same governance principles. Both the Grid and Distribution Codes have significant impacts on market participants and it is important that they are subject to appropriate governance.

1.18. Some respondents, while supportive of the proposed approach, asked that pragmatic considerations are applied to ensure no significant, unnecessary costs are passed to Users and customers as a result. It was noted that no benefit is gained by Users or customers from imposing bureaucratic arrangements especially as no particular deficiencies have been identified.

1.19. Despite agreeing in principle with this proposal, one respondent suggested an alternative whereby the Distribution Code could be included in the DCUSA. It observed that this principle was applied in reviewing charging methodology governance and could allow a cost-effective solution here.

1.20. One respondent disagreed with this approach, believing that it is not always appropriate to apply the same governance principles as differences between the Grid and Distribution Codes have evolved due to the individual nature of each. As a technical code, current arrangements in the Grid Code facilitate a collaborative industry approach to the development of modification proposals and resolution of technical issues. Key to this approach is the active participation of all parties, including Ofgem.

**Question 5: Do you consider that both the Distribution Code and the Grid Code should be modified to allow for an open governance framework? In particular, allowing code users to raise code modifications; enabling code panels to have a more formal role in evaluating and recommending code changes; and the governance procedures brought into the codes? Are there any other areas of governance that you consider could be improved in Distribution Code and Grid Code?**



1.21. Of the parties that responded to this question, some were supportive believing that allowing code users to raise modifications would enhance the perception of open governance which has value in itself. Others were supportive in principle but noted that a limited number of changes to these codes suggested that a cost-effective solution is warranted. One respondent suggested that this proposal would be timelier after a review of potential code consolidation, as amalgamation might make some of this development work unnecessary, eg Distribution Code could be brought under DCUSA and Grid Code under CUSC.

1.22. It was noted by one respondent that the Grid Code Review Panel (GCRP) needs to be more receptive to suggestions/proposals from parties, with more clarity and certainty that such proposals are properly considered when raised.

1.23. One respondent expressed concerns about the role of the GCRP which would potentially change significantly under these proposals. Its constitution would need to change, eg membership/representation, size, voting and a formal and rigorous election process. They noted that a party raising a modification would need to retain ownership throughout the process so a pre-modification process may be necessary to ensure industry resources are not inefficiently utilised on proposals which are not properly developed.

1.24. Two respondents understood that this suggested approach is already provided for in the Distribution Code which allows any User to raise a modification which the Panel is bound to consider. DNOs make a recommendation to Ofgem following consideration by the Panel and DNOs are bound to include Panel and consultation views in the report.

**Question 6: Should MRA modifications be subject to a materiality test, to determine whether Authority approval of changes is required?**

1.25. Respondents broadly expressed support for the inclusion of such a test, observing that it would be a sensible approach and would ensure consistency with other codes.

1.26. One respondent questioned how it would be implemented. Another respondent added that the costs involved in changing the MRA would need to be considered against the long-term benefits. This particular respondent would only support this proposal if it is part of a wider initiative to harmonise the codes in a more robust manner than the CGR.

1.27. Another respondent wanted to understand how materiality would be assessed. They considered it might be possible for the MRA Development Board to decide; this would aid avoidance of inconsistent assessments as well as excessive time and/or costs being spent debating materiality.

1.28. One respondent observed that only a small number of MRA changes in recent years have required Authority approval and so questioned the need to add this step as it could lengthen the process which currently runs quickly and smoothly.

**Question 7: Do you consider that it is appropriate to obligate non-domestic gas suppliers to accede to the SPAA?**

1.29. Respondents were largely in favour of this, although arguments against this were expressed by non-domestic gas suppliers.

1.30. Observations in support of this proposal included that:

- the inclusion of non-domestic suppliers would alleviate some of the challenges faced in the past and ensure they have the opportunity to influence the development of new and existing provisions;
- SPAA will contain a Theft Code of Practice and to be robust all non-domestic suppliers must also adhere to the Code;
- this proposal is particularly important with SPAA's extended remit eg Meter Asset Manager (MAM) Code of Practice and Theft Risk Assessment Service (TRAS). In order for the SPAA to function effectively across the whole gas market, engagement by all suppliers is essential; and
- some sub-optimal solutions to enduring industry issues have been reached due to the fact that not all gas suppliers have acceded.

1.31. One respondent did not express a preference but suggested that as more is governed by SPAA a mechanism to ensure that it is inclusive would be beneficial. Another respondent was concerned that as a very small non-domestic gas supplier it would need to set up processes and dedicate resources, and was concerned that obligations may increase and it could cost a significant amount of money to invest in IT systems.

1.32. One stakeholder was strongly against this proposal. They felt that firstly, given the additional costs, there should be a significant number of identified benefits from code membership before compelling parties to sign up to a code. Costs incurred would ultimately drive up consumer bills. If a requirement to accede is identified, all regulatory and governance options should be considered and an impact assessment conducted. It was commented that the proposals identify only theft of gas as the issue that makes it desirable for non-domestic suppliers to accede. Ofgem has recently published new licence conditions in this area and this respondent considered that this is prescriptive enough to ensure that non-domestic suppliers take proper steps to address theft of gas.

1.33. It was suggested that there is a need to examine whether SPAA membership would constitute a barrier to entry and growth, in a way that outweighs any potential benefits.

**Question 8: Do you agree that SPAA modifications should be subject to a materiality test, to determine whether Authority approval of changes is required?**

1.34. The majority of respondents agreed with this approach. It was observed that the materiality test would ensure that the change process is proportionate to the impacts of the change and would be particularly relevant if all non-domestic suppliers accede to the SPAA. One respondent noted that, given the dominance of the Big 6, it is imperative that Ofgem retains oversight. Another respondent supported the approach provided the criteria are clearly defined.

1.35. One respondent felt that this would encourage a transparent approach across all codes but would like to understand how materiality would be assessed. Another respondent noted that SPAA modifications are already subject to a materiality test and that under the existing provisions Ofgem has 18 working days to raise an objection to self-governance. This respondent generally supported the proposal to align criteria and noted a simple drafting amendment would be required. They suggested a procedure which achieves the intent but does not require significant change, eg by allowing parties to object to the status at consultation/voting stage would be beneficial. It was suggested that SPAA would need to be amended so that all modifications requiring Authority consent would be issued for Ofgem determination, not just those where the vote is to accept (as is the current practice).

**Question 9: Do you have any comments on Ofgem’s guidance for discharging self-governance appeals (Appendix 7), and on the proposed adjustment to the BSC, CUSC and UNC appeal windows?**

Guidance for discharging self-governance decision appeals

1.36. Respondents generally welcomed the guidance and were supportive of the drafting. It was commented that not all codes are the same in terms of who can raise an appeal and so the guidance is inaccurate in this respect. With regard to obtaining revised implementation dates, if necessary, one respondent expected this to be the same as per existing provisions for where an Authority decision is made after the proposed implementation date.

1.37. One respondent believes all appeals should be eligible on the basis of the relevant objective being/not being met. One respondent said that the wording around 'vexatious/reasonable prospect of success' is subjective. Another said that previous draft guidance included mention of an appeals fee.

Appeal windows

1.38. Responses to this proposal were mixed. Those in favour of adjusting the appeal windows acknowledged that while important that parties have time to digest decisions, it is also important that changes are made in a timely manner and that publication of the final decision should be the event that commences the appeal window. It was suggested that market-wide visibility is required before the appeal window starts to run.

1.39. One respondent observed that 10 working days seems sensible as the current window includes 5 working days for publication of minutes and the decision. Another

noted that the benefit of this is only achieved if the final modification report is not published on the day of decision. They suggested it would be more appropriate to amend Code Administrator working practices in order to remove the delay in publishing the report. Another respondent highlighted that the CACoP says that consultations should be 15 working days so a reduction would create some inconsistency. This respondent felt that it would nevertheless further improve efficiency.

1.40. One respondent identified that shortening the appeal window would put greater pressure on parties to identify controversial decisions quickly. This could be more difficult for smaller parties as they are more resource constrained.

1.41. Those against shortening the appeal windows said: this could delay CUSC modifications by 3 working days as it currently takes 8 working days to issue the final modification report; it is unclear how 'from publication' is defined; sufficient time should be allowed for parties to consider and prepare appeal documentation, therefore the 15 days should be retained; and, 10 working days may be too small in the holiday season, therefore 15 working days seems more appropriate.

**Question 10: Do you consider that the ability to appeal a self-governance determination should be consistent across all codes?**

1.42. Respondents were generally in agreement with this proposal, observing that:

- consistency across codes where practical makes it easier for parties to operate within multiple codes and aids user understanding of each code;
- the ability to appeal a self-governance decision should be standardised even if the mechanism for making a self-governance decision is not (ie panel vs party determination). This will ensure that parties need only manage one process and all appeals will be treated consistently by Ofgem;
- it would make the appeal process more accessible and go some way to protect against the risk of the self-governance process making inappropriate determinations;
- any appeal should be on the decision not on process or prejudice; and
- consistent application of appealing self-governance determinations across all codes would build upon the success of the CGR.

**CHAPTER: Three**

**Question 1: Do you agree with the proposal to extend the Significant Code Review process to DCUSA, iGT UNC, MRA, SPAA, STC, Grid Code and Distribution Code?**

1.43. The majority of respondents were broadly supportive of this proposal. It was commented that SCR principles ensure a stable environment is maintained for programmes of major change, and that the governance of all codes should support

this process. One respondent noted that there has been no cross-code SCRs to date but that this is where the real benefit lies.

1.44. One respondent queried whether it was effective to introduce provisions that in practice will rarely, if ever, be invoked. Another respondent commented that proposed iGT UNC code modification iGT039<sup>28</sup> would fundamentally change iGT UNC governance and the bulk of operational procedures would be covered under UNC. Therefore, iGT039 should be allowed to complete first.

#### **CHAPTER: Four**

##### **Question 1: Do you agree that all industry code panels (or their equivalent) should provide substantive reasons for their recommendations/decisions?**

1.45. Most respondents supported this proposal. Several respondents pointed out that this would add accountability to the process. One noted that it would enable understanding as to why a particular code modification decision was taken. Another expressed a similar view that some panels do not always fully report their decisions, for instance where differing votes or views are expressed. It was suggested that where the panel contradicts a workgroup recommendation, the panel should be required to provide specific reasons for this.

1.46. One participant believes there needs to be clear guidance on how detailed the decision record should be, but supported the increase in transparency that this may bring. Another respondent stated that this would be a sensible move; it reflects how some codes already operate and would aid understanding of panel decisions. Another added that as long as proportionate, it aids transparency and helps Ofgem in their assessment.

1.47. One respondent thought that requiring substantive reasons from parties when voting may increase the administrative burden and discourage participation. It was commented that the proposal would add an additional step of limited value and may discourage participation.

##### **Question 2: Do you agree that the MRA should contain objectives against which code modifications are assessed?**

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<sup>28</sup> iGT039: Use of a Single Gas Transporter Agency for the common services and systems and processes required by the iGT UNC. <http://www.igt-unc.co.uk/Modifications/Open+Modifications/iGT039DG>

1.48. Respondents generally agreed with this proposal. Several thought that aligning the MRA with other codes would deliver a smoother decision-making process. Another thought that assessing changes against a set of criteria and objectives would help frame debates on change.

1.49. One respondent considered that the MRA currently works well but would agree if the proposal could be introduced without significant expense and without slowing down the change process.

1.50. Other respondents did not agree with the proposal with one stating the MRA functions well already and therefore the need for code objectives is not proven.

**Question 3: Do you agree that the Authority should be able to 'send back' final modification reports in all codes, where a deficiency/flaw in the report is identified?**

1.51. Respondents generally agreed with this proposal. A number of respondents agreed that sending back a Final Modification Report (FMR) is preferable to accepting a flawed proposal or rejecting an otherwise sound one. Several agreed it would be a useful power but only as a last resort.

1.52. Some respondents noted that early engagement with Ofgem, as well as having consistent participation by Ofgem, would limit the number of FMRs the Authority would have to send back. Others expected that reasons for sending back a report would need to be made clear to the panel.

1.53. One participant noted that Ofgem already has the ability to send back FMRs but would welcome clarity on the Ofgem process for this.

**Question 4: Do you agree with the proposal to require all codes to have regard to and, to the extent relevant, be consistent with the CACoP principles?**

1.54. Respondents expressed support for this proposal, with several stating that consistency in governance makes it easier for all parties to engage.

1.55. One respondent thought that all codes should have regard to the CACoP but that code parties are best placed to determine at what level they should apply. Two respondents specifically mentioned principle 8 in the CACoP as not being applicable to all codes.

1.56. A number of respondents stated they already meet the requirements of the CACoP or go beyond it on a voluntary basis. Two queried whether having a mandatory CACoP might reduce the level of service, where the service currently offered is already higher than the minimum requirement.

1.57. Several respondents raised cost being a factor if introducing the CACoP would mean having to expand the role of the code administrators.

**Question 5: Do you consider that a requirement on code administrators to fulfil a 'critical friend' role should be set out in the relevant licence?**

1.58. Most respondents supported the critical friend role, with some commenting that this is of particular benefit to smaller participants.

1.59. A number of respondents agreed with the concept of a critical friend but questioned whether a specific licence condition was required to enable this, especially if the code administrator is not party to the licence. One disagreed with the proposal noting that whilst the code administrator would be required to take corrective action it would be the licensee that would be in breach of its conditions. Two others raised a similar point about this being an additional level of risk for the licensee.

1.60. It was noted that where a code administrator acts in a critical friend role then it should be in a transparent manner and not in favour of one type of participant over another.

1.61. Several mentioned that the critical friend role should not be overly burdensome and a proportionate balance of costs and benefits needs to be achieved. It was also commented that this role would only be of use if an appropriate expert is available to provide the service.

**Question 6: Do you agree with the amendments to the CACoP (Appendix 2) and do you consider that the standard process and templates described by the CACoP should have the status of guidance (rather than being mandatory) at this stage?**

1.62. There was broad agreement with the proposed changes and most participants agreed that the CACoP standard process and templates should have the status of guidance. It was suggested that this would allow 'bedding in' between CACoP requirements and current code arrangements. One respondent agreed that simplification and convergence of code processes is beneficial but it should be recognised that individual differences between codes may remain.

1.63. One respondent suggested moving towards enforcing the status of CACoP in the future if it is not fully adopted voluntarily. This point was echoed by another respondent who thought Ofgem could move towards making the standard processes and templates mandatory if the Authority was not happy with progress toward this on a voluntary basis.

1.64. It was noted by one respondent that a cross-code forum would be a suitable approach for reviewing the CACoP, so that all code administrators can feed in to this process. Another suggested that Ofgem should co-ordinate this, as there may be

differing levels of resource available from code administrators due to service contracts.

1.65. Finally one respondent thought that given the stated ambition of convergence in modification processes they had expected compliance in standard process and templates to be strengthened rather than weakened.

## **CHAPTER: Five**

### **Question 1: Do you agree with the timetable proposed?**

1.66. Most respondents did not agree with the proposed timetable. Views included:

- that the development and implementation of code modifications may, in some cases, take longer;
- there should be a best endeavours approach to delivering against this timetable and individual codes should flag their expectation of the work required and expected timescales;
- SPAA should be given its own timetable so as not to interfere with the more straightforward proposals;
- consideration needs to be given to EU network codes timings; and
- there may be a need to renegotiate code administrator contracts (eg regarding the critical friend role) which could put pressure on the proposed date for making the code modifications.

1.67. Most respondents disagreed with the proposed timetable and considered it too challenging. Some respondents expressed concerns about whether proposed changes under CGR2 were appropriate given other anticipated industry code changes such as, amongst others, the development of EU Network Codes.



## Appendix 2 – Self-governance decision appeal guidance

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### Ofgem guidance – self-governance modification appeals process

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#### Introduction

This guidance document sets out our approach to discharging appeals brought to Ofgem<sup>29</sup> against self-governance modification decisions.<sup>30</sup> It provides an overview of the procedure that such appeals will follow, however, appeals will be dealt with on a case by case basis.

#### What is a self-governance modification decision?

The industry codes are the contractual arrangements that underpin the electricity and gas wholesale and retail markets. The codes set out the processes for making modifications, including the circumstances in which modification proposals can be progressed under a 'self-governance' procedure. Code modification proposals can only be determined by self-governance where they have met the self-governance criteria set out in respect of that particular code. In most cases this involves a test of materiality whereby the modification proposal, if implemented, is unlikely to have a material effect on specified matters, including competition and consumers, and is unlikely to discriminate between different classes of code party.<sup>31</sup>

When a modification proposal is determined under a code's self-governance process, the relevant code panel (or in some cases, code parties) will take the final decision on whether or not that modification is made. The Authority's approval is not required.

#### Who is eligible to appeal a self-governance decision?

Code parties (and, where specified in the licence or code, third parties that would be allowed to raise a code modification proposal under the relevant code) are eligible to appeal a self-governance modification decision.

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<sup>29</sup> The terms 'Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>30</sup> Self-governance modification 'decisions' for the purpose of this document refer to self-governance determinations as described in the relevant codes and licence conditions.

<sup>31</sup> Self-governance criteria for each code is set out in the relevant licence and/or code.

## On what grounds can an appeal be made?

The grounds for appeal are set out in the relevant code and/or licence.

The following are, in most cases, the eligible grounds for an appeal against a self-governance modification decision:

- The appellant is, or is likely to be, unfairly prejudiced by the implementation or non- implementation of the self-governance modification proposal; or
- The appeal is raised because the appealing party reasonably believes that-
  - a self-governance modification proposal which is to be implemented may not better facilitate achievement of at least one of the applicable code objectives; or
  - a self-governance modification proposal which is not to be implemented may better facilitate achievement of at least one of the applicable code objectives; and
- the appeal is not raised for reasons which are trivial or vexatious, and the appeal has a reasonable prospect of success.

## How does an eligible party make an appeal?

The existing code rules may provide that the panel (or in some case, parties) can review and re-take the decision, eg through an interim forum which suspends the original decision and hears an appeal. The appellant should always exhaust any alternative appeal, complaint or dispute resolution processes within the relevant code before appealing the self-governance decision to the Authority.

To make an appeal to the Authority the appellant should complete the 'Self-Governance Decision Appeal Form'<sup>32</sup> providing as much detail as possible and submitting all relevant documentary evidence with the form in support of its case.

The appellant **must** provide the following details on the form:

- the name of the appellant, including the contact details of a designated representative of the appellant for the purpose of the appeal. An alternate representative's details are also required;
- the name/reference of the self-governance modification decision against which the appellant is appealing and a copy of that decision;
- the ground(s) on which the appeal is being made, by reference to the eligible grounds for appeal;

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<sup>32</sup> The form is attached to this guidance and available on the websites of the code administrators.

- the reasons for the appeal in as much detail as possible along with any supporting evidence. This is important because it will inform the Authority in deciding whether the appeal should proceed;
- an explanation of the impact on the appellant of the self-governance decision and how a successful appeal would resolve the matter; and
- the date on which the form is submitted.

In signing the form, the appellant verifies that it believes that the facts stated in the form are true.

### **When can an eligible party make an appeal?**

The appeal form and relevant documentary evidence must be submitted to the Authority by email to [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk) and copied to the relevant code administrator within the appeal window. The appeal window is set out in the applicable code.

### **What is the process after an appeal is made?**

We aim to acknowledge the appeal and confirm whether we consider it to be valid within 10 working days of the appeal window closing. If the appeal is to proceed, Ofgem may request further information from the appellant, code panel, or any other party as may be applicable to determining the appeal.

We will decide on a case by case basis if we require further information in order to progress an appeal. We will aim to seek any further information in a timely manner, and typically expect this process to take up to 4 weeks. We will take into account the information initially submitted on the appeal form and, where appropriate, we will set out specific questions.

The timetable for the appeal process may vary depending upon the individual circumstances of the appeal. If we confirm that an appeal is to proceed, next steps and an indicative timeframe will be outlined in the acknowledgement letter.

If an appeal is refused, ie we consider that the appeal does not meet the grounds for appeal, we will explain why.

In the case that more than one appeal is made against the same decision, these appeals will initially be assessed on their own merits. If allowed to proceed, these appeals may be dealt with together as one matter.

### **Will the appeal form and information submitted in relation to an appeal be published?**

All documents submitted in relation to an appeal will be published on the Ofgem website<sup>33</sup> (unless clearly marked as confidential). The documents submitted should be relevant to the appeal and, where appropriate, respond to the specific questions raised by the Authority.

Any confidential material submitted in relation to an appeal must be clearly marked as such and a non-confidential summary also provided for publication.

### **When would the Authority be able to make a decision?**

We will aim to issue our decision in a timely manner. The timetable will be dependent upon the circumstances of the appeal and whether further information is required. Typically we will aim to publish our decision within 25 working days of either:

- a) the date of our acknowledgement letter confirming that the appeal is considered valid, in cases where we consider that no further information is required; or,
- b) the date at which our final request for further information closes.

When a decision is made it will be issued as an open letter and state the reasons why the Authority has reached its decision and, where appropriate, direct further action to be taken.

### **What are the appeal outcomes?**

The following outcomes may result from an Authority decision of an appeal:

#### **1. The Authority rejects the appeal and upholds the self-governance decision:**

- a) if the decision was that the proposed modification be made, the modification will proceed to implementation; or
- b) if the decision was that the proposed modification should not be made, the modification proposal lapses immediately.

As the Authority agrees with the original decision, there will be no further appeal of the Authority's decision.

#### **2. The Authority upholds the appeal and quashes the self-governance decision**

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<sup>33</sup> Electricity codes: <http://www.ofgem.gov.uk/Licensing/ElecCodes/Pages/ElecCode.aspx>, Gas codes: <http://www.ofgem.gov.uk/Licensing/GasCodes/Pages/GasCodes.aspx>

In this case the Authority may:

- a) send back the modification proposal for reconsideration and redetermination;  
or
- b) remove self-governance and determine that the proposed modification should be made; or
- c) remove self-governance and determine that the proposed modification should not be made.

Where the Authority quashes the self-governance decision and takes the decision itself, the Authority's decision on the proposal may be appealable to the Competition Commission where it is contrary to the original decision (as that decision is treated as a recommendation under the code modification rules) or the recommendation in any revised report.



## Self-Governance Decision Appeal Form

**Name and reference of the decision which you are appealing (please provide a copy of the decision with this form):**

**Date on which the decision was published:**

**On which ground(s) are you appealing the self-governance decision?:**

**Please provide detailed facts and reason(s) in support of your appeal:**

**Please explain the impact on you of this decision and how a successful appeal would resolve this matter. Please indicate if you consider there to be any other persons affected by this decision.**



<b>Details of Appellant:</b> Organisation's Name:	
<b>Capacity in which the Appeal is raised:</b> (e.g. code party, non-code party with right to raise an appeal)	
<b>Details of the Appellant's Representative:</b> Name: Organisation: Address: Telephone Number: Email Address:	
<b>Details of the Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:	
<b>Are you supplying attachments to this form? (see Notes)</b> Yes / No *delete as appropriate	
<b>If 'Yes'</b> please provide the title and number of pages of each attachment and whether it is confidential or not:	



**Statement of truth**

The appellant believes that the facts stated in this form are true.

Name: .....

Position: .....

Signature: .....

Date: .....

**Notes:**

You should attach relevant detailed documentary evidence only for appeal purposes. If you wish to submit evidence which is confidential, please mark this accordingly and provide a non-confidential summary with it.

**Completed appeal forms should be submitted to [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk) and copied to the relevant code administrator.**



## Appendix 3 - Glossary

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### A

#### [ACS](#)

Agency Charging Statement.

#### [April open letter](#)

Open letter consultation on our intention to conduct a second phase Code Governance Review, published 26 April 2012.

### B

#### [BSC](#)

Balancing and Settlement Code.

### C

#### [CACoP](#)

Code Administration Code of Practice.

#### [CAWG](#)

'Code Administrators' Working Group'. The original CAWG was formed under the CGR. A second CAWG was formed in 2012 as working group to review the CACoP.

#### [CGR](#)

Code Governance Review.

#### [CGR2](#)

Code Governance Review phase 2.

#### [Code Governance Review](#)

Ofgem led review of industry code governance, concluding in 2010.

#### [CUSC](#)

Connection and Use of System Code.

## **D**

### [DCUSA](#)

Distribution Connection and Use of System Agreement.

### [DNO](#)

Distribution Network Operator.

## **F**

### [Final modification report](#)

The report submitted to the Authority in order for a decision to be made on a code modification. In the case of self-governance, the report containing the final decision on a code modification.

## **I**

### [iGT UNC](#)

Independent Gas Transporters' Uniform Network Code.

## **M**

### [MRA](#)

Master Registration Agreement.

### [MAM](#)

Meter Asset Manager.

## **N**

### [November workshop](#)

Meeting of interested parties held on 2 November 2012 to discuss the CGR2 initial proposals.

## **S**

### [SCR](#)



Significant Code Review.

**SLC**

Standard Licence Condition.

**SPAA**

Supply Point Administration Agreement.

**STC**

System Operator – Transmission Owner Code.

**T**

**TRAS**

Theft Risk Assessment Service.

**U**

**UNC**

Uniform Network Code.

## Appendix 4 - Feedback Questionnaire

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1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Does the report adequately reflect your views? If not, why not?
2. Does the report offer a clear explanation as to why not all the views offered had been taken forward?
3. Did the report offer a clear explanation and justification for the decision? If not, how could this information have been better presented?
4. Do you have any comments about the overall tone and content of the report?
5. Was the report easy to read and understand, could it have been better written?
6. Please add any further comments?

1.2. Please send your comments to:

**Andrew MacFaul**  
Consultation Co-ordinator  
Ofgem  
9 Millbank  
London  
SW1P 3GE  
[andrew.macfaul@ofgem.gov.uk](mailto:andrew.macfaul@ofgem.gov.uk)