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Dear Mark,

Electricity EU Network Codes

We welcome the opportunity to comment on your recent letter with regards to your proposed approach to implementing the EU Network Codes in GB and, separately, the proposed application process for NEMO designation.

Implementing Electricity Network Codes in GB and implementing the Capacity Allocation and Congestion Management (CACM) Regulation

We are broadly supportive of Ofgem's general approach to the implementation of the Electricity EU Network Codes. We agree that changes should be only where needed to implement the European Regulations and that steps should be taken in parallel to remove any redundant obligations and requirements.

Separate to this, we are mindful of the level of change that other key projects will also demand in terms of regulatory and code changes, most notably the Electricity Market Reform (EMR) and Integrated Transmission Planning and Regulation (ITPR) project. The changes needed to implement the Electricity Network Codes, coupled with the changes that will be required to implement these other key projects, will not be an easy task. As set out in your letter, it is therefore key that the rationale for changes is properly logged and all stakeholders are fully engaged.

To this end, we have a concern regarding the structure of the steering group. Whilst it is right that Ofgem and DECC should be permanent members, we believe it is key that where it



is deemed appropriate to involve others, this invitation should extend to all commercial parties and not give any single party undue preference.

In implementing CACM, this must be done with the cross-border effect and aims and objectives of the third package in mind.

Consulting on our proposed application for NEMO designation and application of designation criteria

The proposed process, as set out, appears reasonable. From our perspective, the key issue is that the application process is open, transparent and equitable to all, i.e. that there should be no preferential access or treatment. Furthermore, we need to avoid creating the scenario whereby there is the potential for market abuse.

I hope this is useful input. Should you wish to discuss any of the above in more detail, please do not hesitate to get in touch.

Yours sincerely,

Gillian Hilton
Regulation.