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Dear Maxine,

The Distribution Code Review Panel would like to thank you for the opportunity to comment on your latest thinking on Code Governance as set out in your open letter of 15 May 2015.

The Panel continues to note that the focus of your Code Governance considerations remains on the commercial codes. Some of the details in your open letter do not appear to apply directly to the Distribution Code directly, however the Panel does recognise that there is the potential for changes to the Distribution Code to have a commercial impact on Users, and the Panels rules make such considerations a mandatory consideration of any proposed modification.

In response to the three questions you raise under “views sought”:

Question 1: Do you consider the governance changes introduced under CGR and CGR2 have been effective in improving the code governance arrangements. In particular considering the efficiency and effectiveness of code change, the ability for large scale reform to be implemented, and the accessibility of the arrangements for smaller/newer industry participants and consumer representatives?

The Panel has modified its procedures slightly, adopted the CACoP principles and expects the Code Administrator to conform to these arrangements. Strengthening the rights of all parties to propose changes to the industry codes that govern their business operations should be welcomed. This allows industry to improve the code, and address issues efficiently when they arise, for the benefit of all users.

Question 2: Do you agree that there is a need to consider further reforms to the industry code governance arrangements? If so, what issues do you consider should be addressed, and what possible solutions do you identify?

The Panel continues to note that the focus of your Code Governance considerations remains on the commercial codes. Some of the details in your open letter do not appear to apply directly to the Distribution Code directly, however we do recognise that there is the potential for changes to the Distribution Code to have a commercial impact on Users.

As such the Panel is not aware of any manifest dissatisfaction or problem with its operation of the management of the Code by the Code Administrator and DNOs. The Panel notes Ofgem’s continuing concerns about the ability of small players to engage in those areas within the remit of the Panel.

The Panel agrees that reaching out to small players remains a challenge. However the Panel is open to alternative ways of increasing awareness of the work carried out by the DCRP. The Panel believes that transparency is also a valuable tool for small players and do not need rigorously documented procedures and rules of engagement.

In an ideal world all codes would be easier to read and understand, but their nature is that they are legal documents often covering technical issues. The idea of more support for those seeking changes, or simpler guides for new entrants, are worthy of further consideration. The Panel will be happy to consider any ideas proposed by the CMA, but also recognise a one size fits all approach may not work across all codes.

Question 3: In addition to a post implementation review of our CGR reforms and potential changes discussed in this letter, are there any other areas of industry code governance that should be considered in this review?

The Panel does not have any additional issues to suggest that you consider.

In relation to the points covered in the Annex to your letter, The Panel does not have any additional comments on Significant Code Review. In relation to self-governance the Panel remains of the view that the number of genuinely immaterial changes to the technical codes, and their daughter documents are very small and do not merit a self governance regime that does not involve ultimate approval by Ofgem. The Panel continues to believe that most changes in the technical codes are driven by changes in the operating environment and that the technical response to these will have varying effects on industry parties. These changes will either have an immediate effect on existing connected parties, or will have an effect on new connexions. In the former case the case for the change needs to be ratified, and in the second case, the implications will be testable by determination by Ofgem. It therefore seems appropriate to the Panel that Ofgem authorises all code changes. In any event, as we understand self governance, the Panel would have to apply in each case to Ofgem to confirm that the code change may be treated under self-governance. The effort by Ofgem in assessing if self governance is valid cannot be that much less than approving the modification. It is also worth noting that we believe para 3.2 of the annex is misleading in that self governance was not extended to the Grid and Distribution Codes.


Para 4.2 is also misleading. Independent chairmen were not mandated for the Grid and Distribution Code Review Panels.

In para 4.12 you suggest independent chairmen could be beneficial to working groups. Whilst the Panel fully supports and expects independent behavior of chairmen, it is our experience of the nature of technical working groups that efficient progress is helped enormously by having a technically expert chairman who can help drive to practical solutions.

We also note that the Grid Code is currently progressing a modification looking at open governance arrangements (GC0086). The findings from this modification are likely to draw some parallels in governance arrangements under the DCRP and should be considered once the final report is published.

I hope the information is helpful. Please do not hesitate to contact me if you need any further information.

Yours sincerely



David Spillett

Distribution Code Administrator