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By email only to: industrycodes@ofgem.gov.uk

26 June 2015

Dear Maxine

Further review of industry code governance

Thank you for the opportunity to respond to the above consultation. This letter should be treated as a consolidated response on behalf of UK Power Networks' three licensed distribution businesses: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. The content of our response is not confidential and can be published on the Ofgem website.

Our answers to the consultation questions are set out in the appendix to this letter and we hope that you will find our comments helpful. If any part of our response requires further explanation or clarification, please do not hesitate to contact me.

Yours sincerely

Keith Hutton
Head of Regulation
UK Power Networks

Copy: Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks

Appendix

Further review of industry code governance – UK Power Networks' answers to the consultation questions

Please note that our response relates only to the electricity distribution and duel fuel codes.

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?

Ofgem's Code Governance Review introduced a range of reforms which have now been implemented across the codes. The Code Administration Code of Practice (CACoP) has aligned key areas of process across the codes and has also identified best practice, such as the role of the 'critical friend' to support all industry parties in using the code modification process more effectively. We are supportive of the evolving role of the CACoP, which has recently resulted in code administrators' increased coordination to identify cross-code change impacts.

The significant changes introduced in recent years have been managed successfully by existing code processes – as the small number of appeals demonstrates. We recognise that there will be more structural changes driven by, for example, smart metering and the centralisation of the registration function. The code panels are aware of the challenges ahead and have commissioned analysis and are also supported by working groups of industry experts. This ongoing review process is allowing the code panels to develop their strategies to manage the change programme.

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?

We consider that there is currently no need to propose additional reforms. The reforms implemented by the codes as a result of the last Code Governance Review, coupled with existing Significant Code Review powers, would appear to be sufficient to achieve the major changes set out in this consultation.

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?

We have not identified any other areas of industry code governance that should be considered for review.