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Maxine Frerk
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24 June 2015

Dear Maxine

FURTHER REVIEW OF INDUSTRY CODE GOVERNANCE

Thank you for the opportunity to respond to Ofgem's open letter regarding proposals for a further review of industry code governance. We are responding in our capacity as the Transporter Agency with responsibility for the provision of Agency Services that discharge the Licence and Uniform Network Code ("UNC") obligations of the principal Gas Transporters ("the GTs"). Whilst we are not party to any industry code, we have rich experience of change planning and of issues that can be encountered during the development of Modification Proposals.

We agree with Ofgem's observations regarding the current and likely future level of change. In this context, it will be important to establish processes for the planning, prioritisation and co-ordination of multiple concurrent changes and to have a long term 'change route map'. This is a role that could be undertaken by code administrators, supported by bodies such as the Change Overview Board, whose value and potential has already been recognised by Ofgem in its latest Simplification Plan.

With regard to accessibility, we support the concept of an "early engagement" process that helps parties, particularly those with less resource or less experience of code governance, to navigate a path through the governance rules, and offers informal feedback on the change proposal. Some market participants may not be aware of the support that is already available from code administrators and service providers, and we would welcome Ofgem taking steps to publicise this service to encourage a greater level of pre-modification engagement.

We observe that some recent and current major change programmes have encountered challenges and difficulties for a number of reasons, and we would welcome consideration being given to these matters in Ofgem's scoping of its review, in particular:

- a) Changes should have clarity of purpose and criteria for success;
- b) Change definition should be at an appropriate level, such that the industry does not have to look for direction where there are 'gaps' in the definition, or is constrained in their thinking where the definition is unnecessarily prescriptive; and
- c) Whilst there is clearly a role for regulatory ambition in driving change programmes, target go live dates should be set based on an objective assessment of what is considered to be feasible within a given timeframe.

If you would like to discuss further any aspect of our response, please contact Martin Baker, External Affairs Manager (martin.baker@xoserve.com; 0121 623 2692) in the first instance.

Yours sincerely

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