

To: Code Administrators, gas and
electricity licensees and all other
interested parties

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Dear Colleague,

Approval of changes to the Code Administration Code of Practice

The letter sets out our decision to approve the addition of a new Principle 13 to the Code Administration Code of Practice (CACoP).¹ Principle 13 will require that Code Administrators ensure cross code coordination to progress changes efficiently where modifications impact multiple codes.

Background

The CACoP aims to facilitate convergence and transparency in code modification processes. It is also intended to help protect the interests of small market participants and consumers through the adoption of key code administration principles. The Code Administrators (CAs) for the gas and electricity industry codes² are required to follow the Principles contained in CACoP which includes Principle 4. This Principle sets out that CACoP is subject to amendment by users.

The relevant gas and electricity licence conditions³ require that changes to the CACoP must be approved by Ofgem.⁴

The proposed changes

On 10 August 2015, Elexon submitted a request to us to approve a change to the CACoP.⁵ The request sets out that code Panels have recommended that a new Principle 13 is added to the CACoP.

Principle 13 has been developed following concerns raised by the Balancing and Settlement Code (BSC) Panel.⁶ The BSC Panel was concerned about how cross code changes are

¹ <https://www.ofgem.gov.uk/licences-codes-and-standards/codes/industry-codes-work/code-administration-code-practice-cacop>

² The CACoP applies to the following industry codes: Balancing and Settlement Code, Connection and Use of System Code, Distribution Code, Distribution Connection and Use of System Agreement, Grid Code, Independent Gas Transporters UNC, Master Registration Agreement, SO-TO Code, Supply Point Administration Agreement, Uniform Network Code and the Smart Energy Code following designation by the Government.

³ Standard conditions 21, 22 and 23 of the electricity distribution licence, standard conditions B12, C3, C10 and C14 of the transmission licence, standard condition 30 of the gas supply licence, standard condition 9 of the transporters licence, standard special condition (gas) A11, and condition C7 of the Smart Energy Code.

⁴ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

⁵ A number of minor corrections were also included in the updated CACoP submitted to us.

⁶ https://www.elexon.co.uk/wp-content/uploads/2014/10/12_236_07_CACoP_Principle_13_PUBLIC.pdf

coordinated. In particular, that co-ordination of these changes could be improved to ensure such changes are progressed efficiently. The other code Panels agreed with this view.

The CAs issued a consultation to users asking for their views on a proposed new Principle 13 seeking to achieve this.⁷ Respondents were supportive of the proposal to add Principle 13 to CACoP. Following responses and comments made at code Panels, the drafting of Principle 13 was agreed and has now been submitted to us for approval.⁸

Our decision

We support the addition of Principle 13 and the requirement on CAs to ensure that change is coordinated efficiently when cross code impacts are identified. The significant changes to the gas and electricity industry in the coming years require a co-ordinated approach to ensure that impacts across the codes are understood and appropriate change developed in a timely way. By ensuring that changes that impact multiple codes are progressed in a co-ordinated and efficient way we anticipate that the benefits to consumers of these changes will be realised more quickly.

We are aware that CAs are putting in place processes to help achieve this Principle. For example, a Cross Code Engagement spreadsheet is available on MRASCo's website.⁹ We encourage CAs to continue to develop ways of working to ensure that cross code co-ordination is effective.

In accordance with Principle 4 of the CACoP and the relevant licence conditions, we approve the addition of Principle 13 to CACoP. The revised version is published on our website here: <https://www.ofgem.gov.uk/licences-codes-and-standards/codes/industry-codes-work/code-administration-code-practice-cacop>.

Yours faithfully,

Lesley Nugent

Head of Industry Codes and Licensing

Signed on behalf of the Authority and authorised for that purpose

⁷ <https://www.elexon.co.uk/consultation/cacop-principle-13-consultation/>

⁸ https://www.elexon.co.uk/wp-content/uploads/2014/10/07_242_06_CACoP_Principle_13_PUBLIC.pdf

⁹ <http://mrasco.com/change-proposals/code-administration-code-of-practice>