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Dear Marion

**Code Governance Review (Phase 3) Final proposals – consultation on licence modifications**

Thank you for the opportunity to comment on the licence modifications associated with your final proposals for phase 3 of the code governance review.

We have reviewed the licence changes where we, as a licensed distributor operating in the electricity market, are impacted either as a direct consequence of a change to our licence or indirectly to the governance arrangement associated with a code we need to comply with and covered within another licence.

In general we are supportive of the majority of the licence drafting to support the final policy proposals and provide comments below on areas where we believe further consideration is required.

**Electricity Transmission Licence SLC C3 (BSC)*****Para 13A - Self governance***

The process regarding self-governance in your final proposals (3.15) is now related to “why a modification is material” rather than why a modification should follow the self governance route. Consideration should therefore be given to amending this paragraph which obligates the panel to submit a self-governance statement. It is an opportunity to align with the Distribution Licence regarding the evaluation criteria required within the code to determine what is material (22.9B, 22.9F and A3(f) of the condition schedule refers). This together with a guidance document is preferable to having the panel submit a statement every time self governance is used, which is likely to increase over time as a consequence of this policy decision. This would then facilitate the BSC objective on promoting efficiency in administration (paragraph 3(d)).

***Definition of “significant code review phase” with reference to “(a) (ii)”***

“a” covers the commencement of a significant code review phase. The reference to paragraph 4G within “a(ii)” is therefore somewhat confusing.

It states “on the date the Authority makes a direction under paragraph 4G”. The direction referenced within 4G relates to the withdrawal of various modifications raised under a number of different conditions as a consequence of a modification being raised in respect of a significant code review (4H(b)). This paragraph should, and indeed is, referenced within “b (iv)” of this definition description which covers the ending of the significant code review phase.

Whilst this condition does reference 4H(b) it may provide more clarity if the definition refers directly to it rather than 4G.

### **Electricity Transmission Licence SLC C10 (CUSC)**

Similar changes are suggested to those stated within SLC C3 above regarding self governance and the definition of significant code review phase.

### **Electricity Distribution Licence SLC22 and 22A**

#### ***Paragraph after SLC22.9E and 22.9EC***

These paragraphs cover off both DCUSA parties and members of the panel's voting rights. The DCUSA panel does not have voting rights so the current drafting, although not placing any obligation on the panel, is not reflective of the DCUSA. The outcome of the review was to leave the voting rights as they are (i.e. DCUSA party voting rather than panel voting) with the intention for the industry to review the process. To retain both within the licence conditions will still require a further change at a later stage should the outcome of any review move it either way. It therefore may be appropriate at this stage to reflect what happens in practice and delete any reference to 'or members of the panel'.

**Definition of significant code review phase** - similar changes are suggested as indicated under the Electricity Transmission Licence SLC C3.

### **Electricity Distribution Licence SLC23**

Similar changes are suggested to those stated within SLC C3 above regarding the definition of significant code review phase.

Similar changes are suggested to those stated within SLC22 above regarding the MRA panel.

### **Electricity Distribution Licence SLC21**

Similar changes are suggested to those stated within SLC C3 above regarding the definition of significant code review phase.

### **Electricity Transmission Licence SLC C14**

Similar changes are suggested to those stated within SLC C3 above regarding self governance and the definition of significant code review phase.

We trust our comments will assist Ofgem in its thinking in this area. If you require any further assistance or clarification please contact me.

Yours sincerely,



Sarah Walls  
Head of Economic Regulation