Marion Quinn
Industry Codes & Licencing
Ofgem
9 Millbank
London
SW1P 3GE

28 April 2016

Dear Marion,

Re: <u>Consultation on code administration reporting metrics and performance surveys</u>

Thank you for the opportunity to respond to your consultation. Northern Gas Networks (NGN) has been supportive of changes to the code administration regime that has resulted from the Code Governance Review, and believe that further improvements need to ensure a proportionate solution to perceived issues.
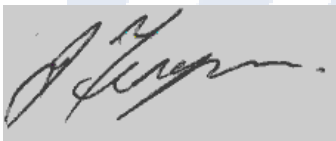
NGN is an active party to the three industry codes relevant to gas transporters – Uniform Network Code (UNC), Supply Point Administration Agreement (SPAA) and the Smart Energy Code (SEC). We acknowledge that the annual survey process undertaken by each administrator is completed in differing manners, but believe that this is reflective of scale of each Code Administrators scale and scope and activity. It is important that the differences in scale and scope are taken fully into account when amending the requirements for both quantitative and qualitative metrics.

The UNC administrator, the Joint Office of Gas Transporters (JO) utilises online survey techniques with a range of questions relevant to the modification process alone as they are not also responsible for the delivery of code services. This differs from a bundled code administrator and delivery service such as Elexon or Gemserv. It is important that quantitative metrics and costs associated with qualitative metrics allocated to the code administrators reflect the activities over which they have control in order for them to be comparable.

We have set out responses to the specific questions in the consultation in the attached appendix.

I hope you find these comments useful and please contact me should you require further information.

Yours sincerely,

Joanna Ferguson
Network Codes Manager

Telephone: 07883 099616

Appendix 1
Consultation Questions

1. *Do you believe that the metrics set out in Appendix 1 will provide a useful set of data?*

    In respect of UNC, the main industry code that NGN engages with, the metrics suggested are not relevant in all cases given the scale and scope of the JO activity. Metrics under the headings General and Consultation are appropriate and relate directly to activity that the Joint Office manages on behalf of the Gas Transporters.

    In the engagement section, question 9 (number of new parties who have acceded) is not relevant to the JO as they do not manage the accession process to the UNC. This data can be obtained by the Gas Transporters, who utilise our Agent (Xoserve) to carry out the customer lifecycle activities. While this data can be collected and populated from an external source to the JO it is not reflective of their activities, and therefore is not an appropriate metric against which to measure them. The remaining questions in this section are appropriate as they relate to administration of the code document and change process.

    The costs section also may not be appropriate as worded for the JO who do not undertake the delivery aspects of UNC change. Question 13 can be populated from the existing UNC arrangements based on when Xoserve, on behalf of the GTs, has provided a cost estimate. Monitoring of actual cost against original estimate to respond to question 14 is a matter relevant to delivery through Xoserve which is currently subject to a Funding Governance and Ownership (FGO) review which aims to broaden responsibility for delivery of code activities from GTs to a more collaborative industry arrangement.

2. *Are there any other data that you consider should be reported on by the code administrators?*

    Subject to suitable amendments to take account of the comments made above, the proposed metrics provide a suitable data set with no other additions.

3. *Is there any additional guidance that is required such that the data provided is consistent across all code administrators?*

    None identified

4. *Do you thin there are any reasons why the code administrators should not continue to pay for the survey?*

    It is appropriate for code administrators to pay for a proportionate and relevant survey relating to the services they provide.

5. *Which of the options set out in this document for you consider is the most appropriate way to fund the independent survey between code administrators?*

    Bearing in mind the scale and scope of all code administrators is not the same, it is important that the cost allocation presents a fair and reasonable cost to each administrator/code. As such, options 1 to 3 do not take account of the fact that scale and scope of code administration activity, and scale and scope of the actual codes differ significantly. Options 4 and 5 offer a more proportionate approach but option 4 may skew the cost allocation unfairly in the favour of a party that currently has extremely low costs as a result of undertaking the activity entirely in-house, or by not undertaking a robust survey. As a result, option 5 would seem to offer the most

appropriate method of ensuring that the allocation is proportionate to the scale of each organisation/code.

6.   *Are there any alternatives to the options set out in this document of dividing the costs between the code administrators that you would favour?*

None identified