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**The Renewable Energy Company Ltd (Ecotricity)**  
**Feedback on Ofgem's Code Governance Review - Phase 3**

Dear Andrew

Ecotricity is an independent renewable energy generator and supplier, with over 170,000 gas and electricity customers, 59 wind turbines and the country's first large scale solar park. As an independent challenger to the Big Six, industry code engagement represents a significant difficulty for us. As we grow, we strive to improve our understanding and engagement of codes.

We offer our responses to overviews of each chapter within the consultation. Beneath this we've provided a summary of our current engagement within industry codes.

**Chapter 2: Significant Code Reviews**

This chapter correctly addressed the fact that timescales for completing SCRs have been longer than expected. Ofgem's proposal is to change processes to allow Ofgem to draft code modification legal text itself.

This is similar to a proposal given in a recent Competitions and Market Authority consultation, suggesting Ofgem provide a 'strategic steer for codes'.

We do not support either proposal. Ofgem provide a steer to the energy industry as a whole. Code participants therefore have a long term idea of the direction of the market. Codes and their modifications should remain firmly under the control of the code participants, as was intended at their point of development, rather than giving any further powers to Ofgem. As long as code participants are well informed about Ofgem's plans, there is no need for any further involvement by the regulator.

Ofgem already publish a comprehensive forward working plan. If code administrators were consulted on its development, this would negate the requirement for any further involvement from Ofgem.

## Chapter 3: Self – Governance

We do not object to Ofgem’s proposal to make self-governance the default process for modification proposals. Self-governance has the potential to significantly reduce resources and allow a more efficient implementation of code modifications. However, we suggest that the Panel would need to agree unanimously for each modification, and that each Panel member has the power of veto. This would ensure the protection of small suppliers and other marginalised parties in the event that a modification could be beneficial to the majority of voters, but detrimental to them.

## Chapter 4: Code Administration

We are thankful to see Ofgem’s commitment in supporting smaller suppliers and improving consistency across the change processes. The Critical Friend role requirement for code administrators has potential to be very beneficial for smaller players. However, CACOP as a whole doesn’t contain best practice, therefore agree that updating the guidance in CACOP & ensuring best practice would enhance the role of the Critical Friend.

The qualitative requirements of CACOP result in code administrators interpreting them subjectively. This creates inconsistencies in our experiences with different bodies.

Standardised presentation and content would be beneficial. This would include standardising the modification process form, the process itself and the roles and rights of different groups within that (i.e. no code should offer weighted voting), to the requirement to offer a final report on the modification and an impact assessment. This information should all be easily accessible and all parties should be kept abreast of all changes at all times.

One solution would be a single web page for all codes. Placing all information in one location would save time, resources and allow cross-code subject searches of modifications.

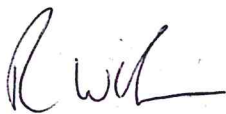
Cross-Code Body: Such a body would allow more effective communication between codes, which is increasingly important as major industry changes require more far reaching modifications, for example TRAS, quicker switching and smart metering.

## Conclusion:

We value the efforts being made by Ofgem and the CMA to further improve code governance. However we suggest that the focus should be less on increasing Ofgem’s involvement and more on simplifying and encouraging party engagement with the code modification and implementation process.

Ecotricity welcomes the opportunity to respond and hope you take our comments on board. We also welcome any further contact in response to this submission. Please contact Ryan Wilkins on 01453 769392 or [ryan.wilkins@ecotricity.co.uk](mailto:ryan.wilkins@ecotricity.co.uk)

Yours sincerely,



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