

PowerCon (UK) Ltd

Power Connection Consultants

Ofgem
9, Millbank
London
SW1p 3GE

19th December 2015

For Attn : Ms M Quinn
Industry Codes and Licensing

Dear Sirs,

Ofgem's review of Industry Codes Governance (Phase 3) **Powercon (UK) Ltd response**

Thank you for the opportunity to respond to the above consultation.

Powercon (UK) Ltd

As a member of the Common Charging Methodology Forum, DG Steering Group and Electricity Connections Steering Group we believe that PowerCon (UK) Ltd can be considered to be an active industry participant.

We would also point out that we have in the past actively participated in a number of Distribution Change Proposal Modifications under the existing DCUSA arrangements.

Powercon (UK) Ltd also acts in a capacity as agent and grid consultant to individual developers and customers and also the REA and other TA's.

Introduction

Following our original response to the Ofgem consultation we would again confirm that if, as stated, it is the intention to provide consumers and (Connecting) customers with efficient protection then the fundamental changes required within the charging methodologies is to provide those constituencies with an effective voice and the means to influence any debate.

We would suggest that :-

- It is unreasonable to expect customer engagement in any other scenario.
- A distinction needs to be drawn between the need to protect existing 'connected consumers' and the need to protect 'connecting customers'.
- We would now question the legitimacy of any of the code panels that exclude customer representation and full customer engagement (including voting rights).
- Clearly charging methodologies are required to provide a balance between the requirements of all industry participants – under the broad principles of the existing legislation and Licence conditions.

For ease we have retained the Ofgem questions in red and provided our responses immediately below and in black.

PowerCon (UK) Ltd. Trading address: 22, Barass Ave, Worcester WR4 0QD.

PowerCon (UK) Ltd. Registered office address: 93, High Street, Evesham, Worcestershire WR11 4DU

Company Reg No 07590423 in England and Wales

With regard to this particular consultation, we have restricted our comments to those parts of the consultation that relate particularly to customer engagement.

CHAPTER: Two

Question 1: Do you agree that Ofgem should have the ability to lead an end-to-end SCR process, including the development of code change and legal text?

We do believe that Ofgem should have the ability to lead end to end on the SCR process.

Question 2: Do you agree it is appropriate to clarify that Ofgem may set timetables for the code change process under an SCR, when the existing, industry-led code development route is used?

Based on previous experience we believe that it appropriate for set timetables to be established.

Question 3: Do you have any comments on the licence drafting set out in Appendix 3?

No Comments

Question 4: Should Ofgem be able to directly raise a modification proposal under the standard process (option 2A)?

For the reasons stated we do believe that it would be both appropriate and acceptable for Ofgem to raise modification proposals.

Question 5: Do you have any other proposals for changes to the SCR process?

No Comments

CHAPTER: Three

Question 1: Do you agree that requiring a positive identification of why Authority consent is needed (rather than why it is not) could result in additional modifications being developed under self-governance?

No Comment

Question 2: Do you agree that guidance on the materiality criteria may assist industry in its assessment of whether a modification should be self-governance or require Authority consent?

No Comment

Question 3: Do you agree that any potential guidance is something that panels and code administrators should develop, based on experience to date of using self-governance?

No Comment

Question 4: Do you have any other proposals that may improve the self-governance processes under the codes?

No Comment

CHAPTER: Four

Question 1: Do you agree that updating the guidance in CACoP and ensuring best practice across all codes would enhance the role of the Critical Friend?

Please see the response below.

Question 2: Please provide your suggestions as to how the Critical Friend role could be better advertised and what information each code administrator should include on its website.

It is probable that the role of the 'critical friend' will only be of interest to those groups or individuals who will be directly concerned with the detailed workings of the respective code groups.

Existing code participants, we would suggest, would have knowledge of the role of the critical friend and therefore it is only any potential new participants that would need to be targeted in any form of training and/or induction?

We must then return to the outstanding question as to whether 'excluded constituencies' will be interested in the role of the critical friend if, in deed they remain excluded from the detailed working of the specific panels?

PowerCon (UK) Ltd. Trading address: 22, Barass Ave, Worcester WR4 0QD.

PowerCon (UK) Ltd. Registered office address: 93, High Street, Evesham, Worcestershire WR11 4DU

Company Reg No 07590423 in England and Wales

Question 3: Could a self-governance process be introduced for the CACoP?

No comment

Question 4: How often should the CACoP be reviewed?

No comment

Question 5: Do you agree that greater visibility of the CACoP can be achieved by having clear links available on all code websites to a dedicated CACoP page?

No comment

Question 6: How could the quantitative metrics be improved?

No comment

Question 7: Should a single body send out one qualitative survey across all codes? If so, who would be best placed to undertake this role?

No comment

Question 8: Do you agree that the modification process and template should be standardised across all codes?

Since is unlikely that industry participants will be working across all of the codes this arrangement may be of limited benefit - but otherwise we have no comment.

Question 9: Is it appropriate that all panel chairs be completely independent of industry?

We believe that all panel chairs should be independent of industry in order to ensure that all participants are provided with appropriate levels of assistance and that all views are equally represented.

Please also see the notes relating to 'legitimacy' within our introductory notes.

Question 10: Is it appropriate that all panel members are required to be impartial, i.e. not to represent the interests of their company?

We believe that this is a pre-requisite of all panels however under the current and present arrangements we do not believe this to be the case. Whilst customers have no formal voting rights then it must be quite apparent to any observer that impartiality will be difficult to achieve. Please also see the notes relating to 'legitimacy' within our introductory notes.

Question 11: Should DCUSA voting be undertaken by panel, rather than all parties?

We are unsure as to the motives behind this question or in fact whether it is the correct question. The issue remains that the DCUSA voting arrangements are such that customers (both connected, connecting and their respective representatives) do not have voting rights - be it at work-group or panel levels. This is totally unacceptable. It could be argued therefore that if customers (or their representatives) had full participation and voting rights there would be a more balanced representation and the views of customers would be fully communicated and recognized. We would further suggest that any alternative outcome may be acceptable to existing Code Representatives but will not be acceptable to customers.

Question 12: Should code administrators provide a chair for workgroups?

We believe that code administrators should provide an independent chair for workgroups.

Question 13: Would including a consumer impacts section on each change proposal form help to ensure consumer interests are discussed and published?

We believe that the introduction of a section on consumer impacts (for both connected and connecting customers) together with derivations of the change proposal within the Act or licence condition would provide transparency and clarity and would assist in any change proposal debate.

Question 14: Do you agree with the housekeeping changes we have proposed?

We do agree with the recommendations made especially with respect to the 'critical friend' but do not believe that mandating any requirements would in any way stifle innovation? We would also suggest that the proposal in making the role of the critical friend 'more visible' would be welcome. With specific regard to section 4.50 & 4.53 we do not believe that sufficient safeguards are in place by which relevant panel members are required to act (per se) in an independent and impartial manner. The fact remains that existing panel members do not represent, or are mandated to

PowerCon (UK) Ltd. Trading address: 22, Barass Ave, Worcester WR4 0QD.

PowerCon (UK) Ltd. Registered office address: 93, High Street, Evesham, Worcestershire WR11 4DU

Company Reg No 07590423 in England and Wales

represent, any particular 'constituency' and nor do these members have exclusivity or knowledge that is not available within the consumer or connection customers group. In short – we consider that it is not acceptable to exclude, where appropriate, customers and connection customers' representatives from panels and associated panel voting arrangements.

Otherwise and in general we agree with the proposed housekeeping changes.

CHAPTER: Five

Question 1: Should all 'material' charging modifications proceed through pre- modification processes and demonstrate some initial evidence against the relevant charging objectives prior to being formally raised?

We believe that this should now be a fundamental requirement.

Question 2: Could the current pre-modifications processes for charging code changes be applied more effectively in line with CACoP Principles 5 and 6?

No comment

Question 3: Should panels develop forward workplans for charging modifications in line with agreed priority area(s) to provide a more robust approach to managing modifications?

Whilst the development of forward looking workplans may assist in the process of agreeing a priority for managing modification we would suggest that this should not be so inflexible as to exclude any perceived urgent or desirable modification request.

Question 4: Do you agree that charging modifications which are 'not material' (in line with self-governance criteria) should be progressed through the self-governance route?

We believe that may be acceptable once the criteria for 'materiality' have been agreed.

Question 5: Do you agree that bringing all current charging methodologies forums under DCUSA governance could help to improve stakeholder engagement and increase the consistency of processes for charging modifications?

We believe that this should now be a fundamental requirement.

Question 6: Do you agree that having a panel sponsor would help the DCUSA Panel better understand the origins of charging modifications and the DCUSA Panel would be more accountable for, and engaged with, efficiently progressing them?

We believe that this should now be a fundamental requirement.

Question 7: Please set out any other proposals you may have for improving the governance for charging methodologies under open governance arrangements.

No comment

We trust that the above is of service and would welcome the opportunity to further discuss the points raised in this response.

Yours faithfully,

Bob Weaver
Director
PowerCon(UK) Ltd

Mobile : 07557345243
E-Mail : bw@powercon-c.com