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Marion Quinn
Industry Codes & Licensing
Ofgem
9 Millbank
London, SW10 3GE

28 April 2016

Dear Marion,

ElectraLink response to Ofgem's consultation on code administration reporting metrics and performance surveys

ElectraLink welcomes the opportunity to provide Ofgem with comments to the consultation on code administration reporting metrics and performance surveys which forms part of Ofgem's wider Code Governance Review Phase 3 (CGR3) Final Proposals.

This response is provided in ElectraLink's capacity as a code administrator for a number of competitively procured commercial contracts, including the Distribution Connection and Use of System Agreement (DCUSA) and the Supply Point Administration Agreement (SPAA). ElectraLink also acts as the secretariat for a number of other industry governance arrangements, across both the gas and electricity sectors.

In developing this response, ElectraLink has first examined the quantitative metrics to be reported by code administrators, with a view to ensure the metrics provide the industry with a useful set of compatible data to focus on the key elements of industry codes. The response, as detailed in Appendix 1, is both supportive of the metrics and mindful of ElectraLink's previous engagement with Ofgem in this area.

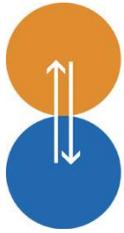
Secondly, and as previously put forward in its response to Ofgem's CGR3 Initial Proposals¹, ElectraLink perceives there to be merit in Ofgem's application of a single qualitative survey for all codes. This will provide a number of benefits, not least in acting to reduce survey burden on codes parties but also through enabling improved understanding and visibility of the performance of code administrators through an application of a consistent set of questions. That being said, code administrators (and respective code Panels) should have the ability to input into the development of the survey, working alongside Ofgem and the independent third party researcher. The new proposed approach for cross-code surveying would otherwise limit the ability for code administrators to understand the context of questions (and the resultant feedback) in relation to their own service, which ultimately leads to improvements to industry parties.

ElectraLink has also examined the options presented by Ofgem for the recovery of costs of the qualitative survey, and identified an alternative option for Ofgem consideration. This will enable code administrator organisations like ElectraLink, who offer a number of services other than central code administration, to still have the opportunity to gain feedback on its overall service offerings.

Please note that the views expressed in this letter are those of ElectraLink Ltd and not those of the DCUSA and SPAA governing Panels.

¹ https://www.ofgem.gov.uk/sites/default/files/docs/electralink_response_-_cgr3_ips.pdf





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ElectraLink would be pleased to engage with Ofgem to discuss this response in greater detail. Should you require any further information please in the first instance contact Rachael Mottram, Governance Services Consultant at Rachael.Mottram@electralink.co.uk.

Yours sincerely,

Elizabeth Lawlor
Head of Governance Services, ElectraLink

List of enclosures:

- Appendix 1 – ElectraLink response to CGR3 Final Proposal consultation questions

Appendix 1 – ElectraLink response to CGR3 Final Proposal consultation questions

Question 1: Do you agree that the metrics set out in Appendix 1 will provide a useful set of data?

The metrics provide a valuable set of data to highlight the overall activity and effectivity of processes undergoing within codes. For example, the metrics will provide a welcomed insight into the level of participation by code parties within the code modification process which is a critical indicator of the level of engagement by industry participants and where code administrators and code Panels should focus efforts, such as in increasing transparency to promote engagement.

However, it is essential that the reported metrics are viewed within context i.e. in respect of the varying nature, complexity and technicality within codes. For example, the metric of the number of modifications raised within a quarter for example does not take into consideration the differing periods of time and resource investments required by code parties to develop a modification (i.e. through the establishment of a working group) before the modification can be implemented.

Question 2: Are there any other data that you consider should be reported on by the code?

ElectraLink sympathises with market participants and in particular new entrants to the UK energy market who face ongoing challenges in navigating across the range of industry codes and the documental burden that comes with them. It is key that code administrators support processes which enable code parties to access pre-modification processes in order to discuss and develop modifications. Although the provision of modification data (e.g. the number of modifications raised within a quarter) provides a part view of the level of activity under a code, this does not shed light on the resourcing requirements upon parties to not only engage but also to assess business impacts of the modification.

A further metric, related to the number of working group meetings held, would be easily reported by code administrators to help further demonstrate the effectiveness of code modification processes. Reporting on the number of working group meetings held within a quarterly basis and the average attendance of the working groups, would provide a better picture of both the administrative activity of code administrators, the level of pre-modification activity and the resourcing requirements required by each code for active engagement by industry participants for the development of modifications.

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

ElectraLink appreciates the addition of guidance by Ofgem, which has addressed its previous observations highlighted in this area. The guidance would however benefit from the addition of examples to Question 10 to ensure all code administrators report consistently. As a code administrator, ElectraLink receives an array of questions from market participants. This will also be the case across other code administrators. Engagement with code parties and industry participants varies from regular monthly requests for help e.g. to confirm consultation deadlines or modification timelines, to more specific requests for overall support in processes from new entrants. Therefore, it would be useful if Ofgem specified the type of engagement areas that should only be reported on to ensure consistency by all in the data provided for Question 10.

Finally, the guidance for Question 3 should take into account that code Panels are not always the responsible body under codes for voting on modifications or change proposals. For example, under the SPAA the SPAA Change Board has responsibility for change proposal decisions.

Question 4: Do you think there are any reasons why the code administrators should not continue to pay for the survey?

The current funding principal of customer satisfaction surveys is based on the recipients or beneficiaries of the surveys paying the related costs. ElectraLink for example, undertakes and funds an annual survey for its own business benefit in order to understand client feedback to shape its services accordingly. The results of our annual survey are shared with our customers but they bear no costs. Other code administrators charge their customers as recipients of annual code customer satisfaction survey results. Accordingly, we believe the funding mechanism for the proposed cross-code survey should adhere to existing principals i.e. Ofgem as a beneficiary or the industry as the recipient (through codes), funding the cross-code survey.

ElectraLink recognises the desire to limit multiple surveys which is overburdening code parties and limiting engagement. This led to ElectraLink rolling out a fresh approach to gaining customer feedback in 2015 where an independent party was commissioned to undertake a qualitative survey across all ElectraLink's business units - Governance Services, Data Transfer Services (DTS) and Energy Market Insights (EMI). We are however unclear of the rationale for removing the ability for code administrators to survey customers on wider issues and services beyond code activities through the adoption of a cross-code survey, funded by code administrators. Therefore, code administrators must be allowed to engage in the development of the independent survey questions and retain the right, at own cost, to survey on other elements of business where appropriate.

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

Of the options, presented, Option 1 is the most equitable model for funding the cross-code survey.

Question 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?

ElectraLink puts forward an alternative funding option as a variation to Option 1, which follows existing principals of customer satisfaction surveys being funded by survey beneficiaries or recipients.

Under this model the total cost of the independent survey should be passed onto code parties (via the code administrator) of each of the 11 codes outlined under Option 1, but the cost would be proportionate to the relative size / budget of each of the codes. This would better reflect that of the 11 codes, some codes have significantly less budgets than the 'main' commercial codes.

Annually, a cumulative total of all codes budgets could be determined where the proportion of a codes budget, to the overall total of codes budgets, would limit the proportion parties of each code would be required to pay for the cross-code survey. This would prevent parties of lower costing codes being presented with a significantly increased annual code budget. The funding of the cross-code survey would be easily obtainable from code parties utilising current code invoicing regimes.

- End -