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28 April 2016

Dear Marion

National Grid response to the consultation on code administration reporting metrics and performance surveys

Thank you for the opportunity to respond to Ofgem's consultation on code administration reporting metrics and performance surveys. This response is provided on behalf of National Grid Electricity Transmission plc (NGET) and National Grid Gas plc (NGG). NGET owns the electricity transmission system in England and Wales and is the National Electricity Transmission System Operator (NETSO). It is responsible for administering the electricity Connection and Use of System Code (CUSC), the Grid Code and the System Operator – Transmission Owner Code (STC). NGG owns and operates the gas Transmission System and also owns and operates four of the gas Distribution Networks. In association with the three other gas Distribution Network Operators, NGG also jointly provides for the administration of the Uniform Network Code (UNC) Governance arrangements through the Joint Office of Gas Transporters (JO).

We consider that the changes introduced under the Code Governance Reviews have been successful in improving and clarifying the code governance arrangements. Annexed to this letter is the National Grid response to the specific questions posed in Ofgem's consultation on code administration reporting metrics and performance surveys.

If you wish to discuss this further, or have any queries regarding this response, please contact John Martin on 01926 656672. This response is not confidential and can be published.

Yours sincerely

[By e-mail]

Mark Ripley
Director, UK Regulation

Annex: Response to Questions

Response to quantitative questions

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

NG comments: We would support the metrics set out in Appendix 1, they provide for the measurement of the relevant industry code effectiveness and participation levels. However in our opinion qualitative surveys provide a more accurate way to measure the code administrators level of service provision, as it is very difficult to identify meaningful quantitative metrics for the code administration role.

Also we would highlight, for the majority of CUSC modifications, implementation costs (referenced in metrics 13 and 14) will be marked as 'nil'. The report of 'nil' is not an error; the implementation costs are just not required for the modification proposal.

UNC modifications may have an indicative implementation cost, which could be utilised to respond to metrics 13 and 14, but in respect of the latter definitive costs may not be determined until post change implementation.

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

NG comments: At present we have not identified any other material items that need to be reported on by code administrators.

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

NG comments: To ensure a consistent approach we would request clarification on metric 10; we feel it should relate to the measure of assistance that code administrators provide on the modification process rather than general miscellaneous code queries.

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

NG comments: The view of National Grid is that it is imperative that the views of the customer and stakeholder community are taken into account, to ensure the continued development of the code administration service. We would support the view that code administrators should continue to pay for the survey.

We would highlight that National Grid already completes an event driven survey, through which relevant parties are interviewed by an independent, third party research agency after they have engaged with the electricity code modification process. Industry parties have commented that it allows them to provide timely feedback rather than a general response when an annual survey is utilised. The overall percentage interview response rate has increased since transferring to an event driven survey and we would see it as a backwards step to return to an annual survey.

The National Grid survey includes questions on a multitude of Business functions based on the respondent's applicable interactions and also includes the 'overall satisfaction' question which is required as part of the RIIO Customer Satisfaction incentive scheme. The feedback we have received is of survey fatigue; moving to a separate survey for code administrators will result in the completion of an additional survey for industry participants, as National Grid will still be required to continue its existing survey to measure interactions outside of code administration, including the overall satisfaction incentive measure.

In respect of the UNC, the JO makes available online surveys throughout the year with a quarterly assessment of responses. The cost of this survey is a few hundred pounds.

We would suggest an alternative approach, which would entail code administrators being provided with a set of questions that have been developed by an independent third party. The code administrators would then be responsible for ensuring an independent survey took place with their respective industry code participants (for example, in National Grid's case, this could be part of our

existing survey and therefore remove the need to contact respondents more than once each year). The code administrator would be required to provide these scores to Ofgem for publication within agreed timescales.

Also we would highlight that the indicative figure of £50,000 to £100,000 seems excessive, especially when you take an overall perspective of the number of associates employed in code administration across the sector and the comparative costs of the existing surveys undertaken. With a competitive tender process, we would expect costs to be significantly lower than £50,000 per annum, and our suggested approach for including these questions within code administrators' existing surveys would be an even more cost-effective approach to obtaining the same information through an equally robust, independent process.

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?

NG comments: We would initially highlight that the option of using the rationale of current spending on the satisfaction survey seems unfair (option 4), as it could discriminate against parties who have currently focused on understanding the needs of their customers and stakeholders.

The preferred option for NGET is option 2, as it means the cost is split equally between the parties completing the code administration function.

For NGG, option 1 is the preferred option as the cost is split equally between the administrators of the 11 industry codes.

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?

NG comments: There are no alternative options of dividing the costs that we would like to currently propose.