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Dear Lesley

Code Governance Review (Phase 3) Final Proposals

We welcome the publication of Final Proposals for phase 3 of the Code Governance Review. This response reflects the view of SSE plc and is submitted on behalf of Scottish and Southern Energy Power Distribution, SSE Energy Supply Ltd, Southern Electric Gas Ltd and SSE's licensed generation businesses.

SSE continues to believe that the current approach to industry code governance is disjointed, inefficient and is not designed for today's market. Whilst the proposed reforms will improve the current code arrangements, a more fundamental change to ensure a more strategic approach in this key part of the regulatory framework is required.

We believe that to be successful, the revised SCR process must be supported by structured governance; the requisite skills; and transparent decision making. We note that the revised SCR guidance includes some criteria on deciding on which process option to follow, it is not clear how a decision would be made on the basis of these criteria. Also, we remain concerned that changes to self-governance will only serve to increase the volume of trivial or vexatious change.

Our response to the consultation questions on the licence modifications is contained in Annex 1 and our response to consultation questions on code administration reporting metrics and performance surveys is contained in Annex 2.

Yours sincerely

Adam Carden
Head of Industry Codes



Annex 1: Response to consultation on licence modifications

Question 1: Do you consider that the licence drafting would achieve the policy proposals set out in the CGR3 Final Proposals?

The licence drafting appears to reflect the intent of the policy proposals although it is unclear what happens if Ofgem choose to withdraw a modification. Can other parties take on ownership of an Ofgem withdrawn modification in the same way as non-Ofgem-led modifications?

Question 2: Do you consider that the licence drafting in the Electricity Transmission Licence SLC C14 would also facilitate the implementation of GC0086?

Yes, we see nothing in the drafting that would not facilitate the implementation of GC0086.

Question 3: Do you agree that, where licence drafting differs between licence conditions, the substantive effect is materially the same?

We agree that the licence conditions have the same substantive effect.



Annex 2: Response to consultation on code administration reporting metrics and performance surveys

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

We note that the metrics mainly collect information that relates to the volume of activity for a particular code. Whilst information on the volume of activity in a code is valuable, we would expect more metrics that measure the performance of the code administrator. We are disappointed that metrics, such as papers being published outside modifications rules requirements, currently in CACoP principle 12, that actually measure code administrator performance will no longer be collected.

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

As we noted in our response to the initial proposals, there are still no metrics related to code administrator performance against CACoP principle 5 on the use of the pre-modification process. We believe that it should be possible to measure the volumes of issues raised and those that subsequently progress to modifications. We note that a number of codes have issue management groups and it should be possible to measure the code administrators on how well they facilitate these groups.

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

We believe further clarity is required as to what is deemed a modification. The examples used in the guidance exclude modifications to subsidiary documents for the BSC, would this approach extend to other codes when the codes themselves are not consistent on the content of subsidiary documents? For example, an MRA change proposal that relates to an agreed procedure (a subsidiary document) would not be counted but a SPAA change proposal to a similar matter in a SPAA Schedule (part of the main document) would be.

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

No, we believe that Ofgem commissioning a single qualitative survey will be more efficient and reduce the overall costs of the survey to code administrators.

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?

We believe that option 1 is the most appropriate way to split the costs of the independent 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?

No.