

Code Governance Remedies workshop

Working group sessions

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ofgem

To consider what the new regime could mean in practice for strategic code modifications

To generate ideas and discuss views on the roles of stakeholders for the new regime:

- in the strategic direction before strategic modifications are raised; and
- once modifications are identified, the different participants' roles in the modification process.

And finally the role, governance structure and composition of the consultative board

Introduction to working task 1A: Strategic Direction

What is a strategic direction trying to achieve?

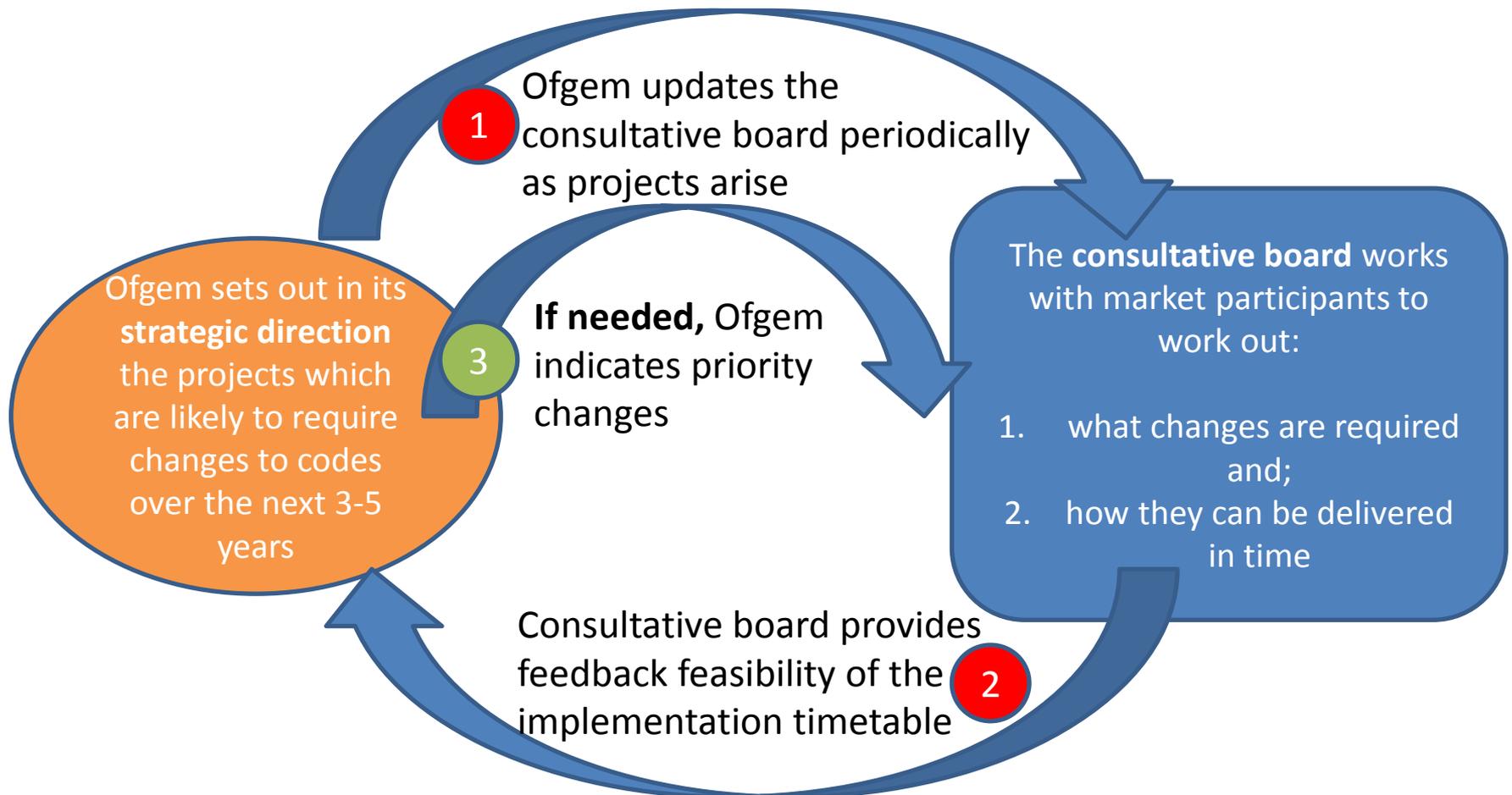
The strategic direction is trying to achieve the following key outcomes:

- reduce regulatory uncertainty by providing a clear direction for the policy we expect to impact industry codes
- create a greater alignment of industry and Ofgem's objectives for code modifications;
- ensure effective and efficient use of resources by Ofgem and industry participants to manage code changes;
- create a tool to facilitate joint industry planning and prioritisation of code modifications, and;
- establish clear roles and responsibilities for delivering strategic change and clear parameters for Ofgem's involvement in the codes.

Our proposal is that Ofgem's strategic direction sets out:

- A **'vision'** for cross code reform and an explanation of the key drivers
- The 'vision' may include a **high level road map for strategic** code modifications (across all codes) for a 5 year period
- A set of **key outcomes** for codes (i.e. what are we trying to achieve through codes). For example this could include code modifications keeping pace with technology change
- Explains the **roles, responsibilities and accountability** of stakeholders for delivering the strategic direction
- The document could also contain a set of **prioritisation principles** which could be used by Ofgem and code managers to prioritise code modifications

How might the strategic direction work in practice?



Task 1 (A):

Work in your groups in the next **30 minutes** to generate a list of individual activities that Ofgem, code managers and delivery bodies, code parties, code panels and the consultative board would need to undertake, before modifications are raised, in order to deliver the (fictional) case study below. The update of the joint industry plan is the last activity.

Fictional case study: Brexit

The UK has decided to leave the EU. As a consequence a number of the energy rules and regulations need to be revised. Early views indicate that this will include changes across all industry codes but a full assessment has not been completed. The Government has committed to leaving the EU by 2020.

Ofgem set its strategic direction for codes in 2017 and it included a 5 year roadmap for a number of key projects. Brexit was not a consideration at the time the plan was issued.

The full package of CMA remedies for code governance (including the licensing of a code manager) has already been implemented. A joint industry plan is already in place to deliver the current strategic direction.

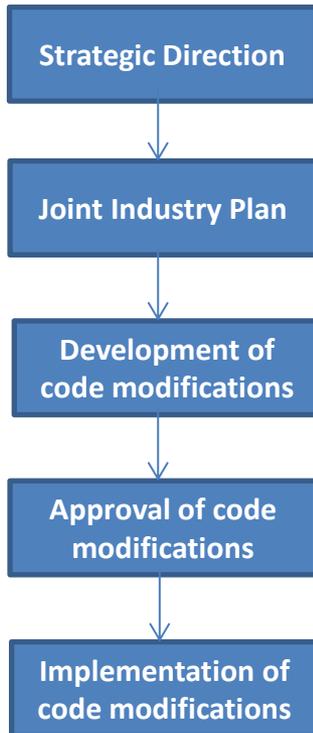
Introduction to working task 1B: Modifications process

This session will start to scope what functions & outputs participants could be required to deliver

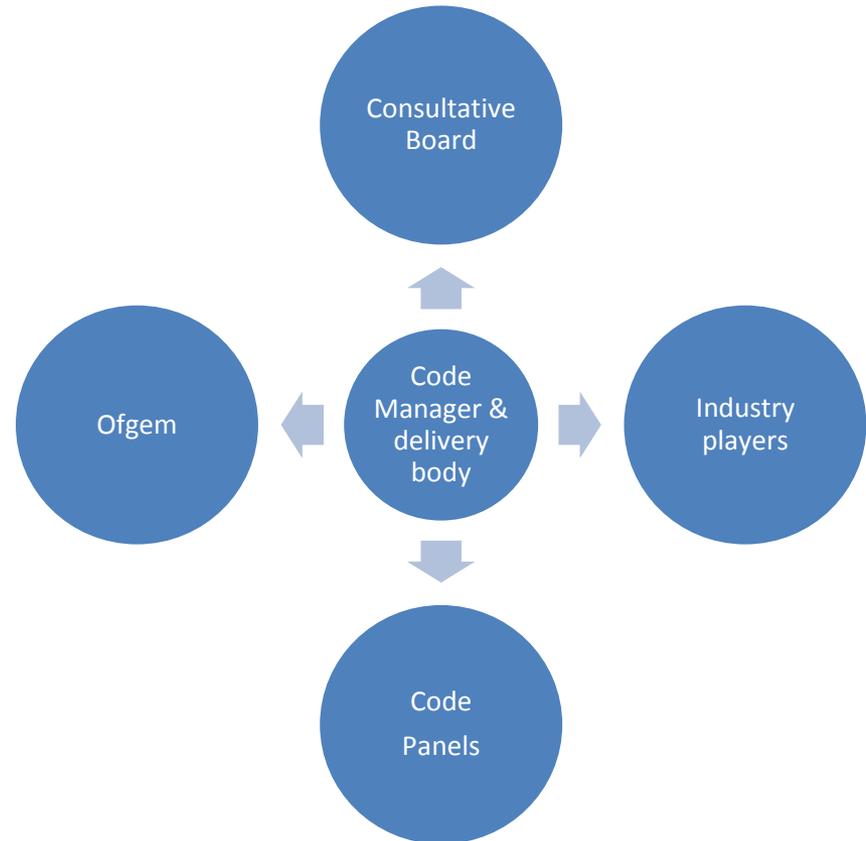
1. What does a successful code manager & delivery body regime look like in respect of facilitating code changes?
2. How should the code managers & delivery bodies interact with code panels, industry parties, the consultative board, Ofgem?
3. What requirements could be placed on industry players to ensure that they facilitate code changes?

Key milestones and participants in the process

What are the roles of the relevant participants?



What are the interim steps?



Task 1 (B):

Each group has been given one role to play.

Work in your groups in the next **45 minutes** to generate a list of individual roles and responsibilities that the participant that you are playing would need to undertake (from the publication of the revised Joint Industry Plan to the implementation of the modifications) to deliver the same fictional case study.

We will then come together to discuss the interaction of the roles and responsibilities that have been identified.

Table 1	Code Panels
Table 2	Ofgem
Table 3	Code manager & delivery body
Table 4	Industry Players
Table 5	Code manager & delivery body
Table 6	Code Panels
Table 7	Consultative Board
Table 8	Consultative Board
Table 9	Industry Payers

Introduction to working task 2: Consultative Board

Proposed key functions of the consultative board

Role	What this could mean
Develop and maintain a joint industry cross code change plan	Manage delivery of the joint industry plan: review delivery progress regularly; help remove obstacles and delays to implementation of cross-code changes; make recommendations for code changes to individual code panels
Perform an assurance role for delivery of the strategic direction	For example by: identifying critical success factors and barriers to success; confirming right approach has been adopted and plans are complete and accurate
Perform a risk management/ risk mitigation role	Identify, assess, and prioritise risks Coordinate resources to reduce likelihood and impact of risks
Make non-binding recommendations to Ofgem on strategic code development	The scope of recommendations could include eg, concerns and issues identified in its discussions on the coordination of cross code change
Facilitate engagement between the industry, Ofgem, code panels, code parties and code bodies	Provide a space for informal engagement and share best practice

To generate ideas and discuss views on the composition and governance structure of the consultative board

Task: In your groups please discuss the following question:

1. Having reflected on today's discussions, what do you think the role of the consultative board should be?
2. What are the lessons from existing industry governance structures that should be applied to the consultative board?
3. Bearing this in mind, what would the appropriate composition of the board be?

Please note down your views on the flip chart provided.

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We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.