

To: Code Administrators, gas and electricity licensees and all other interested parties

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Dear Colleague,

## **Approval of changes to the Code Administration Code of Practice**

This letter sets out our decision to approve the Code Administration Code of Practice (CACoP) version 5.0<sup>1</sup>

### Background

The CACoP<sup>2</sup> aims to facilitate convergence and transparency in code modification processes. It is also intended to help protect the interests of small market participants and consumers through the adoption of key code administration principles. The Code Administrators (CAs) for the gas and electricity industry codes<sup>2</sup> are required to follow the Principles contained in CACoP, which includes Principle 4 which sets out that CACoP is subject to amendment by users.

The relevant gas and electricity licence conditions<sup>3</sup> require that changes to the CACoP must be approved by Ofgem<sup>4</sup>.

### The proposed changes

CACoP Version 5.0 updates the Code to reflect the outcomes of the Code Governance Review 3 (CCR3), the Ofgem Code Administrator 2017 Survey and the 2017 CACoP Review.

Principle 1 has been amended to emphasise that in carrying out their role as *Critical Friends* the CAs should provide support to all with an interest in the Code Modification process, *including all new and existing* energy market participants. Where they are known, CAs should ensure that the views of small market participants are effectively articulated in Workgroup and Code Modification reports, and the impacts on small market participants specially described.

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<sup>1</sup> <https://www.ofgem.gov.uk/licences-codes-and-standards/codes/industry-codes-work/code-administration-codepractice-cacop>

<sup>2</sup> The CACoP applies to the following industry codes: Balancing and Settlement Code, Connection and Use of System Code, Distribution Code, Distribution Connection and Use of System Agreement, Grid Code, Independent Gas Transporters UNC, Master Registration Agreement, SO-TO Code, Supply Point Administration Agreement, Uniform Network Code and the Smart Energy Code.

<sup>3</sup> Standard conditions 21, 22 and 23 of the electricity distribution licence, standard conditions B12, C3, C10 and C14 of the transmission licence, standard condition 30 of the gas supply licence, standard condition 9 of the transporters licence, standard special condition (gas) A11, and condition C7 of the Smart Energy Code.

<sup>4</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

Principle 2 has been amended to make clear that in producing the written documents required by the CACoP CAs should, in addition to avoiding technical language and the use of too many acronyms, avoid industry jargon unless their use is appropriate and supported by a glossary. Where possible Industry Codes will use a consistent set of defined terms to avoid confusion.

Further changes to the CACoP include measures to improve and extend the guidance on how CAs should ensure that easily accessible information will be promptly and publically available to users (Principle 3); that the Code, currently reviewed on an annual basis, will be reviewed on a regular basis (Principle 4); and that legal text will be produced and consulted upon prior to a recommendation or a decision on a modification (Principle 9).

The CACoP has also been updated to reflect the now established arrangements for the Authority's independent cross-code survey on the effectiveness with which the CAs are carrying out their roles and responsibilities under the CACoP, and the requirement to provide quarterly reporting on a range of quantitative measures (Principle 12).

#### Our decision

The proposed amendments to the CACoP reflect changes introduced under CGR3 and the results of the Ofgem Code Administrator 2017 Survey and the 2017 CACoP Review. Taken together we consider that these changes will make the CACoP clearer and more focused, which should mean CAs are better able to understand and deliver on the principles and that interested parties should be able to access and understand the key information they need to participate more fully and effectively in the Code Modification process.

In accordance with Principle 4 of the CACoP and the relevant licence conditions, we approve the CACoP. The revised CACoP is published on our website<sup>5</sup>.

Yours faithfully,

**Lesley Nugent**

**Deputy Director, Licensing Frameworks**

Signed on behalf of the Authority and authorised for that purpose

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<sup>5</sup> <https://www.ofgem.gov.uk/publications-and-updates/code-administration-code-practice-version-5>