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By email – switchingprogramme@ofgem.gov.uk

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Dear Rachel,

The Retail Energy Code – proposals for version 1.1

Thank you for providing us with the opportunity to provide feedback on the proposals for version 1.1 of the Retail Energy Code. Overall Leep Electricity Networks Ltd are broadly supportive of the core aspects of the proposals detailed in the consultation however we have captured below some initial thoughts for further consideration.

RECCo Board

We primarily agree with the principles and responsibilities of the RECCo Board and support the granting of budget approval powers to the Board. The intent to have independent membership, with individuals chosen for their specific skills, is in line with industry code governance.

We have noted though that the proposed remit and structure of RECCo Board is unusual in that it is not a regular company but instead has a specific remit to serve the energy industry and should therefore have sufficient knowledge of the industry parties affected and key drivers and relationships between relevant parties. Therefore, it will be important that the Board membership reflects this requirement and that this is considered by the Nominations Committee. We would recommend that this should be included in the terms of reference for the group to ensure this is embedded within their future considerations, otherwise, simply having a majority of directors who are independent REC parties could result in the RECCo lacking understanding of the nuances of the energy industry.

Performance Assurance

We also support the proposed approach for the Performance Assurance Board and agree with the scope of the performance assurance framework and the proposed discretion for escalations. We are concerned that the single representative for all networks would be unable to provide equal expertise for gas and electricity across both the incumbents and independents and therefore believe it would be beneficial to include an independent network representative on the Performance Assurance Board.

This is then consistent with the approach taken by other industry codes with a performance assurance framework such as the Uniform Network Code whereby the PAB provides a seat

to an independent gas network. Where the PAB issues resolutions that would benefit from network cooperation, appropriate network representation could prove valuable.

The Change Panel

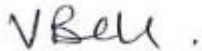
The proposals for version 1.1 of the REC has made several improvements to the change process and governance for the REC, particularly with the introduction of preliminary Impact Assessments.

We are unclear if the Change Panel, which will be appointed by the RECCo Board, will provide a Panel with adequate expertise in all areas. The proposal that there should be a single representative for all network companies is of concern as it is unlikely that any individual will have the detailed knowledge of all other industry codes to be able to understand compliance requirements and represent the view of all networks. This is exacerbated as there are fundamental differences between incumbent and independent networks.

Following the above rationale, we believe the proposed composition for the Panel is too small and should hold a seat for independent networks, as is the case currently with a number of industry codes. This will at least partially resolve the challenge of selecting an individual who has adequate knowledge of gas and electricity across the two categories of distribution networks.

We look forward to reviewing the decisions and further developments relating to the REC.

Yours sincerely



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