Code Administration Code of Practice (CACoP) Final Report 2015

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Version 0.2

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Document Control

Version	Date	Author	Change Reference
0.1	24 November 2015	National Grid	Draft Report
0.2	03 March 2016	National Grid	Draft Report for circulation to Panels

1 Overview

The 2015 Code Administrator Code of Practice (CACoP) review meeting was held on 14 October 2015. During the meeting, the Code Administrators (CAs) reviewed the responses received to the CACoP Open Letter, from both Users and CAs. This report provides details of the meeting discussions and CAs' recommended changes to the current CACoP (Version 4.0).

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2 Attendees and Apologies

Members

John Martin	JM	National Grid (Chair)
Lucy Hudson	LH	National Grid (Technical Secretary)
Jade Clarke	JC	National Grid – CUSC, Grid Code & STC
Stephanie Catwell	SC	Gemserv – MRA
David Barber	DB	Gemserv – SEC & iGT UNC
Simon Fox-Mella	SF	Elexon – BSC
Fungai Madzivadondo	FM	Electralink – SPAA & DCUSA
Bob Fletcher	BF	Joint Office – UNC
David Spillett	DS	ENA – Distribution Code

Attendees

Emma Piercy	EP	First Utility – Code User
Elizabeth McClure	EM	RWE npower – Code User
Joseph Underwood	JU	Drax Power Station – Code User
Roberta Fernie	RF	Ofgem

Apologies

Paul Rocke	PR	Gemserv
Anne Jackson	AJ	SSE

3 Areas Discussed

Review of Open Letter Responses

3.1 JC advised that following the issue of the CACoP Open Letter in August 2015, 7 responses had been received and these had been circulated to all CAs. The responses contained a number of comments and concerns which could be broadly categorised into 5 key themes. Attendees agreed to discuss each theme in turn.

Theme 1: A more standardised governance process and consistent application of the CACoP is required

3.2 SF noted that all CAs are set up differently and have varying levels of resource available. In respect of legal text, for example, some CAs have in house lawyers whereas smaller CAs often have to outsource this activity which makes standardising across CAs difficult. SF also noted that the guidance on meeting the CACoP principles is not mandatory and this makes standardisation of processes and application harder.

3.3 EP commented that independent suppliers are not always aware of communications and changes as early as they would like, due to their limited resource availability. DB confirmed that all CAs publish relevant information on their own websites in addition to circulating email communications, but asked for views on how this may be improved.

3.4 EP suggested that the reconstruction of the Cross Codes Forum would be useful. It is seen as a good method of communicating the current 'big' issues across both fuel types and could help independent parties prioritise effectively to ensure relevant issues are not missed. EP noted that in the past, awareness and attendance levels at the Cross Codes Forum had not been good and therefore effective promotion would be really important if it was reconvened.

3.5 Following discussion it was agreed that some form of prioritisation system would be helpful, however it was recognised that all parties have different priorities and due to volumes it practically would not be possible for CAs to present all modifications at the Cross Codes Forum.

3.6 EP suggested that input from independent parties regarding the reconstruction of the Cross Codes Forum would be useful to understand what they would find beneficial for the group to discuss/action. DS noted that engagement with small players appears to be specifically a supplier issue and that, if reconvened, the Cross Codes Forum should be a balance of both commercial and technical issues, rather than focussed on commercial issues aimed purely at attracting small suppliers.

3.7 EP suggested another improvement could be to have all modifications located together on one website.

3.8 EP also highlighted that CA attendance at meetings, such as the Small Suppliers Forum, may be beneficial. SF noted that Elexon had previously engaged with the Small Suppliers Forum with a view to attending but that the Forum had not been very receptive to the proposal. BF added that Cornwall Energy has attended the UNC Panel, so although some views are put forward, it is acknowledged that it remains difficult to get the opinions of small suppliers.

3.9 JM suggested arranging a separate meeting to discuss how improvements in respect of engagement could be made. The group agreed this was a sensible way forward. It was noted that input from Cornwall Energy, DECC and Ofgem would be valuable.

Theme 2: Are the metrics in Principle 12 appropriate? Do they actually measure performance?

3.10 RF stated that the metrics are focussed on quantitative, rather than qualitative, measures. JC's view was that the metrics do not measure performance of CAs but provide a summary of the progress of modifications. It was also highlighted that modifications are often driven by the proposer's timelines, which makes it difficult to measure CA performance.

3.11 EM felt that the average time between a non–urgent proposal being raised and submitted for decision, and the average time between a proposal being submitted for decision and a decision being published are really important and would be useful to compare CA's performance of these metrics.

3.12 EP raised the issue of whether an additional metric could be added related to improving industry support and general engagement but acknowledged it would be difficult to measure this. It was agreed that this could be considered as part of the separate meeting being arranged to discuss engagement improvement opportunities.

3.13 EP noted that the volume of customer surveys issued is huge and that it would be useful to have one which covered all Codes from a Code Administrator perspective, perhaps run by Ofgem or another independent party. JM stated that this may be difficult as, for National Grid, the CA question is only one part of a much wider customer survey issued by the parent company. DB suggested that an additional question could be included as part of the Review Process Open Letter asking for views on CA customer satisfaction, to provide a consistent view on the critical friend aspect. DS highlighted that personally he was keen to understand what his customers think of the service provided by Distribution Code CA and that it may not work to compare responses as each Code has a number of different types of customers. BF noted that a quarter of their customer base is surveyed each quarter and that the Joint Office is keen to understand where they can improve via the specific written comments received, rather than the scores.

Theme 3: A comparison of the metrics would be useful to compare Code Administrators

3.14 JC noted that some responses to the CACoP Open letter stated that it is difficult to compare the metrics for each Code Administrator. JC asked the group for views on whether the metrics could be combined to make comparison easier. EM stated the one overall report comparing metrics would be useful and suggested this could be collated by the host and published on Ofgem's website. DS noted that any comparison report would need to be caveated as CAs could not be compared like for like as all codes and modifications to those codes are very different. DB suggested that to give some extra context, a new metric could be added indicating the number of modifications progressed within the reporting timeframe, or to provide this detail as part of the commentary. RF noted that commentary is not currently provided by all CAs.

3.15 RF commented that currently all CAs do not report on the same time period and DB suggested that CAs would need to agree a consistent approach in terms of reporting timescales ie calendar year, financial year, rolling 12

month. The general consensus of the group was calendar year reporting but CAs agreed to take this away to consider the most appropriate reporting for their respective Code.

3.16 RF noted that it was difficult to locate the annual metrics reports on each individual CA's website and asked the group for any views on how the metrics could be made more visible. SF suggested publication on each CA's own CACoP web page. The group agreed this would be a sensible way forward. To make location of the metrics easier, DS suggested the CACoP Review Process host could note on their CACoP web page that they are host for that particular year and include a link to each of the other CA's metrics.

3.17 SF and DS asked the Authority for clarity on the purpose of the metrics and whether it was for comparison purposes or just for the CAs to publish. RF stated that it was to identify areas where best practice could be shared. SF highlighted that as CAs could be competitors, rather than fellow CAs, in the future, there may be some reluctance to share best practice with competitors.
DS noted that the metrics are simply stating what has been done in the year rather than about CAs competing with each other. JC concurred that the metrics are simply factual and queried their purpose. RF also mentioned that Ofgem are currently consulting on Code Governance Review 3 and that reporting metrics may form a part of this. It was suggested that if the CAs and/ or interested parties have any suggested changes to the metrics; these should be included within their suggested amendments to the Authority. These can then be reviewed by Ofgem as part of the Code Governance Review 3.

Theme 4: Introduction of over-arching Code Administrator / modification management system

3.18 EP noted that it would be useful to have one single modification management system. DS suggested that the cross-codes spreadsheet managed and published by Electralink on the MRA website may be a good reference point. It was noted that this only shows modifications that have cross- code impacts and would need to be expanded.

3.19 SF noted that this subject may be addressed as part of the CMA's Energy Market Investigation, so the group decided not to discuss it at this meeting.

Theme 5: Best practice to be shared from Elexon on being 'critical friends'

3.20 DB commented that although Principle 1 exists, it is very difficult to compare CAs due to the varying levels of resource available. JM asked if there were any lessons which could be shared or learnt amongst CAs as opposed to carrying out a comparison. DS suggested that as industry comments regarding Elexon as a critical friend have been favourable, so it would be useful to gain insight into how they carry out this activity. DS also noted that those industry members who have responded may not have a full awareness of the different size of CAs and the resource available.

3.21 SF gave a brief overview of Elexon's approach whereby a consistent Lead Analyst is assigned to each modification, and follows it through its entire life cycle, supported by a lead chair and lawyer. Operational Support Managers are also in place as a customer account manager type role.

3.22 JM suggested that all CAs should consider how best practice and feedback from Customer Surveys can be shared, with a view to arranging a separate meeting to progress this further.

Other themes

3.23 JC noted that there were other comments within the responses received that did not fall into the five key themes discussed and gave the group the opportunity to discuss these comments.

3.24 EP queried the use of voting and the differing arrangements across codes. SF commented that it may be difficult to incorporate aspects of voting into the CACoP as not all CAs have voting arrangements in place for their Code Panels and therefore would be unable to commit.

3.25 EM highlighted that consistency and timeliness of legal text can be an issue. SF and DS agreed that this is probably down to the size of the CA and whether internal legal support is available or whether it is sourced externally. BF acknowledged that this was an issue with the UNC and that as transporters are often responsible for leading modifications, it would be difficult to change.

3.26 JC also noted that under CACoP Appendix 3, the definition of CACoP is incorrect so will need correcting within the amendments agreed at this meeting.

4 Recommended Changes

4.1 The Code Administrators recommended the below changes to be made to the CACoP:

- CACoP Principle 4: inclusion of additional industry consultation prior to submission to the Authority (as agreed at Principle 4 teleconference on 1 October 2015)

  NOTE: The Principle 4 process review has been put on hold until post Code Governance Review 3 implementation. This proposal will be included within the review.

- CACoP Principle 4: addition of following sentence '*Review Process to be undertaken in line with Principle 4 process, which is available on each Code Administrator's website'* (as agreed at Principle 4 teleconference on 1 October 2015)

  NOTE: The Principle 4 process review has been put on hold until post Code Governance Review 3 implementation. The Principle 4 process will be made available on the Code Administrators' websites once the review has been concluded and the process approved.

- CACoP Principle 12: addition of wording to reflect CAs adding commentary to support the submission of annual metrics

- CACoP Appendix 3: correction of CACoP definition

Annex 1 – Open Letter Responses

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Staines
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TW18 3BY

Jade Clarke
CUSC Panel Secretary
National Grid House
Warwick Technology Park
Gallows Hill, Warwick
CV34 6DA
20 January 2015

Dear Jade,

Annual review of the Code Administration Code of Practice

We write in response to your letter issued on 6th August 2015.

1. Are you aware of the key principles of the Code Administration Code of Practice (CACoP)?
British Gas are aware of the key principles of the Code Administration Code of Practice.

2. In your opinion, do you believe the Principles in the Code Administration Code of Practice (CACoP) effectively meet their purpose?
The Principles are a useful tool in providing assistance in streamlining code governance. We support further harmonisation of the principles by all Code administrators.

3. Do you believe the current metrics under Principle 12 are fit for purpose?
We believe the current metrics are important metrics for Code Administrators to be measured against.

4. Should any additional metrics (to those under Principle 12) be included?
We support the continuous review and development of these principles to ensure incremental improvement across codes.

5. Are there any Principles that any Code Administrators deliver/meet in such a way that could be used as 'best practice' amongst all Code Administrators?
There are many positive aspects in the way in which code administrators deliver on the Principles, we have provided a sample of the features that we find most valuable:

Joint office: We believe the Pre-modification briefing call and summary email of the teleconference allows participants the choice to dial in and discuss changes and to learn more about the history of the modification is a useful value adding service.

Elexon: Clear and concise change summaries, with all relevant documentation linked and attached to the email, issued at regular intervals with appropriate times scales. This also includes links to the Elexon website where the full details of the change are located.

SMICoP: We believe the provision of a modification timetable, for the progression of each Change Request is very easy to use and adds value to the change process.

We believe that all Information should be available through various common communication channels, including email and public websites, where this is not accessible alternative communication methods should be discussed with industry parties.

6. As a user of the Code of Practice, do you have any suggested improvements?

We would like consideration of the costs and benefits of the proposal included in the development of the modification, additionally the introduction of a post implementation review would assess whether actual costs and benefits had been identified.

We support initiatives to harmonise industry code governance and we would be happy to discuss our response with you.

Yours sincerely,

Oorlagh Chapman
Assistant Regulatory Manager
British Gas

Good afternoon,

On behalf of Brookfield Utilities I can confirm that we have reviewed the open letter, inviting views on the Code Administration Code of Practice, and our response to the relevant questions are as follows:

1. Are you aware of the key principles of the Code Administration Code of Practice (CACoP)?
Yes.

2. In your opinion, do you believe the Principles in the Code Administration Code of Practice (CACoP) effectively meet their purpose?
Yes, particularly following the recent addition of Principle 13.

3. Do you believe the current metrics under Principle 12 are fit for purpose?
Yes, we believe that they are sufficient at this time.

4. Should any additional metrics (to those under Principle 12) be included?
We do not believe so.

5. Are there any Principles that any Code Administrators deliver/meet in such a way that could be used as 'best practice' amongst all Code Administrators?
We are not aware of any.

6. As a user of the Code of Practice, do you have any suggested improvements?
Not at this time.

Kind regards.

Jenny Rawlinson
Regulatory Affairs Manager

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Thank you

Drax Power Limited
Drax Power Station
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Jade Clarke
CUSC Panel Secretary
National Grid House
Warwick Technology Park
Gallows Hill, Warwick
CV34 6DA

5 September 2015

Dear Jade,

Open Letter: Annual review of the Code Administration Code of Practice

Drax Power Limited ("Drax") is the operating subsidiary of Drax Group plc and the owner and operator of Drax Power Station in North Yorkshire. The 4,000MW station consists of six separate units which together produce around 7-8% of UK generation. Two of these units have been converted to run on biomass as part of an ambitious project to become a predominantly renewable generator. A third unit conversion is planned for 2016, completing the largest decarbonisation project in the EU.

We are supportive of the key principles of the Code Administrator Code of Practice (CACoP) and welcome this opportunity to respond to National Grid's open letter regarding the annual review of the CACoP.

We agree that the key principles effectively meet their purpose and that the metrics under Principle 12 are also fit for purpose. However, an additional metric could be added to assess how effectively a Code Administrator has engaged with Ofgem to better facilitate cross-code communication. This addition would act to increase efficiency of cross-code processes, providing an incentive for Code Administrators to facilitate co-ordinated action.

With respect to Principle 13, the guidance in Principle 13 states "*if practically possible, encourage representatives from other Codes to join the Workgroup meetings when there are cross Code impacts"* and "*if practically possible, coordinate to send a package of related cross Code changes to the Authority"*. Drax believes that Ofgem should be encouraged to take a more proactive approach to cross-code change. Code Administrators should invite Ofgem to *actively* attend meetings where cross-code change is being discussed. This would ensure co-ordination across the piece, from inception to industry discussion and, ultimately, determination.

National Grid (CUSC) and ELEXON (BSC) are the only Code Administrators with which Drax interacts regularly. We believe both operate to a high standard. We are less aware of the performance of other Code Administrators, but encourage all Code Administrators to follow the best practice examples provided in administering the BSC and CUSC.

If you have any questions regarding this letter, please don't hesitate to get in contact.

Kind regards,

Submitted by email

Joseph Underwood
Regulatory Analyst

Jade Clarke
CUSC Panel Secretary
National Grid House
Warwick Technology Park
Gallows Hill, Warwick
CV34 6DA

Email to: cusc.team@nationalgrid.com

4 September 2015

Open letter: Annual review of the Code Administration Code of Practice (CACoP)

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

In summary, we are supportive of the CACoP but believe that more needs to be done to achieve the objectives it was intended to achieve. As a first step, we think further standardisation of the governance arrangements for code change across the codes is necessary to ensure the CACoP delivers meaningful results. Until there is consistent application of the principles across the codes, we believe it is difficult to transfer any learning from one Code Administrator to another and instil any emerging best practice. We would also encourage Ofgem to publish comparable reports published under Principle 12 alongside with its assessment of performance. By assessing how effectively the Code Administrators are discharging the roles and responsibilities captured within the principles of the CACoP, the standards of service and, more generally, compliance against the code principles should improve furthering effective operation of the codes.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Mari Toda on 07875 116520, or me.

I confirm that this letter and its attachment may be published on National Grid's website.

Yours sincerely,

Mark Cox
Head of Transmission and trading Arrangements

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Attachment

Open letter: Annual review of the Code Administration Code of Practice (CACoP)

EDF Energy's response to your questions

Q1. Are you aware of the key principles of the Code Administration Code of Practice (CACoP)?

Yes.

Q2. In your opinion, do you believe the Principles in the Code Administration Code of Practice (CACoP) effectively meet their purpose?

No. The Code Administration Code of Practice (CACoP) was established to facilitate convergence and transparency in code Modification processes and to help protect the interests of small market participants and consumers through various means including increased use of plain English in modification reports. In our view, there is a significant difference in the way each Code Administrators are interpreting the Principles and also in the level of compliance between them. As a result, the usefulness of the Principles is limited and we are not convinced that they are meeting their purposes effectively.

The second phase of Ofgem's Code Governance Review (CGR) should have extended the CGR conclusions to further industry codes but, in practice, there are still some variations. For example, some of the codes still do not have an independent chair or consumer representation. While we are aware that there is a Grid Code Open Governance proposal to introduce a number of governance attributes (e.g. abilities for parties other than NGET to raise a modification proposal) that currently exist in the CUSC and BSC, progress is slow. Further standardisation of the governance arrangements for code change across the codes will be a beneficial first step - so that you have a single set of best practice governance arrangements across all codes; this could bring clear benefits to the accessibility of the codes via the change process and better meet the objectives of the CACoP.

Q3. Do you believe the current metrics under Principle 12 are fit for purpose?

No. Under Principle 12, Code Administrators should be reporting on a series of qualitative and quantitative metrics, including views of recipients of the service. In practice, these reports are not easily available on Code Administrators' websites or identifiable using search engines. We contacted a number of Code Administrators to request a copy of the reports they should be publishing as part of Principle 12; only Elexon and ElectraLink were able to provide the information promptly. While we understand that some of the other Code Administrators provide this information at Panel meetings, these reports need to be readily available before we can consider whether the metrics are fit for purpose.

In terms of the metrics themselves, we think they will be more useful if they are comparable across the Code Administrators. We think Ofgem should publish these reports, along with its assessment of performance, to promote transparency and enable benchmarking of Code Administrators' performance. By assessing how effectively the Code Administrators are discharging the roles and responsibilities captured within the principles of the CACoP, the standards of service and, more generally, compliance against the code principles should improve furthering effective operation of the codes.

Q4. Should any additional metrics (to those under Principle 12) be included?

We do not have a strong view in terms of additional metrics but have some concerns regarding the size of the CACoP customer survey. There is an extract in the CACoP Annual Review 2014 report which suggests that only a dozen responses (across all Code Administrators) were received last year. If this is indeed the case, we think more needs to be done to publicise the survey to ensure a more meaningful assessment could be made from these reports.

Q5. Are there any Principles that any Code Administrators deliver/meet in such a way that could be used as 'best practice' amongst all Code Administrators?

In our experience, Elexon has been very good in delivering most of the principles but, in particular, Principle 1: Code Administrators as critical friends. Many of their analysts achieve this by demonstrating the attributes outlined in the guidance on meeting the principle, in a friendly, yet professional manner.

Q6. As a user of the Code of Practice, do you have any suggested improvements?

Yes, as stated above we would recommend the following:

- Further standardisation of the governance arrangements for code change across the codes.
- Making the reports published under Principle 12 accessible and comparable.
- Asking Ofgem to publish these reports alongside with its assessment and any issues arising.

We also welcome the latest inclusion of Principle 13 which was recently approved by the Authority.

EDF Energy
September 2015

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4 September 2015

Dear Jade

Annual review of the Code Administration Code of Practice

Thank you for the opportunity to respond to the Annual Review of the Code Administration Code of Practice (CACoP). We note that the CACoP attached in your letter for review does not include or refer to the proposed Principle 13 (Code Administrators will ensure cross Code coordination to progress changes efficiently where modifications impact multiple Codes). Electricity North West is fully supportive of the inclusion of Principle 13 as noted in our previous correspondence. We believe that the inclusion of Principle 13 should encourage wider co-ordinated thinking amongst the Code Administrators which should prevent issues of the code incompatibility or inconsistency in the future.

Our responses to your specific consultation questions are attached in Appendix 1. Please feel free to contact me if you have any questions.

Yours sincerely

Tony McEntee

Tony McEntee
Interim Head of Economic Regulation

Appendix 1 – Consultation Questions

1. Are you aware of the key principles of the Code Administration Code of Practice (CACoP)?

Electricity North West (in its role as a Distribution Network Operator) is a party to a number of Codes and is fully aware and supportive of the key principles of the CACoP. Our view is that the code of practice principles promotes best practice within the industry and minimises the regulatory burden of the code compliance.

2. In your opinion, do you believe the Principles in the Code Administration Code of Practice (CACoP) effectively meet their purpose?

In our opinion, the Principles are fit for purpose.

3. Do you believe the current metrics under Principle 12 are fit for purpose?

The majority of the proposed metrics are fit for purpose. We question if the average number of respondents to consultations is an appropriate measure of Effective Communication. Typically, the number of responses will illustrate the sensitivity of parties to the proposed change rather than the effectiveness of the consultation.

4. Should any additional metrics (to those under Principle 12) be included?

We have not identified any further metrics.

5. Are there any Principles that any Code Administrators deliver/meet in such a way that could be used as 'best practice' amongst all Code Administrators?

We have not identified any specific examples.

6. As a user of the Code of Practice, do you have any suggested improvements?

As noted in our cover letter, the inclusion of Principle 13 represents a significant improvement on the current CACoP.

first:utility

Jade Clarke
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By email: Jade.clarke@nationalgrid.com and cusc.team@nationalgrid.com

4th September 2015

Dear Jade

Annual Review of the Code Administrators Code of Practice

This letter provides responses to the Open Letter published on the National Grid website on 6th August 2015 regarding the CACoP Annual Review for 2015/16.

First Utility is an independent energy supplier, offering electricity and gas services to around 850,000 dual fuel domestic customers (having grown from just 52,000 customers at the end of 2011). More recently, we have gained experience in meeting the challenges faced by smaller and independent industry participants in engaging with the industry codes, the processes for governing and amending them.

We continue to see a lack of independent supplier representation in the development of industry rules and processes and believe that this impacts adversely on consumers and on all other industry participants. This is certainly the case in the areas we have been able actively to engage in: however, these are necessarily limited and we cannot comment more generally on the spread of independent and smaller supplier representation in code governance and workgroups more generally.

First Utility therefore sees this as a welcome opportunity to highlight some of our concerns regarding industry governance and industry change processes in particular. In this response we first provide some answers to the questions posed, and subsequently our thoughts on possible solutions to the challenges facing smaller and independent suppliers. Our response covers views as also shared with the CMA, DECC and Ofgem.

1. Are you aware of the key principles of the Code Administration Code of Practice (CACoP)? Yes

2. In your opinion, do you believe the Principles in the Code Administration Code of Practice (CACoP) effectively meet their purpose? Yes, however industry is changing with a wider variety of participants than ever before. We believe the code governance processes have not fully adapted to samller and independent participants per se: it is even harder to see how it will adapt to more non-traditional industry participants, unless changed. It is essential that ways are found to address this to enable the industry to effectively challenge 'the way things are done' and to innovate

around solutions that work for all participants. Our comments below under 'code modification process' cover this area in much more detail.

3. Do you believe the current metrics under Principle 12 are fit for purpose? Yes, to a greater extent, however what is missing is a measure on the make-up up of respondents to consultations and working group membership.

Smaller and independent suppliers can find it difficult to keep abreast of, and engage in, consultations for licence condition modifications and code modifications. Furthermore, independents do not have the same capacity to contribute to workgroups, expert groups and participate by other means. For those participants who cannot participate in the consultations for change, their views may not be provided at all.

As a result, governance bodies and working / expert groups may not gain the benefit of independents' views and experience or a chance to understand and work through their concerns.

One recent example of this is around the charging methodology process which is arguably more technical so that it is unlikely that many smaller and newer industry participants have the bandwidth to actively engage in the consultations on the charge controls themselves. This means that their views were not fed into the development process for charges. It also means that they are at a disadvantage for any subsequent developments, including around the charging methodologies.

We accept that such participants could in principle join the relevant working groups for each of the CUSC and DCUSA and join the quarterly calls covering some of the charging issues. However, the fact remains that these participants are not actively and continuously able to do so. This has most recently been borne out by issues arising from the process for recovery of the December 2013 customer rebates by the Distribution Network Operators. Without going into any detail, the approach to recovery by some DNOs came as a surprise to a number of independent and smaller suppliers, from which we infer that whilst information was made available in the usual way, these means were simply not effective to give actual notice to those suppliers. For this specific reason and reflecting our and potentially others' general concerns, efforts actively to engage smaller participants need to be revisited and we welcome the chance to work with Ofgem, code administrators and other industry participants to improve this key area.

We assume that similar constraints also apply to consumer representatives, and therefore believe that much more could be done to ensure that views and concerns from all stakeholders are sought early in any change process, or at least those where there are consumer impacts, whether direct or indirect.

4. Should any additional metrics (to those under Principle 12) be included? Yes, as discussed above under Question 3, there should be some consideration given to the make-up of respondents to consultations and group memberships. This could take the form of a metric to show the level of independent supplier participation.

5. Are there any Principles that any Code Administrators deliver/meet in such a way that could be used as 'best practice' amongst all Code Administrators? Elexon's Operational Support Managers (a dedicated named contact for each BSC party) is a service valued by all BSC parties and would be a welcome development by

other code administrators as well. A lack of named contacts for some codes can make it difficult for independent and smaller market participants to make contact and find out essential information. Here, the websites for code administrators do provide a lot of information, but this in itself is not always helpful - help with navigating, prioritising and understanding it can save time and resource.

As we cover below under 'code modification process' the former Cross Codes Electricity Forum run by Elexon (which encompassed all the electricity codes and SPAA) was an innovative approach worthy of re-examining. This had sought to address some of the challenges faced by independent and smaller suppliers, but going forward, for any re-start would need to be redesigned and expanded to include gas codes as covered below.

6. As a user of the Code of Practice, do you have any suggested improvements?
Our suggestions for improvements are covered in more detail below, but include a centralised modification management system for all codes and reconstituting Elexon's Cross Codes Forum

Code modification process: Proposals for improving independent suppliers engagement

As discussed above there is a need to consider further reforms to industry code governance arrangements in order to improve the engagement of and input from smaller and independent market participants. Initial steps which could be taken to assist all market participants in general and smaller participants in particular would include:

a) On a very practical note, currently it is very difficult to engage with modification workgroups over the telephone due to poor teleconferencing facilities at most organizations involved in change processes. Meeting attendance becomes almost essential and puts smaller companies at a significant disadvantage.

b) A centralized modification management system for all codes, used by all code administrators may help. This would allow participant codes managers to track all code modifications from one source and ensure nothing is missed. It does not seem to us efficient that each code administrator has their own version of a modification management system. Such a system would be particularly useful for smaller suppliers, but would also likely reduce costs for all market participants.

c) Are there faster and easier ways to get smaller participant views than written responses to consultations? This is worth exploring, but views are likely to vary between participants. However we believe that there is a reluctance amongst some suppliers to submit simple yes / no responses to questions, and so as a minimum, this should be encouraged more and made clear that short responses such as this are also welcome.

d) Code administrators could also coordinate meetings, e.g. via a website or web pages on each site covering all industry code meetings, noting that independent and smaller market participants are more likely to field the same people to different code and other meetings so may not be able to attend key meetings if they occur at the same time.

Further areas for development, include reconstituting the Cross-Codes Forum, introducing a cross-code pipeline management process and voting arrangements for smaller market participants. These would all be pertinent measures to help Code Administrators meet their commitments under CACoP Principle 13.

Cross-Codes Forum

Reconstituting the Cross-Codes Forum, with wider and more active marketing of it to encourage greater participation (whether in person, by phone, etc.). Whilst there are issues and sensitivities around scope of work for each code body, it would be possible to establish a joint code bodies working arrangement, building on current cooperation, to support this forum.

The Forum could have as one of its stated aims to facilitate smaller participant engagement in all codes. This could manifest in the provision of information, teach-ins and specific assistance, pushing information to such participants in an appropriate form, and also pulling information from them for inclusion in ongoing modification processes. This could include, for example, for workgroups without any smaller participant representation, putting a questionnaire or giving homework to such participants so their perspective can be obtained. Whilst the various consultation stages do allow this, the aim here would be to inject such input earlier in the process.

Cross-Codes Change Pipeline Management

Cross-code change pipeline management, which could be done through the Cross Code Forum or through a specifically constituted Change Body. The aim would be to canvass industry and policy-maker views on possible matters for change; change suggestions could be categorized into non-material, cross-code impacting, material, major or other appropriate categories, and the amount of change in each category assessed and grouped. This would facilitate pro-actively managing cross-code changes and the potential clash of any major changes whilst also helping to feed in smaller participant views earlier in the process.

Voting Arrangements

It is also worth considering the use of smaller market participant representatives in workgroups and adjusted voting. For example, if representing other smaller suppliers, a representative can vote on their behalf in addition to their own or, where relevant, have any votes weighted or representation otherwise pro-rated by total market share of those being represented.

There is significant difference across the codes regarding the weighting of votes. For example, the MRA and SPAA votes are weighted based on market share. It is therefore not surprising that few smaller suppliers have engaged with these groups. The UNC and BSC voting mechanisms however are not weighted by market-share and have had more independent shipper / supplier involvement. This may of course be due to other considerations, such as perceptions of business utility or greater knowledge of and experience in the issues. Notwithstanding, in our view there is no reason for there to be any difference in the voting mechanisms across these codes.

We would be happy discuss any of the issues or ideas raised in this letter if that would be helpful.

Yours sincerely [sent by email]

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4th September 2015

Open Letter: Annual review of the Code Administration Code of Practice

Dear Jade,

RWE npower welcomes the opportunity to provide comments on the annual review of the Code Administration Code of Practice (CACoP).

The CACoP was established to "facilitate convergence and transparency in code Modification processes and to help protect the interests of small market participants and consumers through various means including increased use of plain English in modification reports''. It is also intended to encourage participation from non-Code users.

We are supportive of these aims and believe that since its introduction the CACoP has brought improvements in the administration and accessibility of the industry codes and agreements. However, we do believe that there is still room for further improvement to be made.

Your open letter asks six main questions, which we have answered below:

Are you aware of the key principles of the Code Administration Code of Practice (CACoP)?

Yes we are aware of the key principles of the Code Administration Code of Practice (CACoP).

In your opinion, do you believe the Principles in the Code Administration Code of Practice (CACoP) effectively meet their purpose?

We believe that the CACoP Principles are appropriate for meeting the CACoP's purpose. As mentioned above, we believe that the CACoP is a step in the right direction towards improving code governance, however, we believe that there are further improvements that could be made.

There is, for example, a lack of consistency in the effectiveness of code administrators in respect of the way they carry out their secretariat duties in industry meetings and also in their performance of the 'critical friend' role. Put simply, some are better at it than others.

A good code administrator plays an important role in breaking down barriers for smaller and newer parties, as well as consumer representatives, by providing well-managed governance, ensuring meetings are effective and in providing a gateway to understanding the codes. Therefore, it is important that a best practice culture is embraced by all.

Do you believe the current metrics under Principle 12 are fit for purpose?

We are generally supportive of Principle 12 but believe further improvements need to be made, in order to meet the objectives.

With regards to the Quantitative Metrics:

Number and percentage of final decisions on which the Authority's assessment:

- ***i.*** *Accords with the Panel's recommendation against the Relevant/Applicable Objectives*
- **ii.** *Conflicts with the Panel's recommendation owing to wider statutory considerations*

This is a very interesting metric, but it isn't reflective of the code administrators overall performance. We are not entirely sure what it actually usefully shows and then what is done with the results? It would be helpful to have clarity around the purpose of this metric. For example, Ofgem approved P272 (Mandatory Half Hourly Settlement for Profile Classes 5 - 8 - Report Phase) even though this differed with the panel decision - how are examples like this captured within this metric and what is done in the light of the information gathered?

Number and percentage of reports submitted to the Authority in line with the original timetable

Again, we would like to know what the code administrators do with this report. What learning has been obtained from the figures gathered to date, and have any changes been made in the light of this information?

Average time between a non-urgent proposal being raised and submitted for decision

Average time between a proposal being submitted for decision and a decision being published

This is a key piece of information and we believe it would be more useful if this led to the code administrators comparing performance. For example, if it takes one code administrator 15 days to turn around a non-urgent modification and another 45 days, it would be useful to understand why and what could be done to improve times. Also, if the average time for a modification to progress through to submission for decision is longer in some codes than others, it would be helpful to look at this, understand the reasons and consider if there is any scope for speeding the process up.

Should any additional metrics (to those under Principle 12) be included?

We perceive that there are different approaches across the codes for publishing information, particularly papers for and minutes of meetings. It may be worth gathering metrics and comparing performance in this area, as this could lead to improvements in performance under Principle 3.

Are there any Principles that any Code Administrators deliver/ meet in a such a way that could be used as 'best practice' amongst all Code Administrators?

Elexon are a good example of an Administrator who demonstrate 'best practice' in the Critical Friend role. They stand ready to help parties navigate the BSC and its subsidiary documents, understand BSC processes and complete the BSC forms. They are prepared to give constructive feedback and guidance on drafting of new modifications and they do so in a non-critical way.

As a user of the Code of Practice, do you have any suggested improvements?

We think that more can be done to streamline the codes and make their processes more consistent. This will make the administration of the codes more efficient and effective, as well as enabling greater accessibility for smaller or newer participants and consumer representatives.

In addition, we would also advocate the introduction of a single support and education function across the codes, which could perhaps be developed under Principle 13?

Principle 1 – Code Administrators shall be Critical Friends
Principle 5 – Support for a Pre-modification process
As already mentioned, we believe that improvements could be made in the way that some code administrators carry out their 'critical friend' role. For example, more support and guidance could be given to parties (or non-code parties) that are seeking to draft code modifications.

In addition, we suggest that Code Administrators could be more pro-active in engaging with consumer groups such as the Citizens Advice Bureau. Many codes have simplified arrangements to create greater customer-focussed input. However, little progress has been made to get consistent input from consumer groups. We feel there is a good opportunity for code administrators to provide support to their Codes by working directly with these groups to break down the 'jargon' and feedback on changes that have an impact on the consumer.

Principle 9 - Legal Text
Production of legal text, which within the UNC is produced by gas transporters, is a process which is unique to the UNC when compared to other governance arrangements operated within the industry. As such, the content, quality and timeliness of deliver can vary. The Code Administrators have a responsibility under the CACoP to ensure that legal text is produced in a consistent style and that the legal text accurately implements the intent of the Modification, a task made more difficult when different parties will have different approaches to drafting legal text.

RWE npower's preference would be for independent and centralised production of legal text either by the Joint Office or by a service provider specifically appointed for this purpose. The process would then align the UNC with other industry codes and agreements.

Principle 13
The recent introduction of Principle 13 into CACoP has the potential to improve the change delivery landscape but will need to be robust and ensure that Code Administrators can give evidence of the 'cross code' view.

Examples of where the industry would have benefited from cross–code co-ordination include:

- P272 / P300 / DCP179 / CMP241: as the change impacted three codes, there were three sets of decisions made around these changes. This negatively impacted delivery, as it led to delays, and outcomes that did not suit all parties. A single workgroup that represented all three codes would have saved a lot of time, and led to decisions that incorporated the views of everyone.

Multiple future changes across the industry will benefit from a single approach agreed between code administrators. Within dual fuel initiatives and SMART, and the implementation of Project Nexus and creation of a single set of systems for all gas shippers and transporters, having a documented process for cross-code change management would encourage a consistent and transparent approach between the code administrators and provide a much more efficient process for delivery.

There has recently been much focus on the future code governance landscape and RWE npower has advocated the creation of a single over-arching code administrator along with an adoption of high level uniform governance arrangements across all codes. We believe that such an overarching body could ensure a joined-up approach to developing and implementing industry change across all the codes, which would further support the CACoP purpose and principles.

I hope that the information provided above is helpful. Should you have any further questions then please do not hesitate to contact me.

Your Sincerely

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