DCode

DCRP_16_04_09

Distribution Code Review Panel

Meeting 62 – Thursday 8 September 2016

Code Administrator Update

Paper by Secretary

The purpose of this paper is to provide the Panel with a brief update on the key issues relating to the provision of the Code Administration service to the Distribution Code Review Panel.

Issues

Code Governance Phase 3 Final Proposals - Implementation update.

Three key areas were identified in the Final Proposals that impact the Distribution Code:

1. *Significant Code Review (SCR) process*
   The final proposals provide three options that could be followed under an SCR process. Ofgem will retain the ability to follow the current SCR process, under which they direct a licensee(s) to raise modification proposals at the end of the SCR. In addition, they are introducing the ability for them to raise a modification proposal(s) at the end of an SCR. Under these two options the modifications would follow the standard industry process. The third option would enable Ofgem to lead an end-to-end process to develop code modification(s). They consider that these changes will provide additional flexibility in how the Authority may choose to lead an SCR and enhance the existing SCR process.

   Work to date – Legal text provided and modification proposal submitted to DCRP meeting 8/12/16. See DCRP_16_04_05b.

2. *Self-governance process*
   The Final Proposals on the self-governance process require industry to assess whether a modification requires Authority consent, i.e. why it is material, rather than why it is not material, which is the current situation. They also expect code administrators to work together to produce guidance that can be applied across codes to help proposers assess whether their change should follow a self-governance path.

   Work to date – Following the GC 0048 Open Governance proposals, ENA are undertaking a root and branch review of the DCode Governance and the outputs from this review are expected in January 2017. Although Self Governance is not yet a licence requirement and currently all DCode modifications have to be submitted to Ofgem or approval a proposal is to be submitted to the DCRP at its meeting in December (see DCRP_16_04_05a) setting out a draft self-governance route which will include criteria for consideration by potential proposers that will assist them when assessing whether a modification is material, and therefore requires the consent of the Authority, in deciding whether to use the self-governance route.

3. *Code administration*
In the area of code administration, Ofgem have identified a number of changes that they consider would make code administration and related arrangements more effective, in particular in supporting smaller parties and in driving consistency across the code change processes. These changes include the development of **forward work plans** by the code administrators and **increased cross-code coordination**, through the development of a **modification proposals register** and the use of an agreed process for modification proposals that may affect more than one code. They have also put forward changes to the way that the code administrators **report on metrics**.

Work to date –ENA responded to Ofgem's Code Governance Ph 3 Final Proposals setting out a detailed implementation plan. Although a number of the reforms will take a period of time to deliver there are some that can be implemented in the short term and the plan indicates those that the DCRP and ENA intend to act upon immediately. A copy of the plan and latest implementation progress can be found at appendix B.

ENA and National Grid Code Administrators are also working collaboratively to develop a joint forward work plan for the implementation of the EU Network Codes. A draft has been submitted to ENA by NGET which will be updated with D Code actions.

A new central codes modification register developed by ENA has now been adopted by all industry Code Administrators and is available to view on their respective websites. You can find it here on the DCode website. Regarding the metrics reporting requirements, ENA are now reporting back to Ofgem on 17 separate metrics and these are submitted on a quarterly basis.

4. *Ofgem Code Administration Survey*
On 31 March 2016, Ofgem published their Code Governance Review (Phase 3) (CGR3) Final Proposals,1 including a decision that Ofgem should commission an independent third party to undertake a cross-code survey on code administrators' performance.

Alongside their Final Proposals, they consulted separately on some specific issues relating to code administration reporting metrics and performance surveys. On 9 June they published a letter setting out the next steps, including that we would begin the process to appoint the party to undertake the survey.

Following a competitive tender process Ofgem has commissioned Future Thinking, an independent research agency, to undertake the survey. Future Thinking has developed the survey questionnaire, supported by Ofgem. This has included Future Thinking carrying out a small number of telephone interviews with relevant parties.

Ofgem hope that if Distribution Code Panel Members and stakeholders are contacted by Future Thinking that they will be willing to share their views and participate in the survey. Involvement should not need a significant amount of time and is important to help ensure that Ofgem receives feedback around the performance of the code administrators. Future Thinking will ensure that interviews are scheduled at a time that is convenient over the coming weeks.

All interviews will be completely anonymous, neither Ofgem nor the code administrators will be made aware of who participates in the survey; unless you specifically identify that you would like your comments to be shared with us directly.