

Distribution Code Review Panel

Meeting 63 – Thursday 9 March 2017

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

1. Code Governance Phase 3 Final Proposals - Implementation update.

i 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 (09/03/17) – Final Report to Authority submitted to DCRP for permission to submit to Ofgem (DCRP_17_01_04a)

ii 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 (03/02/17) – ENA has discussed self-governance for the Dcode with Ofgem. Ofgem set out in their CGR2 final proposals that they saw a benefit in introducing open governance more generally to both the Grid Code and the Distribution Code; and in the CGR3 final proposals, Ofgem referred to the industry-raised proposal seeking to introduce open governance to the Grid Code (GC0086); they noted that the industry could consider whether similar changes would be appropriate for the Distribution Code. This was discussed in Ofgem's CGR3 document in the section of the document on self-governance, but referred to the wider open governance proposed changes under GC0086. Self-governance is just one aspect of a package of inter-related proposed Grid Code reforms, such as proposed changes as to the make-up and role of the Panel, to give the Panel a formal role on voting on recommendations to the Authority and making decisions. It is not clear that self-governance could be appropriately considered in isolation of other such open governance changes?

Ofgem still consider that open governance more generally could be beneficial for the Distribution Code. However they also recognise that implementation of the CMA's remedies

in respect of code governance is likely to impact on the governance framework of the codes. In addition, Ofgem recognise the expected impact on the Distribution Code of potentially significant changes arising from implementing the electricity European Network Codes. Ofgem has therefore acknowledge that now may not be the optimum time to undertake a significant review of the governance arrangements. Nonetheless they consider this matter should be kept under review, and that the DNOs/DCRP should consider whether, and when, it may be appropriate to consider open governance reform.

iii 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 and the other Industry Code Administrators have been working collaboratively to develop a joint forward work plan. A draft plan is now available and can be found [here](#). The objective of the forward work plan is to coordinate the project management of major industry change through on going oversight of the end to end delivery of significant programmes and central systems change for example the implementation of EU Network Codes.

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.

iv 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.

Future Thinking, an independent research agency, has now completed the survey and will report back its initial findings at the Code Administrators meeting on 20 March 2017. Final publication of the survey results is now likely to be April 2017

2. Code Administrators Meeting held 17 Jan 2017

The Industry Code Administrators last met at Elexon on 17 January 2017.

Key issues on the agenda included:

- Development of an Industry Calendar
The Code Administrators agreed for ELEXON to host the industry calendar and they agreed to provide meeting dates for inclusion in the calendar. The calendar should only include standing Panel meetings, not ad hoc meetings or workgroup meetings.

- **Self-Governance Guidance**
Ofgem confirmed that Grid Code's Self-Governance (SG) Modification GC0086 is awaiting an Ofgem decision. It was suggested that on receipt of Ofgem's decision, the representative for Grid Code will provide their code specific SG Guidance to the DCUSA representative. The DCUSA representative will then include the Grid Code Guidance into the collated Cross Code SG Guidance. The representative for DCUSA will then send the Cross Code SG Guidance to Ofgem, who will publish the Cross Code SG Guidance on the CACoP page of its website. It was noted that the Dcode do not as yet utilise Self Governance.
- **Ofgem Code Administrator Survey**
Ofgem indicated that before the survey is published, Future Thinking will give two presentations. The first to Ofgem, and the second to the Code Administrators, with Ofgem present in the second meeting (20/03/17). As the presentation was not included in the memorandum of understanding (MOU), it will come as a small additional cost to Code Administrators. Following the presentation, a draft of the report will be circulated to Code Administrators before it will be made public.
- **Coordination of Industry Party Status**
ENA noted that there is some confusion about whether Parties acceded to the DCode; noting that Parties do not accede to DCode but comply.
One code administrator highlighted the benefits of also communicating information and updates on new entrants, exits and licences, in order to provide more coordination across codes. Code Administrators agreed that further coordination was required to inform Code Administrators when Parties accede, exit and transfer licences.
- **Forward Work Plans**
Discussions on the draft Forward work plans.(see 1- iii above)
- **ENC Implementation presentation by National Grid.**
National Grid provided a high level overview of the ENC implementation progress to date, noting that National Grid had circulated an email containing the ENC delivery plan and code mapping information to Code Administrators in December 2016.

Further details of this meeting can be found in appendix 1.

3. Future DCRP Meetings

In light of the changes to the GCRP following the Open Governance changes and its proposal to hold meetings on a monthly basis to primarily assist with the expected high volume of modifications.... Is there a need for the DCRP to consider likewise and also increase Panel meetings schedule.

Currently 4 x DCRP meetings per year three by telecom one by physical meeting

Proposal to increase to six meetings per annum all physical at ENA?

Welcome the thoughts of the Panel on this proposal.