

**INDUSTRY TECHNICAL CODES GROUP
CONSTITUTION AND RULES**

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INDUSTRY TECHNICAL CODES GROUP CONSTITUTION AND RULES

1 NAME

The **Group** will be called the ‘Industry Technical Codes Group’

2 DEFINITIONS AND INTERPRETATIONS

2.1 The following words and expressions shall have the following meanings in this Constitution:

“**Approved Budget**” has the meaning given in Clause 19.3(c);

“**Business Day**” means any weekday (other than a Saturday) on which banks are open for domestic business in both the City of London and in Scotland;

“**Chairman**” means the person appointed by the **Group** to act as the Chairman of the Group; all references herein to the **Chairman** shall, where the context so admits, include any person appointed to perform the duties of the **Chairman** in the absence of the **Chairman**;

“**DCRP**” means the Distribution Code Review Panel of Great Britain;

“**Distribution Code**” means the Distribution Code drawn up and from time to time revised pursuant to Condition 9 of the Distribution Licence;

“**Financial Year**” means the twelve month period commencing 1 April in any year and ending 31 March in the following year;

“**GCRP**” means the Grid Code Review Panel of Great Britain;

“**Group**” means the group constituted in accordance with this Constitution and known as the Industry Technical Codes Group;

“**IDNO**” means an independent Distribution Network Operator, being a holder of a distribution licence which does not have a distribution services area and who is not an ex Public Electricity Supplier;

“**MPAN**” means the Meter Point Administration Number; in the context of this Constitution the number of MPANs is taken as being the aggregate number of Metering Points which the relevant DNO has on its MPAS Registration System (as such terms are defined in the Master Registration Agreement) at the Relevant Date;

“**Relevant Date**” has the meaning given in Clause 20.3;

“**Recoverable Costs**” means the costs and expenses referred to in Clause 18.3 (in respect of the employment of the service provider and any advisers) and Clause 21 in respect of certain costs and expenses incurred by Representatives of certain DNOs;

“**Representative**” means a person duly appointed by a **DNO** and whose name is registered with the **Secretary**; and

“**Secretary**” means a person duly appointed by the **Chairman** to act as a secretary to the **Group** and named as such.

2.2 Words importing the singular only also include the plural and vice versa where the context requires. Words importing the masculine only also include the feminine and vice versa where the context requires.

2.3 Except as otherwise provided herein and unless the context otherwise admits, words and expressions used herein shall have the same meaning as defined in the **Distribution Code**.

3 CONSTITUTION

The **Group** is a standing body established and maintained by the **DNOs** to support the operation of the **DCRP** pursuant to DGC 4.6 of the **Distribution Code**, and to co-ordinate **DNOs** representation in the **GCRP**.

4 OBJECTIVES

The **Group** shall have the following objectives:

- (a) to support the operation of the **DCRP** by providing the **Chairman, Secretary** and the **DNO Representatives** of the **DCRP** in line with the **DCRP** constitution;
- (b) to provide representation of **DNOs** on working groups set up by the **DCRP**;
- (c) to provide support by **DNOs** for the development and maintenance of **DNOs’** standards that are listed in Annex 1 and Appendix 2 of the **Distribution Code**, in line with the **DCRP** Constitution and Rules;
- (d) to support the maintenance and application by **DNOs** of the **Distribution Code**;
- (e) to provide a framework for discussion between **DNOs** about issues pertaining to the operation of the **Distribution Code**;
- (f) to provide a framework for discussion between **DNOs** about proposals for amendments to the **Distribution Code** or **Grid Code** which any **Representative** of the **Group**, the **DCRP** or the **Authority**, may initiate;
- (g) to support the maintenance of the **Grid Code** by providing **Representatives** of **DNOs** for the **GCRP** in line with the Constitution of that Panel; and
- (h) to provide representation by **DNOs** on working groups set up by the **GCRP**.

5 MEMBERSHIP OF THE GROUP

5.1 Membership will consist of one **Representative** from each **DNO** in Great Britain who has authority to act on behalf of that **DNO** within the **Group**. For the avoidance of doubt this limits membership to the number of individual Distribution Licences granted by the **Authority**, but does not preclude a single individual representing two or more **DNOs** in common ownership.

- 5.2 If, for any reason, a **Representative** from a **DNO** is replaced then the **Secretary** of the **Group** shall be notified in writing, as soon as possible.
- 5.3 There is no time limit for how long a **Representative** may serve on the **Group** on behalf of the relevant **DNO**.

6 SUPPORT OF DCRP AND GCRP

- 6.1 The **Group** will nominate five **Representatives** to attend the **DCRP** (in addition to the **Chairman**) in accordance with the constitution of the **DCRP**.
- 6.2 At least one of the five representatives shall be an **IDNO**.
- 6.3 The **Group** will nominate one **Representative** to attend the **GCRP** in addition to the **Chairman**.
- 6.4 The **Group** will also nominate **Representatives** to act as alternates for the **DCRP** and **GCRP** in accordance with Clause 9.6.
- 6.5 The **Chairman** will be responsible for seeking the appropriate nominations for these posts for agreement by the **Group** taking into account, amongst other things, a **Representative's** willingness to serve on the appropriate Panel and relevant experience and geographical location.

7 REPRESENTATION

The **Chairman** and each other **Representative** shall be entitled to attend and be heard at every meeting of the **Group**. One adviser (or such greater number as the **Chairman** shall permit) shall be entitled to attend any meeting of the **Group** with each **Representative** and shall be entitled to speak at any meeting but shall not be entitled to vote on any issue.

8 THE CHAIRMAN

- 8.1 The **Group** will appoint a **Representative** to act as **Chairman** of the **Group**. Such **Representative** shall also be appointed by the **Group** to be **Chairman** of the **DCRP** (in accordance with Clause 8.1 of the **DCRP** Constitution) and shall be one of the nominated members of the **GCRP** in line with the constitution of those Panels.
- 8.2 The **Chairman** or a **Representative** nominated by the **Chairman** may represent the **Group** and the **DCRP** in other working groups within the industry and will be responsible for reporting back any actions taken on behalf of the **Group** at the next meeting of the **Group**.
- 8.3 The term of office for the **Chairman** will be nominally for three years, after which the **Group** shall consider the appointment of a new **Chairman**. The current **Chairman** can be reappointed for another term of office.
- 8.4 The **Chairman** shall preside at every meeting of the **Group** at which he is present. If the **Chairman** is unable to be present at a meeting, he may appoint another **Representative** to act as **Chairman** at that meeting.

- 8.5 If neither the **Chairman** nor any other person appointed to act as **Chairman** is present within half an hour after the time appointed for holding the **Group** meeting, the **Representatives** present may appoint one of their number to be **Chairman** for that meeting.

9 REPLACEMENTS AND ALTERNATES

- 9.1 Each **Representative** will have the power to nominate any individual to be his replacement member for individual meetings of the **Group** and may at his discretion remove a replacement so nominated.
- 9.2 The **Secretary** of the **Group** should be notified by the **Representative** of any replacement member so nominated.
- 9.3 A replacement member shall be entitled to receive notice of all meetings of the **Group** or of sub-committees or working groups of the **Group** which his nominator is a member of whilst he is acting as a replacement member.
- 9.4 The replacement member shall also be entitled to attend and vote at any **Group** meeting at which the **Representative** nominating him is not personally present and at such **Group** meetings to exercise and discharge all the functions, powers and duties of his nominator as a **Representative** and for the purpose of the proceedings at the **Group** meeting the provisions of this Constitution shall apply as if he were a **Representative**.
- 9.5 At **Group** meetings the replacement member shall have one vote for each **Representative** for whom he acts as a replacement, in addition to his own vote if he is also a **Representative** in his own right.
- 9.6 **Representatives** who are appointed to attend the **DCRP** and **GCRP** shall have an alternate **Representative** agreed by the **Group** as an alternate member for those meetings. A replacement member shall not be entitled to attend the **DCRP** or **GCRP** in place of a **Representative**.
- 9.7 References in this Constitution to a **Representative** shall, unless the context otherwise requires, include his duly appointed replacement.

10 THE SECRETARY

- 10.1 The **Chairman** shall have power to appoint and dismiss a **Secretary** for the **Group**.
- 10.2 The **Secretary** may, but need not be, a **Representative**, but shall not be a **Representative** by virtue only of being **Secretary**.
- 10.3 The **Secretary** shall have the right to speak but, unless he is a **Representative**, will not have the right to cast a vote at any meeting.
- 10.4 The **Secretary's** duties shall be to attend to the day to day operation of the **Group** and, in particular, to:
- 10.4.1 attend to the organisation of meetings and to serve all requisite notices;

- 10.4.2 maintain a register of names, contact and appointment details of **Representatives** and advisors, and details of any other appropriate contacts; and
- 10.4.3 keep minutes of all meetings of the **Group**;
- 10.5 If at any time a person has not been appointed as **Secretary**, or the **Secretary** is for any reason unable to act, the **Chairman** shall be responsible for the organisation of meetings.
- 10.6 The **Secretary** will be responsible for ensuring that there is an agenda item covering the election of the **Chairman** at the normal meeting, preceding the one where the **Chairman** reaches the end of his term of office.

11 MEETINGS

- 11.1 The **Group** shall hold normal meetings timed to coincide as the **Chairman** will decide with each normal **DCRP** meeting (i.e. quarterly).
- 11.2 The **Chairman** shall propose the dates, times and venue for normal meetings, for agreement by the **Group**.
- 11.3 The **Chairman** may call special meetings of the **Group** if he considers that there is sufficient justification for such a meeting or is requested to do so by the majority of **Representatives** in writing.
- 11.4 The **Secretary** will be provided with a summary of the business, which is proposed to be conducted at such a special meeting by the **Chairman**.

12 NOTICE OF MEETINGS

- 12.1 The **Secretary** shall convene all normal meetings on at least 14 days written notice.
- 12.2 The notice of each meeting of the **Group** shall contain the time, date and venue of the meeting, and a summary of the business to be conducted (i.e. an agenda) and shall be given to all **Representatives**.
- 12.3 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by a **Representative** shall not invalidate the proceedings at that meeting.
- 12.4 By notice to the **Secretary**, any **Representative** may request additional items of competent business to be considered at the normal meetings and provided that such notice is given at least 10 days before the date of the meeting, those matters will be included in a revised agenda for the meeting. The **Secretary** shall circulate the revised agenda to each **Representative** as soon as practicable.

13 PROCEEDINGS AT MEETINGS

- 13.1 Subject to the provisions of this constitution, the **Group** may meet for the transaction of business, and adjourn and otherwise regulate its meetings, as it thinks fit.
- 13.2 Four **Representatives** present shall constitute a quorum for meetings.

- 13.3 If, within half an hour from the time appointed for holding any meeting of the **Group**, a quorum is not present, the meeting shall be adjourned and the **Secretary** will arrange for the serving of a notice of another meeting.
- 13.4 The **Chairman** should ensure that items on the agenda are competent business in line with the objectives of the **Group**, with any dispute being subject to resolution by the **Group**.
- 13.5 Only matters identified in the agenda shall be resolved upon at a meeting, unless the **Chairman** agrees an additional item is competent business, and may be taken under "Any Other Business" with the agreement of the **Group**.
- 13.6 A resolution put to the vote of a meeting (which may include any matter requiring the agreement approval or other action of the **Group** in accordance with this Constitution) shall be decided by a count of the votes from each **Representative** present at the meeting (including the **Chairman**) derived from the number of **MPANs** notified for the relevant **DNO** as at the **Relevant Date**.

14 RESOLUTIONS

- 14.1 A resolution of the **Group** shall be passed by a simple majority of votes cast.
- 14.2 A resolution in writing signed by **Representatives** shall be as valid and effective as if it had been passed at a meeting of the **Group** duly convened and held and may consist of several documents in like form each signed by or on behalf of one or more **Representatives**. Clause 13.6 shall apply to such resolutions as if the words "present at the meeting" were omitted.
- 14.3 A meeting of the **Group** may consist of a conference between **Representatives** who are not all in one place but who are able to speak to each of the others and to be heard by each of the others simultaneously. The word "meeting" shall be construed accordingly.

15 MINUTES

- 15.1 The **Secretary** shall circulate copies of the minutes of each meeting of the **Group** to each **Representative** as soon as practicable (and in any event within 15 **Business Days**) after the relevant meeting has been held.
- 15.2 If any **Representative** responds to the **Secretary** on any points of accuracy of the minutes the **Secretary** shall determine whether the minutes will be re-issued or the points held over for discussion at the next meeting.

16 SUB-COMMITTEES AND WORKING GROUPS

- 16.1 The **Group** may establish such sub-committees and working groups from time to time consisting of such persons as it considers desirable.
- 16.2 Each sub-committee or working group shall be subject to such written terms of reference and shall be subject to such procedures as the **Group** may approve.

- 16.3 Resolutions of sub-committees and working groups shall not have binding effect unless approved by resolution of the **Group**.

17 MEMBERSHIP DETAILS

Every **Representative** and advisor shall ensure that the **Secretary** has his correct address and contact details. All notices sent, faxed or e-mailed to such addresses shall be considered as having been duly given.

18 SERVICE PROVIDERS AND ADVISERS

- 18.1 The **Group** may appoint a service provider and other advisers to assist with the **DNOs** responsibilities under the **Distribution Code** including work on standards and the operation of the **Distribution Code** website. The **Group** shall approve the functional specifications and the commercial arrangements for the service provider and any advisers contracted to the **DNOs**. The **Group** will maintain a schedule of the main duties and responsibilities of the service provider.
- 18.2 The **Group** may use the service provider to appoint other advisers as appropriate.
- 18.3 Any costs and expenses associated with the employment of the service provider and any advisers appointed in accordance with this Clause 18 will be shared by the **DNOs** in accordance with the cost apportionment rules set out in Clause 20.
- 18.4 The **Secretary** will be advised by the **Chairman** of the need to provide the service provider and any advisers with notice, agendas and minutes of any meetings and any other documentation relating to the operation of the **DCRP** or the **Group**.

19 BUDGET

- 19.1 In respect of each **Financial Year** the **Group** (or a person or persons nominated by the Group) shall (not earlier than 60, nor later than 30, **Working Days** before the commencement of that **Financial Year**), prepare, circulate to all **Representatives** (or the Company Secretary or other officer of the DNO if there is no DNO Representative) and invite comments on, a draft budget for that **Financial Year** in relation to the **Recoverable Costs** (the "**Draft Budget**").
- 19.2 Each **Draft Budget** shall be accompanied by a detailed work plan showing the activities and projects to which the relevant costs and expenses relate, and shall set out the a good-faith estimate of the **Recoverable Costs** that are anticipated will either be:
- (a) incurred in the **Financial Year** to which the **Draft Budget** relates; or
 - (b) committed to in the **Financial Year** to which the **Draft Budget** relates, even though the **Recoverable Costs** are not expected to be incurred until a subsequent **Financial Year**.
- 19.3 In respect of the **Draft Budget** for each **Financial Year**, the **Group** shall:

- (a) consider, and (where it considers it appropriate to do so) respond to, any comments received;
- (b) to the extent that it considers it appropriate to do so, amend the **Draft Budget** and/or the accompanying work plan in the light of those comments; and
- (c) no less than 20 **Working Days** following such circulation, approve the **Draft Budget** (as so amended) as the budget for the relevant **Financial Year** (the “**Approved Budget**”).

19.4 The **Approved Budget** relating to each **Financial Year** may be amended by the **Group** from time to time, provided that the **Group** has first:

- (a) circulated and invited comments on the proposed amendments as if it were a **Draft Budget**; and
- (b) considered any comments received on the proposed amendments within 20 **Working Days** of such circulation on the same basis as is referred to in Clause 19.3.

20 COST APPORTIONMENT

20.1 **Recoverable Costs** shall be apportioned between the **DNOs** in accordance with this Clause 20.

20.2 The amount that each **DNO** shall be obliged to pay under this Clause 20 shall:

- (a) in the case of a **DNO** who holds below 80,000 **MPANs** at the **Relevant Date**, be £500 per **Financial Year**, or part thereof (such amount to be adjusted at the start of each **Financial Year** by reference to the change in the Retail Prices Index (all items) [in respect of the month of February immediately preceding the start of the **Financial Year**, and the next preceding February]);
- (b) in the case of a **DNO** who holds between 80,000 and 500,000 **MPANs** at the **Relevant Date**, be calculated as follows:

$$P_D = \frac{(E - A_a) \times N_D}{N_{bc}}$$

Where:

P_D is the amount to be paid by the relevant **DNO**;

E is the estimated **Recoverable Costs** included in the **Approved Budget** in respect of the **Financial Year** in question and, once a reconciliation has taken place in accordance with Clause 20.6, shall be the actual **Recoverable Costs** in respect of the **Financial Year** in question;

A_a is the aggregate amount to be paid by **DNOs** under Clause 20.2(a) in respect of the **Financial Year** in question;

N_D is the number of **MPANs** held by the relevant **DNO** at the **Relevant Date**;
and

N_{bc} is the aggregate number of **MPANs** held by **DNOs** falling within the description given in Clauses 20.2(b) and (c);

- (c) in the case of a **DNO** who holds 500,000 **MPANs** or more at the **Relevant Date** shall be calculated as follows:

$$P_D = \frac{E - (A_a + A_b)}{T}$$

Where:

P_D is the amount to be paid by the relevant **DNO**;

E is the estimated **Recoverable Costs** included in the **Approved Budget** in respect of the **Financial Year** in question and, once a reconciliation has taken place in accordance with Clause 20.6, shall be the actual **Recoverable Costs** in respect of the **Financial Year** in question;

A_a is the aggregate amount to be paid by **DNOs** under Clause 20.2(a) in respect of the **Financial Year** in question;

A_b is the aggregate amount to be paid by **DNOs** under Clause 20.2(b) in respect of the **Financial Year** in question; and

T is the number of **DNOs** who hold 500,000 **MPANs** or more on the **Relevant Date**.

- 20.3 For the purposes of the calculation of the number of **MPANs** within the terms of this Constitution the **Relevant Date** shall be 31 March in the year before the start of the **Financial Year** in question or such other date determined by the **Group** from time to time.
- 20.4 Each **DNO** shall pay its apportioned share of the estimated **Recoverable Costs** for the **Financial Year** in question, and any additional amount payable after a reconciliation has taken place in accordance with Clause 20.6, in each case calculated in accordance with the cost apportionment mechanism set out above within 30 days of receipt of an invoice sent on behalf of the **DNOs** by the service provider (or such other person as may be nominated by the **Group**).
- 20.5 An invoice for the estimated costs for the **Financial Year** will be issued no later than 30 days after the start of the **Financial Year**, or 30 days after approval of the **Approved Budget**, if later.
- 20.6 Within [60] days after the end of each **Financial Year**, the service provider (or such other person nominated by the **Group**) shall: (a) calculate the actual amount of **Recoverable Costs** incurred in respect of the **Financial Year** in question; (b) reconcile the actual

amounts against the estimated costs included in **Approved Budget** in respect of the **Financial Year** in question; (c) recalculate the amount to be paid by a relevant **DNO** in accordance with the formula set out in Clauses 20.2(b) and (c); and (d) credit a relevant **DNO** with the amount (if any) by that **DNO** in respect of certain of costs and expenses of the **DNO's Representative** in accordance with Clause 21.

20.7 Where, in respect of a **Financial Year** and any **DNO**, the amount paid in accordance with Clause 20.2:

- (a) is greater than the amount calculated in accordance with Clause 20.6, the service provider (or such other person nominated by the **Group**) shall arrange for that **DNO** to be reimbursed [either by means of a credit against the next invoice to be raised pursuant to Clause 20.5 or direct reimbursement subject to the timing of invoices]; or
- (b) is less than the aggregate amount calculated in accordance with Clause 20.6, the service provider (or such other person nominated by the **Group**) shall arrange for the difference to be invoiced to the relevant **DNO**.

20.8 The cost apportionment and reconciliation mechanism described in this Clause 20 shall apply until and unless an amendment is proposed and approved by the **Group** in accordance with the terms of this Constitution.

21 RECOVERY OF COSTS AND EXPENSES

21.1 A **DNO** falling within the descriptions set out in Clauses 20.2(b) and (c) shall be entitled to recover, as part of the year end reconciliation carried out in accordance with Clauses 20.6 and 20.7, in respect of any meeting that its **Representative** attends where not all **Representatives** have been invited to be represented, being a meeting of the **DCRP** or a **Working Group** of the **DCRP** or a **Working Group** of the **Group**:

- (a) the reasonable expenses incurred by its **Representative** in travelling to the meeting and incurred in relation to any necessary overnight accommodation; and
- (b) a standard rate of £500 per day comprising seven hours or more and **pro rated for part** (such amount to be adjusted at the start of each **Financial Year** by reference to the change in the Retail Prices Index (all items) [in respect of the month of February immediately preceding the start of the **Financial Year**, and the next preceding February]) in respect of the **Representative's** time.

21.2 Where a **DNO** wishes to recover any cost or expense under this Clause 21 details of the cost or expense in question shall be submitted to the **Group** (or a person nominated by the **Group**) for approval. Such cost or expense shall only be approved to the extent it is provided for in the **Approved Budget** and only if it is submitted in a timely manner and in any event on or before the 20th **Business Day** following the end of the relevant **Financial Year**. Once approved, details of the cost or expense shall be submitted to the service provider (or such other person nominated by the **Group** for inclusion in the year end reconciliation carried out in accordance with Clauses 20.6 and 20.7).

22 APPROVAL OF ITCG CONSTITUTION CHANGES

- 22.1 A report shall be prepared for each meeting detailing any proposed changes to the **ITCG** Constitution. All changes will be approved in accordance with the voting mechanism in Clause 13 but shall not take effect unless approved by the **Authority** in accordance with DGC 4.7.
- 22.2 Where any proposed amendments to this Constitution affect either the **Distribution Code** or the Constitution of the **DCRP** any changes to those documents will be subject to the approval mechanism detailed in Clause 21 of the DCRP Constitution.

**INDUSTRY TECHNICAL CODES GROUP
CONSTITUTION AND RULES**

Amendment	Date	Remarks
Issue 1 for ITCG	01.12.2008	This Constitution and Rules of the Industry Technical Codes Group is the first issue incorporating DNOs and IDNOs in ITCG governance.