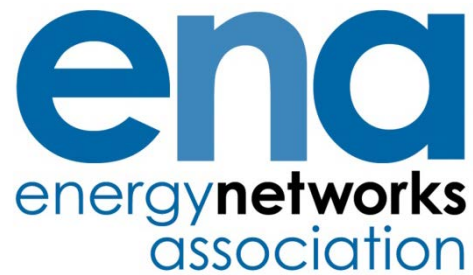


The Voice of the Networks



Lesley Nugent
Head of Industry Codes and Licencing
Ofgem
9 Millbank
London
SW1P 3GE

(Date)

Dear Lesley,

Energy Networks Association - Implementation of Code Governance Review Phase 3 Final Proposals

This letter is in response to Ofgem's Implementation of Code Governance Review Phase 3 Final Proposals that were published in March 2016. Although disappointed that the technical Distribution Code was included in an investigation into the retail market, Energy Networks Association (ENA) acting as the Code Administrator for the Distribution Code is keen to ensure that CGR3 Final Proposals are implemented in an efficient and timely manner. Therefore we have set out a detailed implementation plan subject to approval by the Distribution Code Review Panel (DCRP).

ENA recognises the importance of both the reforms proposed by CMA and those from Ofgem's CGR3 Final Proposals. Whilst we recognise that some of the reforms will take a period of time to deliver we also note that there a number that can be implemented in the short term and the attached plan indicates those that the DCRP and ENA attend to act upon immediately.

We have set out in the annex of this letter a detailed plan which demonstrates how the DCRP and ENA intend to implement the CGR3 final proposals, along with a timetable for implementation.

If you have any follow up queries please get in touch with Kieran Coughlan, Head of Engineering, Safety, Health and Environment on 0207 706 5169 or kieran.coughlan@energynetworks.org.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'David Smith', is written over a light blue rectangular background.

David Smith
Chief Executive

| # | Change | Key Actions | Approach | By When | Who |
|---|---|--|----------------------------------|---------------|----------|
| Individual Code modifications | | | | | |
| 1 | Modifications to codes to implement SCR proposals | Undertake modification to Distribution Code where required to implement the SCR proposals | Code Modification | March 31 2017 | DCRP/ENA |
| 2 | Modifications to codes such that Industry assesses whether a modification is material, and therefore requires the consent of the Authority, in deciding whether to use the self-governance route | Undertake a modification to Distribution Code to include a requirement in the Code that the Panel should assess whether a modification is material, and therefore requires the consent of the Authority, in deciding whether to use the self-governance route | Code Modification | November 2016 | DCRP/ENA |
| Code administrators to develop and/or implement proposals to individual codes or processes | | | | | |
| 3 | All codes to make better use of the self-governance provisions | This requirement will be included in the Distribution Code | Code Modification | November 2016 | DCRP/ENA |
| 4 | Code administrators to publish and follow Critical Friend 'Top 5' | The D Code website currently includes a section for Code Administration and the Critical Friend Top 5 will be published to it. The ENA will abide with the Critical Friend Top 5 | Review and update D Code website | Aug 2016 | DCRP/ENA |
| 5 | All codes to have a dedicated CACoP web page | The D Code website already has a section for | Review and update D Code website | August 2016 | DCRP/ENA |

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| | | Code Administration including CACoP. This will be reviewed to ensure | | | |
| 6 | All new Modification Proposals to follow the new standard modification templates (including a consumer impacts section) | The D Code website will include the new standard modification templates (including a consumer impacts section). Users will also be provided with simple instructions on how the modification process works. | Publish new modification form to D Code website include User instructions | November 2016 | DCRP/ENA |
| 7 | All cross-code Modification Proposals to follow the new joint process | The DCRP and ENA will ensure that any cross-code Modification Proposals follow the new joint process. This new requirement will be included within the modification section of the Distribution Code | Code Modification | November 2016 | DCRP/ENA |
| 8 | The development of Forward Work plans by code administrators and ensure that they are consistent across all codes | The DCRP and ENA will develop Forward Work plans ensuring they are consistent across all codes. The final DCRP agreed/approved plan will be published to the Distribution Code website | Final plan will be published on D Code Website. Possible modification may be required to D Code. | August 2016 | DCRP/ENA |
| 9 | The development of Project Management and Assurance provisions by code administrators | The ENA will consider the development of Project Management and Assurance | ENA to develop Project Management and Assurance process | March 2017 | DCRP/ENA |

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| | | provisions | | | |
| 10 | All parties to ensure that clear reasons are given in modification reports | The requirement to ensure all parties provide clear reasons in modification reports will be included in a revised modification section within the Distribution Code | Code Modification | November 2016 | DCRP/ENA |
| 11 | The Code Administrator to act as Workgroup Chair (unless there is a conflict of interest) | The ENA will act as Workgroup Chair. (unless there is a conflict of interest) | Ensure all future workgroups are chaired by ENA | June 2016 | DCRP/ENA |
| 12 | All relevant Code Administrators to ensure better use of the pre-modification process for charging methodologies | Not applicable to Distribution Code | | | |
| 13 | DCUSA and SPAA Panels to review Panel Voting | Not applicable to Distribution Code | | | |
| 14 | All relevant papers to be made available on the DCUSA website | Not applicable to Distribution Code | | | |
| 15 | DCUSA Panel to explore the role of panel sponsors | Not applicable to Distribution Code | | | |
| Code administrators to work together to develop proposals | | | | | |
| 16 | The development of guidance in respect of materiality for self-governance | DCRP/ENA will develop guidance in respect of materiality for self-governance | Guidance will be developed. | November 2016 | DCRP/ENA |
| 17 | Code administrators to implement | ENA will implement the | ENA will fulfil its role | June 2016 | DCRP/ENA |

| | the use of the Lead Code Administrator | use of the Lead Code Administrator | as a lead code administrator | | |
|----|---|--|---|-------------|----------|
| 18 | Code administrators to capture CACoP minor changes on an ongoing basis | ENA will capture CACoP minor changes on an ongoing basis and ensure they are included in the regular review by Code Administrators | ENA will include on its website a means for Users to provide comments on use of CACoP. Comments will then be fed into the Code Administration regular review process. | June 2016 | DCRP/ENA |
| 19 | Code administrators to develop and implement a cross-code Modifications Register | ENA will assist in the development and implementation of a cross code Modifications Register. | ENA will publish to its website a final cross code register. | August 2016 | DCRP/ENA |
| 20 | Development of a process to ensure consistency in code Forward Work plans where appropriate | ENA will assist in the development and implementation of consistent Code Administration Forward Work Plans. | DCRP forward work plans will be published to the D Code website. | August 2016 | DCRP/ENA |

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|------|---|--|--|--|--|---|--------------------------------|--|--|--------------------------------|
| Task | 11. The Code Administrator to act as Workgroup Chair (unless there is a conflict of interest) | | 4. Code administrators to publish and follow Critical Friend 'Top 5' | Code Review Panel - 08/09/2016 | | 2. Modifications to codes such that Industry assesses whether a modification is material, and therefore requires the consent of the Authority, in deciding whether to use the self-governance route | Code Review Panel - 08/12/2016 | | 1. Modifications to codes to implement SCR proposals | Code Review Panel - 09/03/2017 |
| | 17. Code administrators to implement the use of the Lead Code Administrator | | 5. All codes to have a dedicated CACoP web page | | | 3. All codes to make better use of the self-governance provisions | | | 9. The development of Project Management and Assurance provisions by code administrators | |
| | 18. Code administrators to capture CACoP minor changes on an ongoing basis | | 8. The development of Forward Work plans by code administrators and ensure that they are consistent across all codes | | | 6. All new Modification Proposals to follow the new standard modification templates (including a consumer impacts section) | | | | |
| | | | 19. Code administrators to develop and implement a cross-code Modifications Register (date subject to code administrator agreement) | 7. All cross-code Modification Proposals to follow the new joint process | | | | | | |
| | | | 20. Development of a process to ensure consistency in code Forward Work plans where appropriate (date subject to code administrator agreement) | 10. All parties to ensure that clear reasons are given in modification reports | | | | | | |
| | | | | 16. The development of guidance in respect of materiality for self-governance (date subject to code administrator agreement) | | | | | | |

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| Deadline | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 |
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2, 3, 6 and 7 - Where possible proposed modifications will be submitted to the authority collectively

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|-------------|---------------------|
| Key | |
| <div></div> | Completed |
| <div></div> | Partially Completed |
| <div></div> | Incomplete |