Thank you for the opportunity to comment on the draft UNC334 review report ahead of the next meeting. Firstly, please accept my apologies that I was not able to submit anything sooner and am therefore impinging upon the 5 business days notice we are trying to adhere to.

RIIO-GD1

It may be appropriate to start with an update on the RIIO-GD1 review, which may influence timing and possibly the focus of any further review meetings. Responses to our ITT on consultancy services for a review of xoserve were submitted earlier this week. We will shortly appoint the successful candidate, with a view to the contract officially starting 4 April. We expect their independent report to be submitted to us towards the end of June. I anticipate that we would subsequently consult on that report.

Within our ITT we referred to both UNC334 and the recent stakeholder engagement undertaken by xoserve as being potentially useful evidence of stakeholder's views. We would expect the consultant to have regard to any findings of those reviews, to the extent they are received in time. It would therefore be extremely helpful if the report was a comprehensive, stand alone document, capturing as much of the discussions of UNC334 as practical.

Fundamental changes

Section 2 of the UNC334 provides some useful suggestions. However, it would be helpful if the report could provide not just a description of how the options might operate, but some high level assessment of whether they would address the issues identified by the group, and conversely some indication of how difficult/costly they would be to implement. I would not expect this to be quantitative, but perhaps some matrix showing which options address issues and to what extent. The issues themselves are not clear from the report.

It would also be helpful if some background could be given on whether these suggestions have been raised in the past, what prevented them from being adopted and whether

circumstances have changed.

For instance (in relation to board membership):
·   to what extent was the board structure of xoserve discussed at the time of DN Sales;
·   what led to the current structure being settled upon; and
·   does that rationale still apply today?

This sort of information would be extremely useful for the report, though I would expect it could be provided off-line rather than needing any discussion during a meeting.

Recommendations

The recommendations have understandably concentrated on incremental changes rather than those which would require large changes to the regulatory structure outside of the UNC.

Several of the incremental changes appear to be achievable without any change to the governance arrangements or any intervention from Ofgem. For instance, use of xoserve account managers seems to be a sensible suggestion which does not require any rule changes and should be achieved at minimal cost.

We welcome the suggestion of a default matrix of likely systems costs for differing categories of change. We consider that this could be relatively fluid, for instance taking into account ongoing development on particular parts of the systems (which may facilitate or increase the costs of a subsequent change, depending on the fit). Whilst it may not replace the requirement for a ROM or subsequent DCAs, it could be very helpful in narrowing down options early in the development of a proposal.

We support the principle of the panel having a greater role in the determination of an appropriate implementation date, and for them to be based, as far as practical, on fixed date scheduled releases. Exceptions to these scheduled release dates should be based on a demonstration on the value that would otherwise be lost - i.e. the cost/benefits of the first practicable date as opposed to the next scheduled release

date. This arrangement is already commonplace across the majority of other industry codes. We consider that the UK Link committee may appropriately have a role in this, and would therefore supports moves to make that group more transparent to non-members and having input earlier in the process, i.e. providing guidance to the UNC Panel on implementation dates.

As you know, the Authority has recently approved modification UNC281 which reforms the arrangements for implementation dates. It would be helpful if the UNC334 group could review UNC281 and advise whether it addresses their recommendations on implementation dates, and if not, specify what else may be required.

The governance of the ACS does not yet feature in a recommendation, though it is noted in the report that it is due to be discussed at the next meeting. Our initial view is that we would be happy to consider alternative governance arrangements for the ACS if improvements can be identified. Since the ACS came into existence we have moved the charging methodologies for various services into their respective codes and it would not seem inappropriate for the ACS to come under the UNC, thereby removing some of the problems currently encountered by dual governance.

It would be helpful if the report could capture the initial views of the GTs represented on the group on whether they would be willing, in principle to accept the necessary revision to Standard Special Condition A15 of their licence. We would welcome further details on how any revised arrangements under the UNC (or elsewhere) would operate.

There is little in the report covering the impacts of the Code Administration Code of Practice. We would welcome discussion on this topic - in particular focusing on whether there are any impediments to the Code Administrator (or licensee as the case may be) discharging all of the CACoP related obligations placed upon them.

We are no best placed to comment on the ongoing governance of the non-code services as, by definition, they do not require our involvement. However, we would be concerned if moving

the governance of these services into the UNC would disenfranchise any parties who currently use those services, or may do so in the future.

Conclusion

I appreciate that I have not been privy to all of the discussions held under UNC334, but it appears that the report does not yet fulfil the Terms of Reference. In particular, we would welcome further detail on bullets 4 and 5 of the review scope, covering comparison of electricity industry practice and commercial best practice more generally.

As a side issue, it may be helpful if the UNC334 group could identify appropriate individuals who the consultant should speak to as part of their research. I would not expect this list to be exhaustive, but would ensure we target at least some of the key people.

Jon Dixon