

16 January 2009

Mark Feather
Director, Industry Codes and Licensing
Ofgem
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Dear Mark

Review of Industry Code Governance – Environment and Code Objectives

Consumer Focus welcomes the opportunity to comment on proposals that panels should have wider responsibilities to assess environmental impacts.

One of the key objectives of Consumer Focus is to increase the number of people who benefit from initiatives for sustainable lifestyles. We want to make an impact by promoting policy change, around sustainable resource use and adaptation to climate change in a responsible and holistic manner.

We understand that code panels to some extent already take into account the impact on greenhouse gas emissions (GHG) and the associated economic costs and benefits when analysing proposals.

We also understand that Ofgem have sought legal advice on the guidance issued on the treatment of carbon costs within the existing codes governance framework. The advice also assessed whether it is sufficient to require industry and code panel to assess and take account of the impacts of modification proposals on GHG emissions. This advice indicated that guidance issued to date by Ofgem is legally robust.

If this is so then there may be little merit in amending relevant licence conditions to expressly provide for industry and code panels to consider the economic impacts of GHG emissions when dealing modification proposals. If it is not, then licence modifications would seem appropriate.

We agree that the scope of the assessment required by the existing legal framework should not be limited to the impact on a particular licensee or industry. We support this because panels, when assessing the environmental impact, need to take account of issues at both the macro and micro level.

Consumer Focus, in principle, support the position that code panels should take account of broader environmental impacts when considering code modification proposals. However, we acknowledge that:

1. Broad environmental impacts are difficult to assess and quantify;
2. They may need to be addressed as part of a broader public policy agenda;
3. Panels may not have the necessary expertise to assess the impacts; and
4. There may be significant costs may be involved.

One possible solution, in the short term, is that panels consider broader environmental impact on a case by case basis. In the longer term this matter could be considered as part of the Code Governance Review on the Role of Code Administrators. The review could consider if code administrators could play a part in helping panels assess these issues.

I hope these comments are helpful and I would be pleased to follow them up with you either in person or via telephone (020 7799 7936).

Yours sincerely



Robert Hammond
Head of Regulated Industries