

**NETS SQSS Review Panel – Modification Proposal GSR024
NATIONAL GRID LEGAL SEPARATION SQSS CHANGES**

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A Panel Paper by John Martin

National Grid Electricity Transmission Limited (NGET)

Summary

National Grid Legal Separation SQSS changes to incorporate the new entity NGESO as system operator.

Users Impacted

High - National Grid

Medium - None

Low - Transmission Owners, Generators and Distribution Network Operators

Description & Background

This proposal seeks to modify both the SQSS and the SQSS Industry Governance Framework to reflect the creation of National Grid Electricity System Operator (NGESO) as the system operator; which is legally separated from National Grid Electricity Transmission Limited (NGET) who will continue to be a transmission owner.

Specific references to NGET have been replaced by NGESO, where relevant, in order to ensure transparency of the system operator and transmission owner obligations.

The background knowledge required is a high level understanding of the roles taken by participants under the SQSS and associated Industry Governance Framework today.

Proposed Solution

The following proposed updates in the SQSS are:

- New definition for 'NGESO'.
- Change the 'Transmission Licensees' definition so that it includes reference to 'NGESO'.
- In multiple Clauses change 'NGET' to 'NGESO'.

The following proposed updates in the SQSS Industry Governance Framework are:

- New definition for 'NGESO'.
- Add 'NGESO' to the following definition 'Panel' and Clause 4.1.1.
- In multiple Clauses change 'NGET' to 'NGESO'.
- Add new Clauses to encompass the proposed new NGESO membership of the Panel i.e. 4.6.2, 4.6.2.1, 4.6.8.2 and 4.9.2.
- Amend Clause 4.6.3.1 to clarify NGET's role.

Assessment Against NETS SQSS Objectives

(i) *facilitate the planning, development and maintenance of an efficient, coordinated and economical system of electricity transmission, and the operation*

of that system in an efficient, economic and coordinated manner;

The modification will ensure that post legal separation the applicable parties are facilitating the planning, development, maintenance and operation of the electricity transmission system. By ensuring that the appropriate obligations are with NGESO as System Operator and the Transmission owners in accordance with the new NGESO Transmission Licence and modified NGET Transmission Licence obligations.

(ii) ensure an appropriate level of security and quality of supply and safe operation of the National Electricity Transmission System;

Neutral

(iii) facilitate effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity; and

Neutral

(iv) facilitate electricity Transmission Licensees to comply with their obligations under EU law.

Neutral

Impact & Assessment

Impact on the NETS SQSS

Detailed within the 'Proposed Solution' section above and the attached draft legal text.

Impact on the National Electricity Transmission System (NETS)

None of the proposed changes will have an adverse impact on the NETS.

Impact on greenhouse gas emissions - N/A

Impact on relevant computer systems - N/A

Impact on core industry documents

Although this modification proposal does not directly impact other industry codes, other proposed modifications to industry codes (BSC, CUSC, DCUSA, Distribution Code, Grid Code and STC) are being raised in parallel to this modification proposal as a result of creating a legally separate system operator.

Impact on other industry documents - N/A

Supporting Documentation

Have you attached any supporting documentation: YES – two documents

If Yes, please provide the title of the attachment: 'Amended NETS SQSS Version 2.3 Draft Text' and 'Amended SQSS Industry Governance Framework v1'.

Recommendation

The NETS SQSS Review Panel is invited to: Progress this issue to Industry Consultation for review of the draft legal text.