

# Grid Code Panel - Code Sandbox Presentation For Panel Discussion – Input Required



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# Presentation Context

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- Ofgem has an Innovation Link function which currently comprises a 'Fast, Frank Feedback' Service and a Regulatory Sandbox Process.
- In 2017 Ofgem encouraged other parties to adopt sandbox solutions.
- Elexon then raised P362 to introduce a code sandbox into the BSC. (This is currently at Report Phase Consultation.)
- In Q1 2018 Ofgem hosted a cross-code workshop to encourage the development of a code sandbox in each of the other codes.
- Ofgem recently presented to Panel on the thinking on the introduction of sandbox innovation into the Code Administrators' Code of Practice.
- This would support an end-to-end process but it would not provide for an end-to-end process i.e. the means for a derogation to be granted.
- We therefore need to consider if and how this process could work in future for GC and then implement to support a cross-code sandbox.

## P362 Overview

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- **The proposed process allows parties to apply for a BSC Derogation if they can demonstrate they are pro-competitive and innovative;**
- **The start of the process is with the Ofgem Innovation Link Team;**
- **The Code Administrator will undertake the necessary process steps, analysis and consultation to provide a recommendation to the Panel;**
- **The Panel will recommend to Ofgem whether the BSC Derogation should be granted and/or whether there are derogation conditions;**
- **The decision resides with Ofgem (and there are send-back provisions);**
- **There is potential to charge the applicant a fee; initially set at zero; and**
- **The cumulative Derogation and Transition Period will be a maximum of 3 years - the time period should be the shortest time necessary to test the proposal and a robust Transition Plan will be required.**

# Grid Code Strawman Proposal – For Discussion

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- **There are already codified Derogation provisions within Grid Code.**
- **However, they are arguably not agile enough for a sandbox process.**
- **There is also no Panel involvement in the derogation process.**
- **Under the assumption numbers will be low the strawman is as follows.**
  - **Entry to and exit from the process will reside with Ofgem;**
  - **Utilisation of the existing Grid Code Derogation and/or LON process(es);**
  - **Due to reduced derogation scope expect process time to be reduced for applications;**
  - **Expectation is sandbox derogation requests would all be time-limited;**
  - **Code Administrator to undertake analysis and provide collated trial information;**
  - **Panel to provide a recommendation to Ofgem via NGESO; and**
  - **Code Administrator to publish simple guidance on process for potential applicants.**
- **This process would be documented and agreed as working practice by the relevant parties, rather than a Code Modification being raised to introduce a codified process for a ‘Grid Code Sandbox Derogation’.**

## Annex 1 – Grid Code Derogation Process

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- **Grid Code CP.9 provides for a process related to Derogations;**
  - **‘Guidance on Technical Derogation Requests’ published by Ofgem;**
  - **National Grid and/or Generator submit a request for a Derogation;**
  - **This should include information to allow a decision by Ofgem;**
  - **The information required is detailed within the published guidance;**
  - **Within 2 weeks of application confirmation whether complete by SO;**
  - **If incomplete up to 1 month to provide the additional information;**
  - **Once complete up to 6 months to provide request to Ofgem;**
  - **Ofgem has up to 6 months to make a decision on the request;**
  - **Potential for additional 3 months where further information is required;**
  - **Applicant has up to 2 months to provide such information if required.**
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- **Therefore the maximum process time could be over 18 months!**