

Grid Code Workgroup Consultation Response Proforma

GC0086 Grid Code Open Governance

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **6 January 2014** to Grid.Code@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

These responses will be considered by the Workgroup at their next meeting and will be included in the Final Report which is submitted to the Authority.

Respondent:	Rob Wilson 01926 653398 robert.wilson2@nationalgrid.com
Company Name:	National Grid Electricity Transmission
Do you support the proposed implementation approach?	Yes. This is also addressed in (13) below. In particular, the splitting of the proposals into separate and independent packages that can be approved and implemented on an individual basis while also forming part of a coherent whole is a sensible way forward.
Do you believe that GC0086 better facilitates the appropriate Grid Code objectives?	<i>For reference the applicable Grid Code objectives are:</i> <i>(i) to permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;</i> <i>(ii) to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity);</i> The basic principles of Open Governance conform to industry best practice and in facilitating better engagement by GB stakeholders and the development of more coordinated solutions are a good thing, which may also have an impact on competition. The question remains as to whether the introduction of Open Governance to the Grid Code is necessary to promote this engagement, or whether the principles can be delivered within the

	<p>current governance framework; however we recognise the additional certainty the proposals provide to stakeholders regarding how their issues would be progressed.</p> <p><i>(iii) subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole; and</i></p> <p>There should be no impact on this objective.</p> <p><i>(iv) to efficiently discharge the obligations imposed upon the licensee by this license and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency.</i></p> <p>It is unclear whether these proposals will be more efficient. The Workgroup has been unable to demonstrate a defect within the Grid Code relating to the way in which the licence obligations are currently discharged.</p>
Specific Questions for GC0086:	
<p>1. Do you consider the Grid Code should be subject to Open Governance as discussed in paragraphs 4.5-4.6?</p>	<p>We agree that the principles of Open Governance when applied to the Grid Code could be beneficial. We note that the current Grid Code provisions support a number of the key principles of Open Governance; however we recognise that these proposals provide greater certainty to industry regarding how issues they raise will be progressed. Consideration should also be given to the unique and technical nature of the Grid Code and the way in which it stems from licence obligations (C14) placed upon NGET as the sole GB System Operator. In their Code Governance Review 2 considerations (https://www.ofgem.gov.uk/ofgem-publications/61109/cgr-2-final-proposals.pdf, March 2013), Ofgem did not apply Open Governance to the Grid or Distribution Codes as, while many respondents to their consultation agreed in principle to this proposal (noting that the technical codes have significant impacts on market participants), respondents also recognised that a pragmatic approach is required and that whilst a move to more open governance may be desirable, they considered that there were no specific defects identified in the present system.</p>

	<p>The best industry practice embodied by Open Governance would nevertheless reflect a more transparent, open and engaged way forward and would without dispute be a positive thing. The question is whether the benefits identified could be achieved within the existing governance arrangements given that a defect within the code has not been demonstrated, and also in terms of the efficient discharge of licence obligations whether the arrangements discussed will be the best or most efficient way to achieve the desired results.</p>
<p>2. Do you believe that the time that the typical Workgroup has to assess and develop a Proposal and report back to the Panel should be 4 or 6 months as discussed in paragraph 4.9?</p>	<p>The technical nature of the majority of the modification proposals raised under the Grid Code does dictate that it is difficult to progress them as quickly as may be the case in other codes. However, at present some modifications go on for far too long and putting measures in place to drive modifications forwards in a standardised and reduced timescale should be welcomed. On balance 6 months would be a better timescale. 4 months will be too much of a stretch as most issues require at least 3 workgroup meetings and given the resource constraints within the industry it is generally not possible to schedule these more frequently than once per month. It should also be clarified what activities will be covered in this time frame – so for example does it include nominations being made to the workgroup or the consultation(s) that will take place? It is assumed that the time is from the formation of a workgroup to their first report back to the Panel, which would often be with a draft consultation.</p>
<p>3. Do you believe that the Authority should also be able to raise Modification Proposals where they consider it is necessary to comply with or implement the Regulations and/or any relevant legally binding decisions of the European Commission?</p>	<p>Yes. This would be proportionate in extending the ability of other parties to submit proposals under this modification.</p>
<p>4. Of the four groups listed in paragraph 4.20, who do you believe should be able to raise a Grid Code Modification Proposal? Do you believe another group / type of party should also be able to raise a</p>	<p>All of groups 1-4. Under the existing governance, any party can submit an issue paper to GCRP. If GCRP accepts this then it will be developed into a modification proposal. Leaving aside issues of proposer ownership it would therefore be consistent to allow all Materially Affected Parties (option 4, but which</p>

<p>Grid Code Modification Proposal, and if so, why?</p>	<p>would by default include options 1&3) to do this or, on behalf of Consumers, Citizens Advice and Citizens Advice Scotland (option 2). Other parties not covered by these categories should be directed to the proposed advisory forum GCAF first or could seek to be designated as being Materially Affected.</p>
<p>5. Do you agree with the establishment of the Grid Code Advisory Forum (GCAF) as set out in paragraphs 4.28 – 4.35? If not, do you have a different approach and why?</p>	<p>Yes. The need for a more accessible front end discussion group to facilitate stakeholder engagement and understanding of Grid Code issues has been highlighted in the last two customer surveys that NGET have conducted. The reporting line to GCRP with the chair of GCAF (assumed from NGET) being part of the panel is also important. This group should be open attendance but around a core membership to allow meaningful discussions to take place. Care must be taken to avoid reconstituting the existing GCRP so it must be an appropriate size and have appropriate governance. We consider the proposal to establish a separate issues group (GCIG) reporting to GCAF to be unnecessary - if required, such additional meetings could happen on an ad-hoc basis.</p>
<p>6. Do you agree with the proposed voting membership of the GCRP set out in Figure 5? If not, what other composition would you prefer (such as Figure 4 or the GC0074 conclusions), and why?</p>	<p>The two salient features of this are the desire to limit the size of the panel and the need to achieve a balance between, broadly, Network Operators and customers. As the GB System Operator, National Grid must comply with a number of specific conditions including licence condition C14 which specifies the requirement for a GB Grid Code and as such could be considered to be under-represented in the panel (1 vote) compared to the OFTOs (also 1 vote), DNOs (2 votes) or generators (4 votes).</p> <p>Overall, the panel has 5 votes for Network Operators and 5 for customers plus 1 consumer representative and 1 other to be appointed by the Chair or Authority. We have no wish to further expand the Panel. The proposals as set out in the consultation allow for a further (non-voting) representative of NGET, so while a further voting position would allow the SO and TO sides of NGET's business to be separately represented, without this we could accept the Panel as proposed on the basis that the Authority's consideration of any modification is on the basis of the evidence submitted which would include the System Operator opinion and potentially multiple options.</p>

	As an aside, generator representation on the basis of RfG bandings is not appropriate as bands A-C will be Distribution connected and as such will overwhelmingly not be subject to the Grid Code.
7. Do you agree with the proposed GCRP (i) nomination and (ii) voting / election process set out in paragraphs 4.52-4.57? If not, do you have a different approach, and why?	Yes. As noted in the consultation, ensuring that there is sufficient but also proportionate representation of smaller parties will be difficult. Parties that are unlicensed do still have an interest in the Grid Code but could be represented through trade organisations. The Grid Code mailing list is probably a good starting point for communication of the election process and to facilitate voting.
8a Do you agree that an Independent Chair should be appointed to the GCRP as set out in paragraphs 4.60 - 4.65? 8b How should a casting vote be dealt with for an Independent GCRP Chair?	Yes. The defect that would be resolved in appointing an Independent Chair was not identified; however, this would appear to be an important requirement of Open Governance. We do not believe the Independent Chair should have a casting vote as this would compromise their position. If the Panel were deadlocked in their recommendations then this is what should be presented to the Authority.
9. Do you think there should be a phased or separate approach to introducing Self-Governance and Fast-Track as set out in paragraph 4.69?	We would advocate introducing these measures, and the Urgency process (the criteria for application of which have already been defined by Ofgem), at the same time as Open Governance as a whole. It is likely though as expressed by the Code Administrator that the Panel may not utilise these powers to begin with while increasing their familiarity with the new ways of working.
10. Do you agree that the cost of Open Governance is likely to be broadly neutral as set out in paragraphs 4.73-4.77? If not, what do you believe the impact will be on costs, and why?	There would be an additional cost in recruiting the Independent Chair. In freeing up the time of the existing chair it could be argued that salary costs would be neutral, although there is a difference between a sunk cost and an additional item of expenditure. While the existing GCRP will be reduced in size, broadly similar discussions to those that currently take place in GCRP will continue either in the workgroups or in GCAF and and while it could be argued that this would be less efficient due to the additional burden of meetings on industry, there would be a benefit in facilitating greater stakeholder engagement and making the GCRP proceedings more accessible – and possibly also arriving at better, more engaged solutions.
11. Do you agree that there should be a specific NGET SO view set out in each	Yes. NGET has a unique position as the sole GB System Operator and the operational impact of any modification consequently needs to be recorded

Modification Report?	(as is the case in the CUSC where there is a 'National Grid Opinion' section in the final report).
12. Do you agree with the approach to legal text proposed in paragraphs 4.85 – 4.89? If not, do you have a different approach, and why?	Yes. The CUSC text provides a good template but is not suitable for direct transposition.
13. Do you agree with the implementation approach set out in paragraphs 4.93-4.95? In particular do you agree that existing modifications currently progressing through the Grid Code change process, at the time that GC0086 may be implemented, would adapt to the new approach? If not do you have a different approach to implementation and if so, why?	Yes. Adopting the new processes for modifications that are in progress should not be contentious. There will need to be consideration of the timescales being allowed for all outstanding work which will reflect the answer to (2) above regarding the sometimes complex nature of Grid Code modifications and the time that these can take.
Do you have any additional comments?	The role and attendance expectations of Alternate Panel Members need to be clarified. Our assumption is that Alternates will by default not attend meetings other than when their Member is unavailable.