

Code Governance – The need and process for Code Modification Prioritisation

Dear Industry Members,

Why is there a need to prioritise?

The energy market is currently going through a period of progressive change, driven in part by the decentralisation of energy and new forms of generation technology connecting. This in turn requires the codes to evolve to provide a fit for purpose regulatory environment for industry parties and to generate increased consumer value in the future.

Since 2015 National Grid in its role as Code Administrator across Connection Use of System Code (CUSC), Grid Code, System Operator Transmission Owner Code (STC) and the Security and Quality Supply Standard (SQSS) has seen an increasing trend in the number of code modifications that are being proposed, particularly under the CUSC and Grid Code. Each modification will deviate in terms of complexity and the required level of industry resource required to develop the modification. The table below illustrates the number of new modifications received by the Code Administrator across the CUSC and Grid Code.

New Modifications Proposed per code per Calendar Year

	CUSC	Grid Code	Total	Average new mods per month (CUSC / Grid Code combined)
2015	9	3	12	1
2016	15	5	20	1.7
2017	10	11	21	1.8
2018*	20	12	32	3.55

*Figures are reflective of January – September

NB Combined across Grid Code and CUSC, Code Administrator is facilitating 15 in flight modifications on Grid Code and 25 in flight modifications on the CUSC (4 on hold) as of 1 October 2018

The scope of business activities for many industry parties also means that there is resource required to cover many modifications across multiple codes. Feedback to date from stakeholders reinforces the resource issues across industry associated with managing this scale of change. Additionally, as a Code Administrator we need to be confident that the process can be run in a robust and inclusive manner.

We realise that the process of prioritising code modifications is new for our respective codes, and as part of the implementation of the process, different industry parties have fed back their views, both positive and negative, on the need for this process.

We have listened to all the feedback we have received carefully and still believe that prioritising is the most appropriate approach to manage the capacity issues across industry, and drive the debate on the key changes taking place within the industry.

With the increase in the number of modifications, the decision to prioritise has been taken to assist with the effective facilitation of the code modification process and the efficient development of all modifications proposed by both Industry and the Code Administrator.

How do we currently prioritise?

Decisions on priorities are facilitated and agreed by the respective panels for each Code. The panels are elected by industry for a defined period as covered by the governance rules. In determining the prioritisation of an individual proposed modification, the panel considers the **Complexity, Importance and Urgency** for each modification on its own merits. This approach is covered under the governance rules within the respective code. For the CUSC, the ability to prioritise is set out in Section 8.19.1(e), and for the Grid Code GR.3.2 (b) and GR.19.1(e). We have summarised these principles below:

Complexity, Importance and Urgency timetable:

Complexity	The defect addressed by the proposed modification has implications for many different areas of the energy system which need to be taken into consideration throughout the process. The technical complexity and cross code impact of the modification will most likely require significant use of industry time and a higher than average number of workgroups to conclude the process.
Importance	The perceived value and risk associated with the proposed modification. The value / risk could be considered from a number of different perspectives i.e. financial / regulatory / licence obligations both directly for customer and end consumers more generally.
Urgency	A proposed modification which requires speedy consideration within the code governance process, as well as the timescales for implementation within the respective code.

The prioritisation of all the modifications is a standing agenda item at each respective panel meeting. The process is designed to be agile and transparent to industry in relation to the decisions that the panel makes. As an example, if new intelligence comes to light which may have a bearing on the Complexity, Importance and Urgency of a modification then decisions can be made to change the prioritisation order.

Will prioritisation be an enduring approach?

In short, yes, with such a backdrop of change both now and forecast in the future, this prioritisation process will be used to provide clarity to industry on priorities and to enable stakeholders to have certainty on when they can engage in key discussion topics.

We understand the impact that prioritisation may have on stakeholders and the progress of modifications. We are open to feedback and are willing to listen to any suggestions that may improve this process for industry as a whole.

If you have any questions on this, please do not hesitate to contact us via codes.mce@nationalgrid.com

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