

GR.27. **GRID CODE SANDBOX**

GR.27.1 **Grid Code Sandbox Derogations**

GR.27.1 The **Authority** may, in accordance with these Governance Rules, grant any **User** or **The Company**, a **Grid Code Sandbox Derogation** from one or more provisions of the Grid Code [other than Section 14 and Section 15 and any provisions elsewhere in CUSC relating to the same] in which case paragraph 27.4 shall apply.

GR.27.2 Applications for a **Grid Code Sandbox Derogation**

GR.27.2.1 Any person may make a written request for a **Grid Code Sandbox Derogation** to the **Authority** pursuant to the **Authority's** regulatory sandbox procedures as set by the **Authority** from time to time and the **Authority** shall determine whether to pass such request to **The Company** for consideration (a **Grid Code Sandbox Application**).

GR.27.2.2 Notwithstanding any other provision of this paragraph 27, the **Grid Code Review Panel** may determine, in agreement with **The Company**, the priority and the timetable for any steps proposed to be undertaken by the **Grid Code Review Panel** or **The Company** in relation to a **Grid Code Sandbox Application**.

GR.27.2.3 Without prejudice to the generality of the foregoing, **The Company** shall not be required to conduct an evaluation of a proposed **Grid Code Sandbox Derogation** or submit a draft **Grid Code Sandbox Report** to the Panel until a **Sandbox Applicant** has:

(a) provided all of the information that **The Company** reasonably requires in order to conduct such evaluation and prepare such report; and

(b) paid to **The Company** a fee which represents the reasonable costs to **The Company** of processing the **Grid Code Sandbox Application**, such fee to be approved by the Panel from time to time.

GR.27.2.4 Following receipt of a **Grid Code Sandbox Application**, but subject to GR.27.2.3, **The Company** shall:

(a) evaluate the risks and impacts of the proposed **Grid Code Sandbox Derogation** in accordance with the **Grid Code Sandbox Procedure**;

(b) conduct consultation(s) with:

(i) **Users**; and

(ii) such interested third parties as it considers necessary;

- (c) publish the responses to such consultation(s) on **The Company's Website**;
- (d) prepare a draft report for the Panel which shall include:
 - (i) a summary of the representations received during the consultation(s) conducted;
 - (ii) assessment of whether a proposed **Grid Code Sandbox Derogation** meets the **Grid Code Sandbox Eligibility Criteria**;
 - (iii) analysis identifying the provisions of the Code (and for the purposes of this paragraph 27 a reference to the Code shall be deemed to include a reference to each Code Subsidiary Document) from which a **Grid Code Sandbox Derogation** may be required;
 - (iv) the **Trial Period** proposed by the **Sandbox Applicant**, which shall be the shortest period the **Sandbox Applicant** considers necessary to test the **Sandbox Applicant's** proposal;
 - (v) the **Trial Period** that **The Company** considers is the shortest period necessary to test the **Sandbox Applicant's** proposal;
 - (vi) the **Transition Plan** proposed by the **Sandbox Applicant**, including the **Transition Period** proposed by the **Sandbox Applicant**, which shall be the shortest period the **Sandbox Applicant** considers necessary to allow the **Sandbox Applicant** to exit from the proposed **Grid Code Sandbox Derogation**;
 - (vii) the **Transition Period** that **The Company** considers is the shortest period necessary to allow the **Sandbox Applicant** to exit from the proposed **Grid Code Sandbox Derogation**;
 - (viii) **The Company's** evaluation of the risks and impacts of the proposed **Grid Code Sandbox Derogation**, pursuant to paragraph (a);
 - (ix) the fees which **The Company** considers represent the reasonable costs to **The Company** of monitoring and administering such **Grid Code Sandbox Derogation**;
 - (x) the reports that **The Company** considers should be provided to **The Company** by the **Sandbox Applicant**; and
 - (xi) such other matters as shall be required by the **Grid Code Sandbox Procedure**,

(the "**Sandbox Report**").

GR.27.2.5 The **Grid Code Review Panel** shall consider the draft **Sandbox Report** and, having taken due account of any representation contained in the summary referred to in paragraph 27.2.4(d)(i), shall determine:

- (a) whether to recommend to the **Authority**:
 - (i) that the **Grid Code Sandbox Application** should be granted or rejected;
 - (ii) what, if any, conditions should be set on such proposed **Grid Code Sandbox Derogation**; and
 - (iii) that the **Trial Period** and the **Transition Plan** should be approved; or
- (b) whether to require amendments to:
 - (i) the draft **Sandbox Report**; and/or
 - (ii) the proposed **Trial Period** and/or **Transition Plan**, in which case the **Grid Code Review Panel**, in agreement with **The Company**, shall determine the timetable for making such amendments and specify its further requirements.

The Company shall amend and resubmit the draft **Sandbox Report** and the **Grid Code Review Panel** shall reconsider the draft **Sandbox Report** in accordance with paragraphs GR.27.2.4 and GR.27.2.5(a).

GR.27.2.6 When considering whether to recommend to the **Authority** that a **Grid Code Sandbox Derogation** be granted pursuant to paragraph GR.27.2.5, the **Grid Code Review Panel** shall determine whether such proposed **Grid Code Sandbox Derogation** would:

- (a) better facilitate the achievement of the **Grid Code Objectives** (provided that the powers, function and duties of the **Grid Code Review Panel** in respect of the Modification Procedures shall not be fettered or restricted notwithstanding a determination of the **Grid Code Review Panel** in respect of the **Grid Code Sandbox Eligibility Criteria**); and
- (b) meet the eligibility criteria set out in the **Grid Code Sandbox Procedure**, collectively the ("**Grid Code Sandbox Eligibility Criteria**").

GR.27.2.7 After the **Grid Code Review Panel** meeting at which the draft **Sandbox Report** has been approved, **The Company** shall finalise the draft **Sandbox Report** and shall forthwith:

- (a) submit such **Sandbox Report** to the **Authority**; and
- (b) copy such report to:
 - (i) each **User** and interested third party;
 - (ii) each **Grid Code Review Panel** Member; and
 - (iii) the **Sandbox Applicant**.

GR.27.2.8 If, at any time prior to the **Derogation Period Commencement Date**, the **Grid Code Review Panel** is notified by the **Authority** that the **Sandbox**

Applicant intends to withdraw its **Grid Code Sandbox Application**, the application shall lapse, and, in respect of the **Grid Code Sandbox Application**:

- (a) no **Grid Code Sandbox Derogation** shall commence; and
- (b) no fee paid by the **Sandbox Applicant** shall be refunded to the **Sandbox Applicant** for any reason.

GR.27.2.9 The **Grid Code Review Panel** shall establish, and may revise from time to time, a document containing the processes that the **Grid Code Review Panel**, **The Company** and **Sandbox Applicants** shall follow with respect to **Grid Code Sandbox Applications** and the monitoring of **Grid Code Sandbox Derogations** (the "**Grid Code Sandbox Procedure**"). **The Company** shall ensure that a copy of the **Grid Code Sandbox Procedure** (as revised from time to time) is published on **The Company's Website**.

GR.27.3 **Sandbox Send Back Process**

GR.27.3.1 Where the **Authority** considers that it is unable to form an opinion in relation to a **Sandbox Report** submitted to it pursuant to paragraph GR.27.2.7, it may issue a direction to the **Grid Code Review Panel**:

- (a) specifying any additional steps that it requires in order to form such an opinion including amending the proposed conditions on the proposed **Grid Code Sandbox Derogation**, revising the proposed **Trial Period** or **Transition Plan**, or providing additional analysis and/or information; and
- (b) requiring such **Sandbox Report** to be revised and re-submitted to the **Authority**, and the **Authority** may include in such direction its reasons for why it has been unable to form an opinion (a "**Sandbox Send Back Direction**").

GR.27.3.2 The **Grid Code Review Panel** shall re-submit the revised **Sandbox Report** as soon after the **Authority's** direction pursuant to paragraph GR.27.3.1 as is appropriate, taking into account the complexity, importance and urgency of the proposed **Grid Code Sandbox Derogation**.

GR.27.3.3 Subject to paragraph GR.27.3.4, in relation to each **Sandbox Send Back Direction** **The Company** shall prepare a draft **Sandbox Send Back Process** for approval by the **Grid Code Review Panel** which:

- (a) shall include a procedure and timetable for the reconsideration by the **Grid Code Review Panel** of its recommendation and the re-submission of the revised **Sandbox Report** to the **Authority**; and
- (b) may include such further matters as the **Grid Code Review Panel** considers necessary to address the **Sandbox Send Back Direction** including:

- (i) further consultation with Parties and interested third parties;
- (ii) revised or additional analysis and/or information;
- (iii) amending the proposed conditions on the proposed **Grid Code Sandbox Derogation**;
- (iv) revising the proposed **Trial Period** or **Transition Plan**;
- and
- (v) any other steps required by the **Grid Code Review Panel** to address the **Sandbox Send Back Direction**.

GR.27.3.4 Where the requirements specified in the **Sandbox Send Back Direction** are of a minor nature such that it would be more appropriate for **The Company** to address the matters contained therein without preparing a draft **Sandbox Send Back Process** then:

- (a) **The Company** may take such steps as are necessary to address the requirements of that **Sandbox Send Back Direction**;
- and
- (b) the provisions paragraphs GR.27.3.6(b), GR.27.3.6(c), GR.27.3.7 and GR.27.3.8 shall apply there to provided that if the **Grid Code Review Panel** does not approve the revised draft **Sandbox Report** then it may require **The Company** to prepare a draft **Sandbox Send Back Process** in accordance with paragraph 27.3.3.

GR.27.3.5 The **Grid Code Review Panel** shall consider the draft **Sandbox Send Back Process** and, having considered any comments made or received by the representative of the **Authority**, shall determine whether to approve the draft **Sandbox Send Back Process** or to instruct **The Company** to make such changes to the draft **Sandbox Send Back Process** as may be specified by the **Grid Code Review Panel**.

GR.27.3.6 Following approval by the **Grid Code Review Panel** of the **Sandbox Send Back Process**:

- (a) **The Company** shall perform the additional steps set out in the **Sandbox Send Back Process**;
- (b) **The Company** shall:
 - (i) notify the **Sandbox Applicant** that the **Authority** has issued a Send Back Direction;
 - (ii) revise the **Sandbox Report**;
 - (iii) re-submit that **Sandbox Report** to the **Grid Code Review Panel**; and
 - (iv) take any further steps in relation to the **Sandbox Report** as are set out in this paragraph GR.27.3 and the **Sandbox Send Back Process**; and
- (c) the **Grid Code Review Panel** shall consider the revised **Sandbox Report** in accordance with paragraph GR.27.3.7, in each

case in accordance with the procedure(s) and timetable set out in the **Sandbox Send Back Process**.

GR.27.3.7 The **Grid Code Review Panel** shall consider the revised **Sandbox Report** and determine:

- (a) whether to revise the recommendation it made to the **Authority** pursuant to paragraph GR.27.2.5;
- (b) whether to approve the revised **Sandbox Report** or to instruct **The Company** make such further changes to the revised report as may be specified by the **Grid Code Review Panel**;
- (c) (if applicable) whether to approve any revised proposed conditions on the proposed **Grid Code Sandbox Derogation**; and/or
- (d) (if applicable) whether to approve any revised proposed **Trial Period** or **Transition Plan**.

GR.27.3.8 After the **Grid Code Review Panel** has considered the revised **Sandbox Report**, **The Company** shall:

- (a) finalise the revised **Sandbox Report** which shall, for the purposes of the Code, be deemed to be the **Sandbox Report** as from the date of the **Grid Code Review Panel**'s determination pursuant to paragraph GR.27.3.7; and
- (b) submit such **Sandbox Report** to the **Authority**; and
- (c) copy such report to:
 - (i) each **User** and interested third party;
 - (ii) each **Grid Code Review Panel** Member; and
 - (iii) the **Sandbox Applicant**.

GR.27.4 Impact of **Grid Code Sandbox Derogation**

GR.27.4.1 Subject to paragraph GR.27.2.8, any **Grid Code Sandbox Application** (including the associated **Trial Period** and **Transition Plan**) that has been approved by the **Authority** shall be a **Grid Code Sandbox Derogation** and, subject to paragraph GR.27.7.7 such **Grid Code Sandbox Derogation** shall remain in force for the relevant **Trial Period** together with any relevant **Transition Period** relating to such Derogation (the "Derogation Period").

GR.27.4.2 Subject to paragraph GR.27.4.3, for the duration of the Derogation Period:

- (a) each **Derogation Party** shall be relieved of their obligation to comply with the Code to the extent permitted by a **Grid Code Sandbox Derogation**; and
- (b) no act or omission by a **Derogation Party** that would be a breach or Default of the Code shall be deemed to be a breach or Default to the extent only that such act or omission is permitted by a **Grid Code Sandbox Derogation**.

- GR.27.4.3 In respect of each **Grid Code Sandbox Derogation**:
- (a) a **Derogation Party** shall be required to comply with all provisions of the Code that are relevant to such a **User** and which are outside the scope of such **Grid Code Sandbox Derogation**;
 - (b) a **Derogation Party** shall be required to comply with any conditions included in such **Grid Code Sandbox Derogation**;
 - (c) **The Company** may charge, and a **Derogation Party** shall pay to **The Company** such fees as published in the **Grid Code Sandbox Report**;
 - (d) such **Grid Code Sandbox Derogation** shall have no effect to the extent that it purports to derogate from:
 - (i) any Licence conditions;
 - (ii) any other Industry Code (but without prejudice to any other regulatory sandbox arrangements);
 - (iii) any Legal Requirement (including, for the avoidance of doubt, any Relevant European Legal Requirement);
 - (iv) any provision of this paragraph 27, and each **Derogation Party** acknowledges and agrees that it shall be responsible for its compliance with any such Code provision, Licence condition, Industry Code or Legal Requirement (for the purposes of this paragraph GR.27 a "relevant legal requirement");
 - (e) each **User**:
 - (i) (to the fullest extent permitted by law but excluding any claim for death or personal injury as a result of negligence or any claim for fraud) hereby waives any claims, demands and proceedings against **The Company** in respect of all costs (including legal costs), fines, expenses, damages and other liabilities incurred by such **User** (for the purposes of this paragraph GR.27.4.3 a "claim") in connection with any claim related to a **Derogation Party**'s acts or omissions under a relevant legal requirement;
 - (ii) indemnifies and keeps indemnified **The Company** in connection with any claim related to a **Derogation Party**'s acts or omissions under a relevant legal requirement.
- GR.27.4.4 With effect from 00:00 on the day following the **Derogation Period end Date**, such **Grid Code Sandbox Derogation** shall no longer be in force and the **Derogation Party** shall comply with the Code in full from such time and date.
- GR.27.4.5 The granting of a **Grid Code Sandbox Derogation** to any **User** shall not relieve any other **User** of all or any of its obligations under the Code.

GR.27.4.6 Subject to paragraphs GR.27.5 and GR.27.6, no variation to a **Grid Code Sandbox Derogation** shall be permitted.

GR.27.5 **Trial Period** Duration

GR.27.5.1 A **Trial Period** shall take effect from the **Derogation Period Commencement Date** and, subject to paragraph GR.27.5.3, shall remain in effect for such period as has been approved by the **Authority** pursuant to paragraph GR.27.4.1.

GR.27.5.2 The **Trial Period**, including any extensions approved thereto pursuant to paragraph GR.27.5.3, shall on no account exceed a total duration of [2] years from the **Derogation Period Commencement Date**.

GR.27.5.3 Subject always to paragraph GR.27.5.2, the **Grid Code Review Panel** may extend a **Trial Period** with the approval of, or at the direction of, the **Authority** provided that the **Grid Code Review Panel** may only recommend an extension to a **Trial Period** in exceptional circumstances.

GR.27.6 **Grid Code Sandbox Derogation** Transition and Exit

GR.27.6.1 In respect of a **Grid Code Sandbox Derogation**:

(a) a **Derogation Party** shall comply with the relevant **Transition Plan** approved by the **Authority** pursuant to paragraph GR.27.4.1; and

(b) the applicable **Transition Period** shall take effect from the end of the **Trial Period** relating to that **Grid Code Sandbox Derogation** and shall remain in effect until the earlier of:

(i) the **Derogation Period end Date**;

(ii) the Implementation Date of a Code Modification relating to such **Grid Code Sandbox Derogation**; or

(iii) 3 years after the **Derogation Period Commencement Date**.

GR.27.6.2 The **Grid Code Review Panel** may extend a **Transition Period** (other than a **Transition Period** that is being implemented pursuant to an Early Cessation Report) with the approval of, or at the direction of, the **Authority** where a Modification Proposal relating to the **Grid Code Sandbox Derogation** was made before the conclusion of the **Trial Period**, and that Modification Proposal:

(a) has not been implemented, rejected or withdrawn at the date of the extension request; or

(b) has been withdrawn or rejected and the **Grid Code Review Panel** determines that an extension to the **Transition Period** is reasonably necessary to allow the **Derogation Party** to exit from

Grid Code Sandbox Derogation, provided that the **Transition Period** must end no later than 3 years after the **Derogation Period Commencement Date**.

- GR.27.6.3 **The Company** may charge, and a **Derogation Party** shall pay to **The Company**, such additional fees as **The Company**:
- (a) considers represent the reasonable additional costs to **The Company** of monitoring and administering an extension of the **Transition Period** in respect of such **Grid Code Sandbox Derogation**; and
 - (b) has notified to the **Derogation Party** prior to the extension of the **Transition Period**.
- GR.27.7 Derogation Reporting and Monitoring
- GR.27.7.1 A **Derogation Party** shall provide to **The Company** such reports as may be specified in the **Sandbox Report**.
- GR.27.7.2 Upon receipt of a report pursuant to paragraph GR.27.7.1, **The Company** shall:
- (a) provide a copy of such report to each **Grid Code Review Panel Member**;
 - (b) if such report has not already been received by the **Authority**, provide a copy of such report to the **Authority**; and
 - (c) publish a copy of such report on **The Company's** Website, redacting such information as the **Derogation Party** expressly requests **The Company** keep confidential.
- GR.27.7.3 The **Grid Code Review Panel** may recommend to the **Authority** at any time that a **Grid Code Sandbox Derogation** be removed if the **Grid Code Review Panel** considers that:
- (a) a **Grid Code Sandbox Derogation** no longer meets the **Grid Code Sandbox Eligibility Criteria**; or
 - (b) a **Derogation Party** is in breach of a **Grid Code Sandbox Derogation**, in which case it may make a recommendation to the **Authority** in accordance with paragraph GR.27.7.4.
- GR.27.7.4 Before the **Grid Code Review Panel** makes a recommendation pursuant to paragraph GR.27.7.3, **The Company** shall prepare, and submit to the **Grid Code Review Panel**, a draft report which shall include:
- (a) rationale on whether:
 - (i) a **Grid Code Sandbox Derogation** no longer meets the **Grid Code Sandbox Eligibility Criteria**; or
 - (ii) a **Derogation Party** is in breach of a **Grid Code Sandbox Derogation**;

- (b) an evaluation of the risks and impacts related to the recommendation;
- (c) the views of the **Derogation Party**, if the **Derogation Party** has provided such views to **The Company**;
- (d) such other matters as shall be required by the **Grid Code Sandbox Procedure**,
(the "Early Cessation Report").

GR.27.7.5 The **Grid Code Review Panel** shall consider the draft Early Cessation Report and shall determine whether to:

- (a) recommend to the **Authority** that the **Grid Code Sandbox Derogation** be removed prior to the scheduled end of the relevant Derogation Period; or
- (b) require amendments to the draft Early Cessation Report in which case the **Grid Code Review Panel** shall determine the timetable for making such amendments and specify its further requirements, **The Company** shall amend and resubmit the draft report in accordance with such requirements and the **Grid Code Review Panel** shall reconsider the draft report.

GR.27.7.6 After the **Grid Code Review Panel** meeting at which the Early Cessation Report has been approved, **The Company** shall:

- (a) submit such report to the **Authority**; and
- (b) copy such report to:
 - (i) each **User** and interested third party;
 - (ii) each **Grid Code Review Panel** Member; and
 - (iii) the **Derogation Party**.

GR.27.7.7 If the **Authority** has approved a recommendation to remove a **Grid Code Sandbox Derogation** prior to the scheduled end of the relevant Derogation Period then the **Trial Period** relating to that **Grid Code Sandbox Derogation**, if such **Trial Period** is still in effect, shall immediately cease and paragraph GR.27.6 shall apply.

GR.27.8 **The Company** Derogation Reporting

GR.27.8.1 **The Company** shall from time to time and at least annually submit to the **Grid Code Review Panel** for approval a draft lessons learned report including:

- (a) an estimate of the costs incurred by **The Company** in respect of the administration of this paragraph GR.27; and
- (b) such other matters as shall be required by the **Grid Code Sandbox Procedure**.

GR.27.8.2 In respect of each lessons learned report approved by the **Grid Code Review Panel**, **The Company** shall:

- (a) submit such report to the **Authority**; and
- (b) publish such report on the **The Company's** Website.

GLOSSARY AND DEFINITIONS

Insert the following new definitions in alphabetical order:

"Grid Code Sandbox Derogation":

has the meaning given to that term in Section GR.27.1.1;

"Grid Code Sandbox Application"

has the meaning given to that term in Section GR.27.2.1;

"Grid Code Sandbox Procedure":

has the meaning given to that term in Section GR.27.2.9;

"Derogation Party":

in respect of a **Grid Code Sandbox Derogation**, means each Party identified in that **Grid Code Sandbox Derogation** as being entitled to rely on such **Grid Code Sandbox Derogation**;

"Derogation Period Commencement Date"

means the date set by the **Authority**, or determined in accordance with the **Authority's** directions, on which a **Grid Code Sandbox Derogation** shall commence;

"Derogation Period end Date":

means the date set by the **Authority**, or determined in accordance with Section GR.27 or the **Authority's** directions, on which a **Grid Code Sandbox Derogation** shall cease;

"Derogation Period"

has the meaning given to that term in Section GR.27.4.1;

"Early Cessation Report"

has the meaning given to that term in Section GR.27.7.4;

"Relevant European Legal Requirement":

means any legal instrument of the European Commission to the extent such instrument remains a Legal Requirement by virtue of an Act of Parliament following the United Kingdom's withdrawal from the European Union;

"Sandbox Applicant":

means any person making a **Grid Code Sandbox Application** pursuant to paragraph GR.27.2.3;

"Grid Code Sandbox Eligibility Criteria":

has the meaning given to that term in Section GR.27.2.6;

"Sandbox Report":

as the meaning given to that term in Section GR.27.2.4;

"Sandbox Send Back Direction"

means a direction issued by the **Authority** pursuant to paragraph GR.27.3.1 of GR.27;

"Sandbox Send Back Process"

means, in respect of a proposed **Grid Code Sandbox Derogation**, the process determined in accordance with paragraph GR.27.3 of GR.27

"Transition Period"

means the continuous period:

(i) commencing immediately after the conclusion

of the **Trial Period**; and

(ii) ending on the **Derogation Period end Date**, as determined pursuant to Section H10;

"Transition Plan":

means a detailed plan and timeline specifying how a **Derogation Party** will exit from the proposed **Grid Code Sandbox Derogation**, as determined pursuant to GR.27;

"Trial Period":

means the continuous period during which a **Derogation Party's** proposal is trialled, as determined pursuant to GR.27;