

Code Review Panel

Grid Code Governance

1. At the February 2006 Grid Code Review Panel it was agreed that National Grid would present an overview of the Grid Code Governance process in order to facilitate Panel and User understanding.

Licence Obligations

2. National Grid Licence Condition (C14) requires National Grid (in consultation with authorised electricity operators liable to be materially affected) to prepare and at all times have in force, implement and comply within the Grid Code.
3. The Grid Code is to be designed so as to:
 - (a) Permit the development, maintenance and operation of an efficient; co-ordinated and economical system for the transmission of electricity
 - (b) Facilitate competition in the generation and supply of electricity; and
 - (c) Subject to (a) and (b) to promote security and efficiency of the electricity generation, transmission and distribution systems in Great Britain as a whole
4. In addition C14 requires National Grid (in consultation with authorised electricity operators liable to be materially affected) to periodically review the Grid Code and its implementation. Following any review National Grid will send to the Authority a Report on the proposed amendments to the Grid Code which in the option of National Grid facilitates the achievement of the Grid Code objectives.
5. The Report to the Authority will also contain any sustained written representations or objections from authorised electricity operators liable to be materially affected.

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6. The General Conditions of the Grid Code provide that National Grid shall establish and maintain the Grid Code Review Panel which is a standing body to carry out the functions set out in GC.4.2. These are:
 - (a) To keep the Grid Code and its working under review
 - (b) To review all suggestions for amendments to the Grid Code which the Authority or any User (including National Grid) or any Relevant Transmission Licensee (in respect of specific provisions only) may wish to submit to National Grid for consideration by the Panel
 - (c) Publish recommendations as to amendments to the Grid Code that National Grid or the Panel feels are necessary or desirable and the reasons for the recommendations
 - (d) Issues guidance in relation to the Grid Code and its implementation, performance and interpretation when asked to do so by any User
 - (e) Consider what changes are necessary to the Grid Code arising out of unforeseen circumstances

- (f) Consider and identify any changes to the Grid Code to remove any unnecessary 'regional differences'
7. The Constitution and Rules of the Grid Code Review Panel reflect these functions.

Working Practice

8. The current governance structure is such that Users (including National Grid) or any Relevant Transmission Licensee (in respect of specific provisions only) can raise issues at the GCRP for discussion. Following such discussions National Grid may then take forward formal Grid Code change proposals. National Grid is the only party which can initiate Grid Code amendments.
9. If a proposal requires further analysis prior to consultation, a Grid Code Working Group may be established. The Working Group terms of reference are agreed by the Panel which also provides an indicative timescale to which the group should report back its findings. National Grid is responsible for the writing of the associated Working Group report which describes the areas of discussion, findings and any recommendations made. The findings of the Working Group are discussed at the GCRP.
10. All Grid Code amendment proposals are subject to industry consideration via the consultation process. National Grid is responsible for the preparation of the consultation paper summarising the issue and setting out the proposed amendments to the Grid Code. National Grid is then also responsible for circulating this consultation paper to all materially affected Authorised Electricity Operators.
11. The consultation process allows industry participants to comment on the proposed amendments and raise any concerns which they may have with the amendment proposal. The current working practice is such that National Grid replies to each consultation respondent addressing the comments made. If no consensus can be reached between the respondent and National Grid on one or more issues, this is acknowledged through the User having their sustained objections to the proposals recorded in the Report to the Authority.
12. Following the consultation process if certain drafting changes have been picked up by National Grid, there is the opportunity to amend the legal drafting from the version contained within the consultation paper to that which is ultimately contained within the Report to the Authority.
13. The Report to the Authority summarises the proposed amendments, the impact of the proposals on the Grid Code, the responses to the consultation paper and asks the Authority to determine on National Grid's recommendations.

Appendix 1 – Grid Code Governance Flow Chart



