

Grid Code Signatories Consultation

Summary

1. This paper proposes that a revision to the Grid Code is required to ensure that signatories to the Grid Code are consulted with and have their views considered in relation to any potential changes to the Grid Code which may occur as a result of activity or discussion which takes place in forum other than the Grid Code Review Panel. In particular, any input and likely changes in relation to the development of the European Network Codes, in which National Grid participate under their remit as GB System Operator.
2. The revision proposes that, in order to:
 - a. Satisfy National Grid's obligation under condition C14.1 and C14.2 of their Electricity Transmission Licence;
 - b. Maintain the existing high standards of openness and transparency in the GB code revision process; and
 - c. Ensure that, as GB System Operator, National Grid adequately and effectively consider the views of the stakeholders who fund them.

National Grid are to be obliged to –

1. Provide the Grid Code Review Panel with details of any drafting proposals, in particular those concerning European Network Codes, ahead of their submission to the relevant body (e.g. ENTSO-e), including draft text and impact assessments as appropriate;
2. Seek and take into consideration the views of the Grid Code Review Panel on such drafting proposals ahead of their submission to the relevant body; and,
3. Provide the Grid Code Review Panel with prior notification of and subsequent feedback from meetings and workshops at which NGET have attended as NETSO, particular with regard to development of European Network Codes.

Background

As a result of the European Third Energy Package, the European Network of Transmission System Operators - Electricity (ENTSO-e) have been tasked with creating European Network Codes based on Framework Guidelines provided by the Agency for the Cooperation of Energy Regulators (ACER). The codes will cover a wide range of topics from Grid Connection to Wholesale Market Governance and each resulting code will directly supersede domestic network codes in each of the 27 Member States. It is clear that the outcome of the European Network Codes could have a significant impact on national codes and changes will certainly be required to the GB Grid Code.

National Grid (NGET) participate in the ENTSO-e at both committee and working level. They are actively involved in the drafting process for the European Network Codes. At a workshop on 31st January 2011, NGET confirmed that its attendance at ENTSO-e, and associated input to the drafting of the European Network Codes, was under its remit as NETSO. NGET also confirmed that it does not intend to participate in GB stakeholder engagement relating to the European Network Codes.

NGET have a licence obligation, relating to the Grid Code, which requires that they consult with stakeholders liable to be materially affected by the proposed change. The relevant sections from the Electricity Transmission Licence are as follows -

Condition C14: Grid Code

1. The licensee shall in consultation with authorised electricity operators liable to be materially affected thereby prepare and at all times have in force and shall implement and comply (subject to paragraph 11) with the Grid Code:

(a) covering all material technical aspects relating to connections to and the operation and use of the national electricity transmission system or (in so far as relevant to the operation and use of the national electricity transmission system) the operation of electric lines and electrical plant connected to the national electricity transmission system or any distribution system of any

authorised distributor and (without prejudice to the foregoing) making express provision as to the matters referred to in paragraph 5 below;

and

2. The Grid Code shall be the code which existed and which the licensee maintained pursuant to its licence immediately prior to the start of the transition period, modified from time to time in accordance with the transition modification provisions and the provisions of this condition. The licensee shall (in consultation with authorised electricity operators liable to be materially affected thereby) periodically review (including upon the request of the Authority) the Grid Code and its implementation. Following any such review, the licensee shall send to the Authority:

(a) a report on the outcome of such review; and

(b) any proposed revisions to the Grid Code from time to time as the licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives referred to in paragraph (b) of paragraph 1; and

(c) any written representations or objections from authorised electricity operators liable to be materially affected thereby (including any proposals by such operators for revisions to the Grid Code not accepted by the licensee in the course of the review) arising during the consultation process and subsequently maintained.

It is clear that the European Network Codes are likely to impose changes on the Grid Code which will represent significant materiality to many "authorised electricity operators". Given that NGET are actively involved in these changes at European level, it is appropriate that they are required to consult with GB stakeholders during the process.

It is proposed to modify the Grid Code to include an obligation on NGET to consult and engage with stakeholders on matters which are likely to impact the Grid Code but are being discussed and progressed in fora other than the Grid Code Review Panel.

The proposal would require NGET to –

- a. Provide the Grid Code Review Panel with details of any drafting proposals, in particular those concerning European Network Codes, ahead of their submission to the relevant body (e.g. ENTSO-e), including draft text and impact assessments as appropriate;
- b. Seek and take into consideration the views of the Grid Code Review Panel on such drafting proposals ahead of their submission to the relevant body; and,
- c. Provide the Grid Code Review Panel with details of European Network Code drafting proposals ahead of their submission to the ENTSO-e, including draft text and impact assessments as appropriate.

It is not deemed appropriate that NGET as NETSO, whose participation in the ENTSO-e is effectively funded by stakeholders, should be under no obligation to consult with and engage those stakeholders. This is contrary to what industry participants have come to expect in GB and goes against the transparency model that Ofgem are working to achieve.

This modification proposal seeks to address this deficiency in the process and improve the openness and transparency of the GB input to the European Network Codes. It encourages effective engagement between the NETSO and GB stakeholders in relation to changes to the Grid Code and ensures that those stakeholders who are liable to be materially affected by such changes have the opportunity to be heard.