

To CUSC Parties and interested industry parties

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Dear Industry Colleague,

National Grid's long-term commitment to the Joint European Standing Group (JESG)

In July 2009, the Third Package was adopted by the European Union (EU) and aspects of the Third Package came into force on 3 March 2011. The Third Package seeks to achieve consistency in the rules and regulations that apply to the EU internal market for energy (gas and electricity) across the EU by the establishment and adoption of a number of European Network Codes (ENCs).

In February 2011, SSE Generation Ltd raised Modification Proposals to both the BSC (P271) and the CUSC (CMP191), as well as a paper to the Grid Code Review Panel. The proposals seek to create an obligation on National Grid, in its role as National Electricity Transmission System Operator (NETSO), to consult with code Parties on potential changes to the GB industry codes which are discussed or originate from forums other than the relevant code Panel. This would include forums such as those that are developing the ENCs which National Grid is involved in through our membership in the European Network of Transmission System Operators for electricity (ENTSO-e).

Workgroups were established for each of the three proposals and were run jointly across the BSC, CUSC and Grid Code. During the Workgroup process, the Workgroup agreed that a Joint European Standing Group (JESG) should be established to facilitate information sharing between National Grid Electricity Transmission plc (in its role as National Electricity Transmission System Operator) and other GB Transmission System Operators (GB TSOs) who are members of the European Network of Transmission System Operators for Electricity (ENTSO-e) and other GB interested parties.

Following these Workgroup discussions, National Grid submitted Terms of Reference to the BSC, CUSC and Grid Code Panels which were subsequently approved to allow for the immediate formation of the standing group. Since its inception, the JESG has had two well attended meetings, 10 August 2011 and 12 October 2011, with both receiving positive feedback from industry participants. A third meeting is planned for 23 November 2011.

On 8 September 2011, the BSC P271 Final Modification Report (FMR) was submitted to the Authority for its consideration. The Authority subsequently published its decision letter on 13 October 2011 which concluded that implementation of the modification proposal will not better facilitate the achievement of the applicable objectives of the BSC.

As part of the decision, the Authority noted the creation of the JESG, which is established under the existing governance arrangements of the BSC, CUSC and Grid Code, and its role for stakeholder engagement on the development of the ENCs. Workgroup members noted concern that if an obligation is not placed on National Grid there is no requirement for National Grid to participate in the JESG. The Authority noted that under the existing governance arrangements the JESG cannot be disbanded without the relevant code panels' agreement. In addition, the Authority also noted that:

“A long-term commitment by NGET to participate in the JESG in order to engage with stakeholders and exchange views is a more proportionate approach to the lack of engagement identified by the proposal and we would encourage NGET to provide such a commitment.”

National Grid welcomes the invitation to give a long term commitment to the JESG and our participation within the standing group. National Grid believes that whilst the original modification proposals did not better facilitate the applicable code objectives, the Workgroup discussion highlighted the strong support for national forums for stakeholder engagement on the development of the ENCs. National Grid believes that the JESG provides this forum and is committed to the continuation of the standing group whilst welcoming continued participation from the industry.

If you are interested in participating in the JESG, further information is available on the JESG website¹ and nominations for participation can be made by emailing the Technical Secretary, Steven Lam, at steven.lam@uk.ngrid.com.

Yours sincerely

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¹ <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/JointEuroSG/>