

**Grid Code Review Panel**  
**GC0049 (ii): Code Governance Review (Phase 2): Send Back Process**

**Date Raised:** 15 May 2013

**GCRP Ref:** pp13/26

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### Summary

This paper seeks to implement the 'Send Back' process aspect of the Code Governance Review (Phase 2) proposals and meet the new requirements under the modified electricity transmission licence.

At present once a Modification Report has been submitted by the Panel to the Authority, there is no process for the Authority to send the Modification Report back to the Panel requesting further analysis or information to enable a determination to be made.

Revisions will be required to the General Conditions, Glossary & Definitions and Constitution & Rules of the Grid Code Review Panel. As the changes proposed will not impact Users in a material way but rather provide additional clarity around a process, it is proposed that the issue is progressed to Industry Consultation.

### Users Impacted

**High**

None identified

**Medium**

None identified

**Low**

National Grid, Grid Code Review Panel, Authorised Electricity Operators (AEOs)

### Description & Background

In November 2007, Ofgem initiated Code Governance Review (CGR Phase 1) which sought to address concerns that the existing code arrangements may be too complex and inaccessible to smaller market participants. Following initiation of CGR (Phase 1), Ofgem proposed to prioritise changes to the CUSC, UNC and BSC as most major policy reform is achievable through the modification of these codes. Ofgem published their final proposals and a consultation on the proposed licence drafting on 31 March 2010. These changes were implemented into their respective codes at the end of 2010.

In April 2012, Ofgem announced their intention to initiate a Code Governance Review (CGR Phase 2) which would look at extending the arrangements introduced to the CUSC, UNC and BSC to the other codes. Following on from this, Ofgem published a consultation on their CGR (Phase 2) Proposals in September 2012.

Ofgem announced their CGR (Phase 2) final proposals on 27 March 2013<sup>1</sup>. This second phase focused on extending the CGR conclusions to further industry codes.

<sup>1</sup> <http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Pages/GCR.aspx>

## Proposed Solution

This Modification Proposal seeks to introduce into the Grid Code one of the proposals highlighted in CGR (Phase 1), the Send Back process. National Grid propose to introduce the ability for the Authority to 'send back' final Modification reports in instances where we are unable to make a decision based on, for example, a technical flaw or deficiency in the analysis.

This Modification Proposal would enable the Authority to send back a Modification Report to National Grid in circumstances where the Authority considers that it is unable to form a decision based on the content of the Modification Report. It is judged that the 'send back' provisions will provide an effective safeguard against the Authority being placed in a position where it is unable to approve a Modification owing to deficiencies in the report such as insufficient assessment, incorrect legal text or other technical issues. The Authority can then specify the action that it believes is required and the Modification process would allow for corrective action to be taken.

The send back process provides flexibility to allow for any situation and for National Grid to re-make a recommendation based upon work carried out.

National Grid proposes the following Modifications to the Grid Code to have the following process:

1. Following submission of a final Modification Report to the Authority, the Authority may 'send back' the report if it is unable to form an opinion for the reasons detailed above and may issue a direction to National Grid specifying the steps, revision, analysis or information it requires in order to form an opinion.
2. National Grid considers the Authority's direction at its next Panel meeting and makes a direction on the course of action required and the timetable to which it must work to, as agreed by the Authority.
3. The course of action would depend on the Authority's direction. If the direction is detailed and gives specific steps and timescales, National Grid would follow this and take actions as appropriate. If the direction is not detailed, National Grid would make its own recommendations in terms of the next steps and timescales.
4. Once the necessary changes have been made to the Modification Report, the Panel Secretary would re-submit the Modification Report to the Authority.

## Assessment against Grid Code Objectives

### ***(i) to permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;***

The proposed changes permit the operation of an efficient transmission system by introducing an additional process set into the modification process, allowing the Authority the option to send back a Modification instead of rejecting it. The introduction of the send back process will promote good industry practice by aligning the Grid Code with other industry codes, and will also enable code changes to occur in a timely and efficient manner, reducing delay on implementation.

### ***(ii) to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity);***

The proposed changes are neutral to this objective.

**(iii) subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole; and**

The proposed changes are neutral to this objective.

**(iv) to efficiently discharge the obligations imposed upon the licensee by this license and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency.**

The proposed changes to the Grid Code will allow the transmission licensees to meet the new significant obligations imposed upon them through the transmission licence as a result of CGR (phase 2).

### **Impact & Assessment**

#### ***Impact on the National Electricity Transmission System (NETS)***

The proposed changes will not have an adverse impact on the Transmission System.

#### ***Impact on Greenhouse Gas Emissions***

The proposed changes will not have a material impact on Greenhouse Gas Emissions.

#### ***Impact on core industry documents***

None identified at this time.

#### ***Impact on other industry documents***

None identified at this time.

### **Supporting Documentation**

Have you attached any supporting documentation: Yes

If Yes, please provide the title of the attachment: Appendix A – Send Back Process Diagram

### **Recommendation**

The Grid Code Review Panel is invited to:  
Progress this issue to Industry Consultation

## Appendix A – Send Back Process Diagram

