

GC0120: National Grid legal separation changes to clarify Grid Code responsibilities and consequential changes

What stage is this document at?

01

Draft Grid Code Modification Fast Track Report

02

Approved Grid Code Modification Fast Track Report

Submission Date: 20/02/2019

Details of proposer: Emma Hart, Code Governance, National Grid ESO

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Any Questions?

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About this document

This Grid Code Modification Fast Track Proposal was presented to the Grid Code Panel on 28 February 2019.

The Grid Code Review Panel (the Panel) reviewed the Proposal and after careful consideration, the Panel raised concerns around whether the modification, as proposed, met the criterion. In particular, the references to “Relevant Transmission Licensee” may have had unintended consequences and it was agreed by the Panel that this was a material change.

The Proposer agreed to amend their solution to only address the defect identified and directed to be amended by the Authority in their decision letter for GC0112.

The Panel unanimously agreed that the amended modification met the Fast Track and Self Governance criteria and that the modification should be implemented on 1 April 2019 subject to any appeals being received.

Proposer

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1 Why Change

[GC0112 'National Grid Legal Separation Grid Code changes to incorporate NGESO'](#) was approved for implementation by the Authority on 3 December 2018. This will be implemented on 1 April 2019. GC0112 will modify the Grid Code to reflect the creation of a new National Grid Electricity System Operator (NGESO) titled 'The Company' that is legally separated from National Grid Electricity Transmission Limited (NGET) throughout the Grid Code in order to ensure the System Operator and Transmission Owner obligations are clear.

In making its decision in relation to GC0112, the Authority directed the Code Administrator to undertake rectification of the definition of 'The Company' as the incorrect registered company details were specified. The Authority stated that it is expected that this error is rectified via a Fast Track Self Governance modification.

2 Solution

This modification will update the company details of the System Operator as directed by the Authority. No other changes are being introduced as a result of this modification.

| Section | Defect |
|---------------------------------|--|
| Glossary and Definitions | |
| The Company | As directed by Ofgem, change the following: National Grid Electricity <u>System Operator Limited (No: 11014226)</u> Transmission plc (NO: 2366977) whose <u>whose</u> registered office is at 1-3 Strand, London, WC2N 5EH. |

3 Proposed Legal Text

The changes this modification seeks to introduce is specified in Annex 1 below.

4 Grid Code Panel Approval

On 28 February 2019, the Grid Code Modifications Panel considered whether GC0120:

1. meets the fast track criteria;
2. meets the Self Governance criteria; and
3. whether the Grid Code Modification should be made.

The Fast Track and Self Governance criterion are set out below:

Fast Track Criteria

A proposed Grid Code Modification Proposal that, if implemented,

- (a) would meet the Self-Governance Criteria; and
- (b) is properly a housekeeping modification required as a result of some error or factual change, including but not limited to:
 - (i) updating names or addresses listed in the Grid Code;
 - (ii) correcting any minor typographical errors;
 - (iii) correcting formatting and consistency errors, such as paragraph numbering; or
 - (iv) updating out of date references to other documents or paragraphs

Self-Governance Criteria

A proposed Modification that, if implemented,

- (a) is unlikely to have a material effect on:
 - (i) existing or future electricity consumers; and
 - (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity; and
 - (iii) the operation of the National Electricity Transmission System; and
 - (iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
 - (v) the Grid Code's governance procedures or the Grid Code's

modification procedures, and

(b) is unlikely to discriminate between different classes of Users

After careful consideration, the Panel raised concerns around whether the modification, as proposed, met the criterion. In particular, the references to “Relevant Transmission Licensee” may have had unintended consequences and it was agreed by the Panel that this was a material change.

The Proposer agreed to amend their solution to only address the defect identified and directed to be amended by the Authority in their decision letter for GC0112 ([GC0112 ‘National Grid Legal Separation Grid Code changes to incorporate NGENSO’](#)).

The Panel unanimously agreed that the amended modification met the Fast Track and Self Governance criteria and that the modification should be implemented on 1 April 2019 subject to any appeals being received.

5 Proposed Implementation

It is proposed that the GC0120 Grid Code Modification Fast Track Proposal is implemented on the 1 April 2019.

This will follow publication of the approved Grid Code Modification Fast Track Report providing no objections have been raised as per the objection process described in Governance Rule 26.12.

| Date | Activity |
|------------------|--|
| 28 February 2019 | Draft Grid Code Modification Fast Track Proposal Report presented to the Grid Code Panel |
| 4 March 2019 | Publish approved Grid Code Modification Fast Track Report |
| 25 March 2019 | Appeal window closes |
| 1 April 2019 | Code Administrator to implement GC0120 |

6 Objections (as per section GR.26.12 of the Governance Rules)

If GC0120 is approved by the Grid Code Modifications Panel, there will be an opportunity for an objection to be raised to the Modification.

The Approved Grid Code Modification Fast Track Proposal will not be implemented if an objection is received.

The Grid Code Panel Secretary will notify the Grid Code Panel, the Authority and Grid Code Parties if an objection is received.

The Grid Code Panel Secretary shall notify the Proposer that additional information is required if the Proposer wishes the Grid Code Fast Track Modification to continue as a Grid Code Modification Proposal.

Annex 1 – Legal text

| | |
|--------------------|---|
| The Company | National Grid Electricity <u>System Operator Limited (No: 11014226)</u> Transmission plc (NO: 2366977) whose whose registered office is at 1-3 Strand, London, WC2N 5EH. |
|--------------------|---|