

Grid Code Review Panel
GRID CODE OPEN GOVERNANCE

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Summary

Bringing Good Industry (governance) Practice to the Grid Code

Users Impacted

High

No.

Medium

There should be a Medium Impact for Small Generators, Medium Generators, Large Generators, Distribution Network Operators, Interconnectors etc., from this proposed change. Many will be familiar with this Good Industry (governance) Practice in both the BSC and CUSC. This proposal would also facilitate more timely change which would be more efficient and facilitate competition in generation and supply.

Low

There should be a Low Impact on National Grid. National Grid has already accepted the principle(s) of the Good Industry (governance) Practice, as set out in the proposed solution, in its Transmission Licence and in the CUSC itself, and has implemented the processes to support this. In view of this, and given its long standing support for an open and transparent approach to code governance in GB, it is anticipated that it would be relatively straightforward for National Grid to implement this proposed solution.

Description & Background

Currently the governance of the Grid Code does not conform to Good Industry Practice, as exemplified by the governance of the CUSC (and the BSC). The Table below illustrates this clearly. It lists a series of governance attributes that appear in the CUSC which are lacking in the Grid Code.

Attribute	CUSC	
		GC
Independent chairman approved by Ofgem (on Panel recommendation)	Yes	No
Industry Panel members elected to position	Yes	No
Allow Ofgem the right to appoint a Panel member if a group/class of user(s) is not represented on the Panel	Yes	No
Licensed parties affected by the code are freely able to raise Mods on all aspects of the code, which must be considered on its merits, and Proposer Ownership applies	Yes	No
All none self governance Mods go to Authority for final decision	Yes	Yes?

¹ The Code Administrator will provide the paper reference following submission to National Grid.

(and Ofgem can call in self governance Mods as well)		
Have a fast track ² Mods route to speed up simple changes	Yes	No?
Have a self governance Mods route to speed up simple changes	Yes	No?
Have an urgent Mods process to address those that need quick action / change (subject to Ofgem agreement on urgency)	Yes	No
Consumer groups representative on the Panel	Yes	No
Consumer groups can also raise Mods, which must be considered on its merits	Yes	No
Principle of allowing none licensed parties to raise Mods (by Ofgem designating them ³), which must be considered on its merits	Yes	No

This proposed change also introduces more efficient steps into the Grid Code change process by allowing for 'fast track', 'self-governance' and 'urgent' modifications (if appropriate).

This proposed change also facilitates the use of the Significant Code Review process (over and above that in GC0071) by the Authority within the Grid Code; as envisaged in the Ofgem SCR Guidance⁴ which states that "SCR-related code changes could be needed for any industry codeto provide a consistent codes framework". The guidance notes that the "SCR provides a role for Ofgem to holistically review a code based issue and speed up industry reform" and clearly this could, in a holistic way, include Grid Code change(s).

This proposed change also seeks to relieve National Grid of the undue burden of having to raise Grid Code change proposals which are not in the commercial interest of National Grid. This avoids officers and officials of National Grid possibly being placed in the invidious position of having to argue for a change that they do not believe in. It also avoids National Grid having to raise Grid Code change proposals on matters relating to the supply and generation of electricity which are areas of business that they have no (or limited?) operational knowledge or experience or technical understanding of, as they are precluded by law from supplying or generating electricity in GB.

This proposed change would also provide efficiencies to both National Grid, as Code Administrator, and code parties as the governance approach for the CUSC and Grid Code would be closely aligned which would allow for commonality of understanding and approach when dealing with CUSC and Grid Code governance and change matters.

This proposed solution would introduce 'modification alternative(s)' to the Grid Code – which would permit more than a single solution to be put forward to industry consultation / workgroup consideration / Panel deliberation and Authority decision.

Proposed Solution

The principle of the proposed solution is to introduce the same governance arrangements as currently exist in the CUSC into the Grid Code. The suggested approach is to 'copy and paste' the governance section of the CUSC (Section 8) into the appropriate place in the Grid Code with (i) 'CUSC' replaced by 'Grid Code' and (ii) 'Modification Panel' replaced by 'Review Panel'.

² to be clear this is separate from the 'urgent' mod route.

³ the wording in the CUSC applies to Modifications associated with charging - wording can be used to apply to other parts (or all?) of a code.

⁴ <https://www.ofgem.gov.uk/ofgem-publications/61740/guidanceinitiating-and-conducting-scrcsfinal-draft110810.pdf>

Illustrative legal text of the Proposed Solution; in the form of (a) 'revision marked' and (b) 'clean' wording; is also provided to indicate how the Grid Code governance might, in practical terms, work if this proposed solution were to be put into effect.

In this illustrative legal text the text highlighted in yellow appears to be superfluous (it relates to charging etc., which is in the CUSC but not the Grid Code) whilst the text highlighted in green relates to parts that will need to be changed in due course (such as the total number of GCRP members to be elected and the date when the independent GCRP chairman will replace the one currently appointed by National Grid) after further deliberation by a Workgroup on this issue paper.

Note: the composition of the GCRP membership is subject to a separate issue raised earlier this year by National Grid and this proposed solution is intended to compliment that proposed solution. Absent of seeing the Workgroup report to the GCRP (which is due to appear at the same time this paper is submitted) it should be noted that certain minor changes to the illustrative legal text may be required to reflect this work in such areas as the election process itself and the role of alternative Panel members etc.

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;

(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 better facilitate this objective, by allowing persons authorised to supply or generate electricity and groups representing consumers to:-

(a) have confidence that the governance of the Grid Code conforms with Good Industry Practice;

(b) allow those persons and groups the right to raise any proposed change to the Grid Code that they believe will better facilitate one (or more) of the Applicable Grid Code Objectives, to have ownership of that change and for that change to be presented (at the end of the Grid Code change process) to the Authority for determination.

(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

(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.

Impact & Assessment

Impact on the National Electricity Transmission System (NETS)

No.

Impact on Greenhouse Gas Emissions

No material impact is envisaged.

Impact on core industry documents

Except for the Grid Code, none is envisaged.

Impact on other industry documents

There may need to be consequential changes to the Transmission Licence. However, as the form of the wording for this (a) already exists (for the CUSC) and (b) has already been agreed by the Authority and National Grid we do not envisage it taking long to complete this minor administrative task and the impact of this should, therefore, be minor (if at all).

Supporting Documentation

Have you attached any supporting documentation Yes

If Yes, please provide the title of the attachment: Illustrative Legal Text ('revision marked' and 'clean')

Recommendation

The Grid Code Review Panel is invited to:

Progress this issue to a Workgroup for further analysis and discussion

Document Guidance

This proforma is used to raise an issue at the Grid Code Review Panel, as well as providing an initial assessment. An issue can be anything that a party would like to raise and does not have to result in a modification to the Grid Code or creation of a Working Group.

Guidance has been provided in square brackets within the document but please contact National Grid, The Code Administrator, with any questions or queries about the proforma at grid.code@nationalgrid.com.